



Deloitte.

Audit tendering
The evolution

February 2016

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Introduction and executive summary

Audit tendering – the evolution

Introduction

For the majority of FTSE 100 companies the selection of their external auditor is one of the most important decisions the Audit Committee will have to make. Since October 2012 the ongoing EU and FRC consultations on Auditor Reform have resulted in many FTSE 100 companies already tendering their audits. As the new EU regulation was published this activity increased throughout 2014 and 2015 with over 40% of the FTSE 100 now having completed a tendering process in anticipation of the new regulatory regime. For those who have tendered, the process resulted in a change in auditor in over 80% of cases.

This level of change and activity has created a fundamental shift in market dynamics for Audit Committees, management and the major audit firms. We have explored how these tender processes have evolved over this period, analysing what makes the most effective tendering process, which gives the best answer for the company and ultimately its shareholders.

To ensure that this focuses primarily on the views and perspectives of FTSE 100 companies, rather than the participating firms, we have consulted with Audit Committee Chairs and Chief Financial Officers from 24 FTSE 100 companies who have been through a tender process, 13 through an online survey in November 2015 and a further 11 through independent feedback. In addition, we have included a number of valuable views and perspectives from a meeting of our FTSE 100 Audit Committee Chair Forum held at our Deloitte Academy on 12 January. We would like to thank those who participated for their contribution and insights.






We have set out our perspectives and views and those of the survey participants in four different areas for consideration:

- Selection criteria;
- Decision-makers and influencers; and
- Timing and independence considerations;
- Running the most effective process.

We hope that you find this interesting and that companies who have not yet tendered will find this of some value as they start to plan and design their tender process.

Executive summary

We have set out our “top tips” for running an effective audit tender below.

-  1. Agree upfront who will be involved in making the decision and what their involvement in the process should be, including setting the selection criteria early and agreeing on the level of input from head office and divisional or subsidiary management.
-  2. Make the selection of the lead audit partner from each of the bidding firms the first phase of the tender process – this can enable a shorter main tender process, and ensures you have the best possible choice.
-  3. Try to keep the process as short and centrally managed as possible, focused around assessing the most important selection criteria and only involving divisional/subsidiary management when there are specific issues or concerns.
-  4. With the growing importance of innovation, such as audit data analytics and technology, consider how you make sure that you fully understand what it is that each of the firms is offering and how this will enhance the audit with ‘real-life’ demonstrations where possible.
-  5. Start planning several years in advance of the regulatory deadlines to ensure that you have time to manage any independence obstacles, give potential bidders time to ‘cleanse’ themselves, and to be in compliance with the new ‘cooling in’ provisions. Consider the sequence of timing of tendering of any important non-audit services to ensure the best overall outcome for the company.

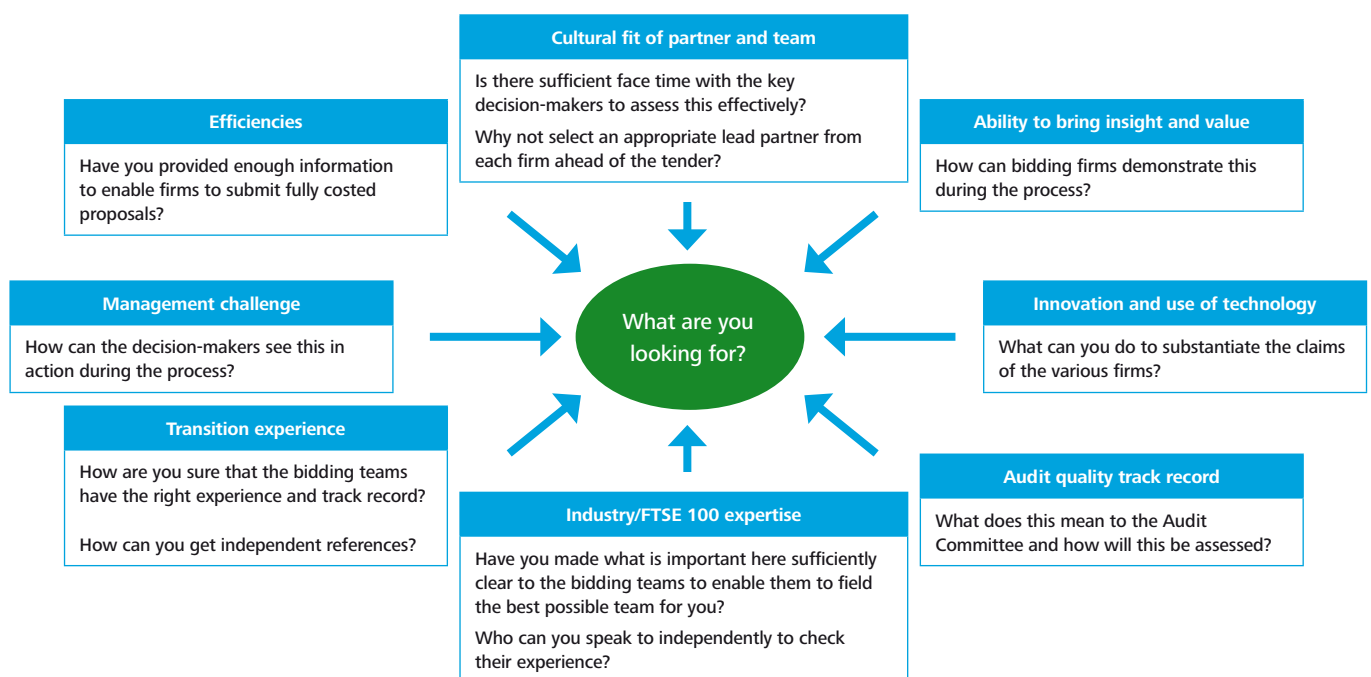
What are you looking for?

100 unique companies – one size does not fit all

The FTSE 100 contains a diverse range of companies from a number of perspectives, including size and scale, industry, regulatory environment, trading environment and global footprint. Whilst in general companies may be looking for relatively standard attributes from its external auditor, every company is different and will want a slightly unique relationship with its auditor.

It is important that there is clarity and agreement amongst the key decision-makers and influencers from the start of the process around the key assessment criteria so that the tender process can be designed to enable them to be assessed most effectively. For example, if the cultural fit of the lead partner is the most important criterion, the process needs to be designed to allow enough face-time for each of the decision-makers with the proposed lead partners to enable them to have sufficient evidence upon which to make their decision.

Most common criteria and related considerations



The cultural fit and experience of the lead partner seems to be the most important key criteria for the majority of decision-makers, and prior experience of working with the bidding firms can also be an influencing factor, albeit not one of the specific criteria. Therefore it is surprising that in a number of tenders limited face-time is given between the lead partners and the key decision-makers.

Good practice example

Some companies have created opportunities to work with each of the bidding firms in advance of the audit tender to ensure more of a “level playing field” in this respect. These have either been genuine non-audit engagements or work structured for the purposes of the tender, for example a review of internal controls at certain divisional locations.

The next most important criteria for those companies that participated in our research were the “ability to bring insight and add value”, and “use of technology and innovation” (including data analytics). At first glance it was surprising that “transition expertise”, “audit quality” and “management challenge” were not more prominent. However in discussion with Audit Committee chairs it became clear that they were either taken as given for the large audit firms, or considered difficult to assess objectively, rather than not being considered important.

The importance of the lead partner

Given the importance of the lead partner to the selection criteria we also considered what specific selection criteria companies had around their lead partners. Based on both our experience and our survey findings, the key qualities sought after in the lead partner are around experience leading FTSE 100 audits of a similar size and complexity, bringing deep insights and valuable observations as a result of this experience, levels of influence or seniority within either their UK or Global firms and demonstrating the right cultural fit with the values of the company and ways of working. Industry experience is valued in certain more complex sectors, but otherwise it is considered sufficient for this to be provided by other members of the team and the firm more generally.

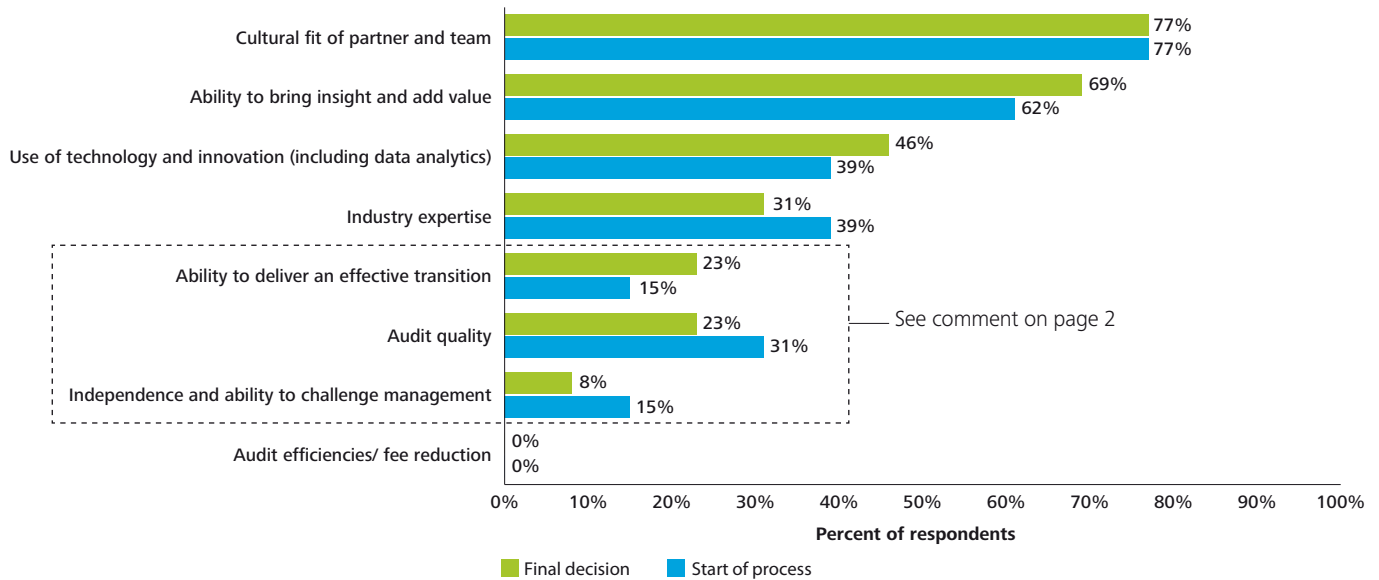
Good practice example

The bidding firms will often offer a choice of lead partner either ahead of the process starting or at the beginning of the process. If this provides the opportunity to interview the lead partners ahead of the tender process this can potentially streamline the tender process itself.

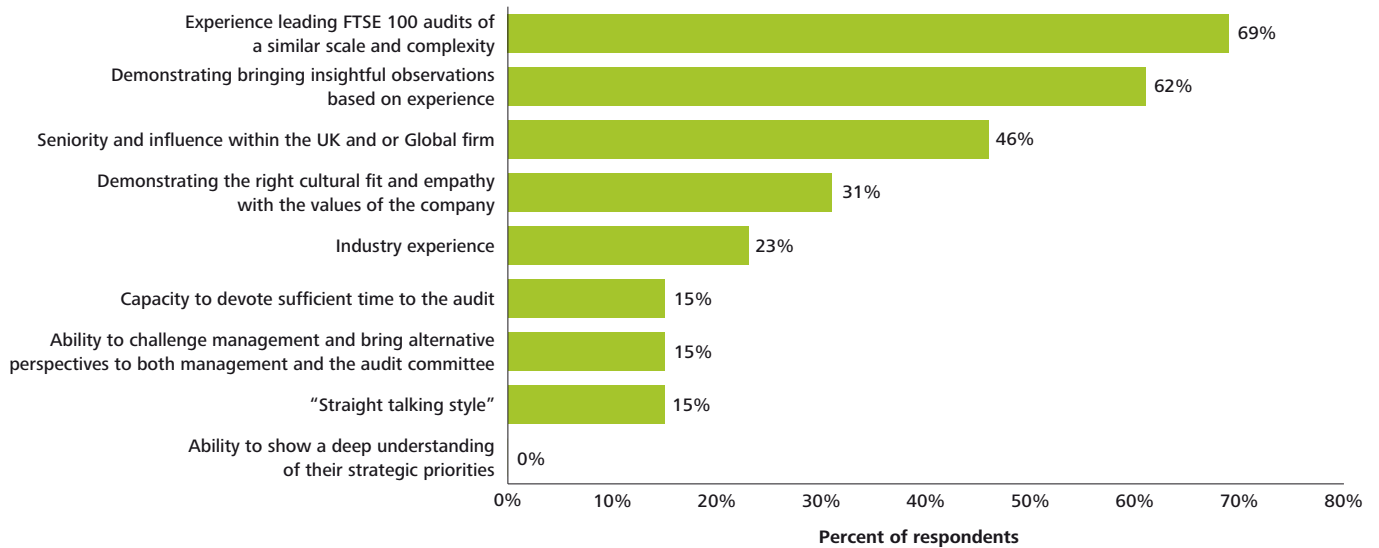
What are you looking for?

Survey findings and key questions

What were the most important selection criteria in the selection process? Top 3 selected at the start of the process and when making the final decision.



What qualities or experience did the lead partner of the winning firm have, which most influenced your decision? Top 3 selected



Key points to consider:

- Each of the key decision-makers should have sufficient involvement in setting the up-front selection criteria.
- If finding the right lead partner is the most important selection criteria, define what you are looking for in that individual and design a process that allows you to assess this.
- Make sure your process is very focused and allows you to test your key selection criteria effectively.

Involving the right people from the start

The key decision makers need to drive the strategy from the beginning

Key decision makers

In almost all cases the members of the Audit Committee are the key decision-makers and increasingly the sole decision-makers. There has been a variety of practice as to whether it is primarily the Audit Committee Chair who is involved in the process with the other members being present only at the final presentation and effectively delegating the decision to the Audit Committee Chair, or whether all members have an active involvement.

Good practice example

Where it has been agreed that the Audit Committee Chair will have the primary involvement, consideration should be given as to how he or she keeps the other members of the Audit Committee informed throughout the process so they can all make a fully considered decision and there are no last minute surprises.

This is also the case for any members of management or other members of the Board who are likely to have a strong point of view in any areas of the tender.

Where there is likely to be a change in Audit Committee Chair between the tender process commencing and the first year end audit with the selected auditor, the involvement of both the outgoing and incoming Audit Committee Chair should be carefully considered and agreed in advance wherever possible.

Key influencers

Key influencers from the management team typically include the Chief Financial Officer, Group Financial Controller and Head of Internal Audit.

Whilst in many cases management may express an informal preference, a formal recommendation is now being made in only a handful of situations. Instances have arisen where the Audit Committee takes a different decision to that expressed by the key influencers.

Many Audit Committee Chairs stated that the extent of the CFO's influence on the ultimate decision is now of a nature of a 'right to veto' given the importance of their working day-to-day relationship with the auditors.

Whilst the FRC guidance encourages consultation with Shareholders, our discussions indicated that, where companies had sought to do this there had been, with isolated exceptions, a lack of interest or engagement on the part of investors.

Other key board members

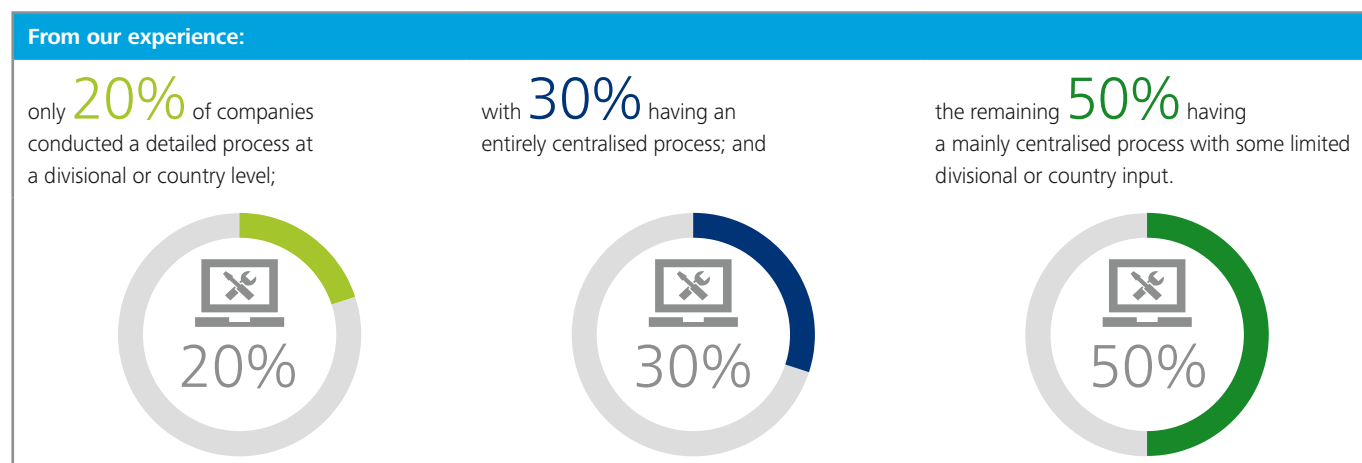
There is a divergence in practice as to whether in particular the Chairman and CEO are involved in the process. This depends on the culture of the organisation and their interest in the process. Often their desire to be involved increases as the tender progresses. We recommend that this is discussed up front.

Involving the right people from the start

The key decision makers need to drive the strategy from the beginning

The divisional debate

There is a wide variety of approaches for how more complex organisations involve material divisions or countries in the process.



This is of course driven to some extent by each individual company's circumstances and also the extent to which the key decision-makers regard divisional or country-level input as important to their decision. Therefore there is a case for running a centralised process with divisional or country input only where it is of sufficient importance that the input of local management is wanted by the Audit Committee or there are specific risks or areas of concern on which the firms' views are wanted. This saves valuable management time and avoids the bidding firms focusing on areas which are unlikely to influence the decision.

Which firms should you invite?

There are two principal issues which have been considered here by companies. Firstly whether to invite non-Big 4 firms and secondly whether or not to invite the incumbent auditor.

The second consideration is largely now driven by regulation and whether a rotation is required. However, some companies have made the decision not to invite the incumbent as a matter of best practice corporate governance and also the desire not to have to run another full tender process within a relatively short time period (see page 8). Some companies felt it was important to invite the incumbent to ensure there were sufficient participants in the process, particularly if one firm was excluded, (e.g. for independence reasons).

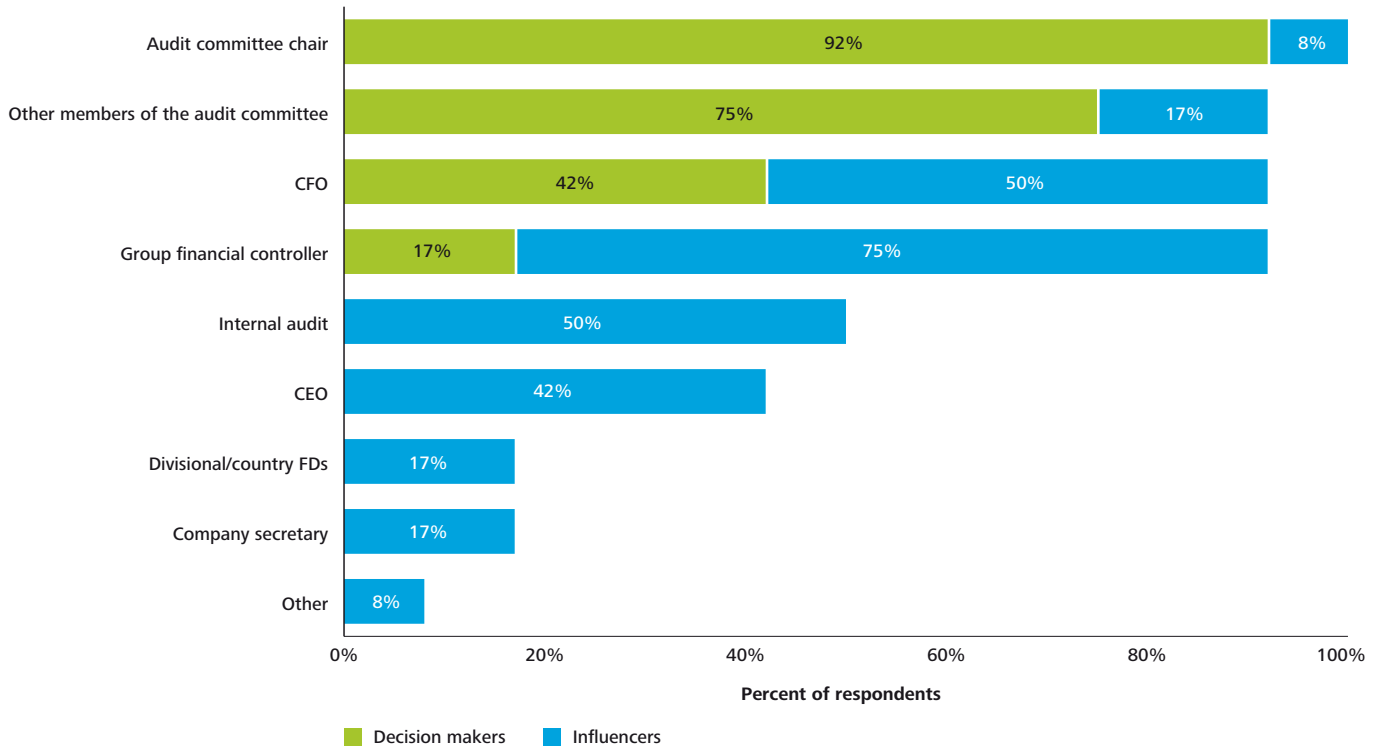
Whilst some companies have invited non-big 4 firms to participate this has largely been at a pre-qualification stage and in every case in our sample they have been eliminated at this stage due to lack of scale, global footprint or large FTSE experience.

Involving the right people from the start

Survey results and key questions

Key decision-makers and influencers – survey results

Who were the key decision makers and influencers during the tender process?



Key points to consider:

- Make sure you agree who the key decision-makers are and who from the Audit Committee needs to be involved
- Consider the key influencers and how will they input into the Audit Committee decision
- Agree which other key board members need to be included in the process
- Consider how much interaction should each of the key decision-makers and influencers have with the bidding firms and in particular the proposed lead partners
- Agree in advance whether there are any specific risks or concerns relating to material divisions, subsidiaries or countries, which need to be taken into account in the process in terms of participation from both sides
- Make sure you have considered the implications of inviting the incumbent auditor to participate in the tender (Also see page 9 or Looking Ahead to the next tranche of retenders)

A tender designed to meet your objectives

Time spent considering options in advance will save valuable time later

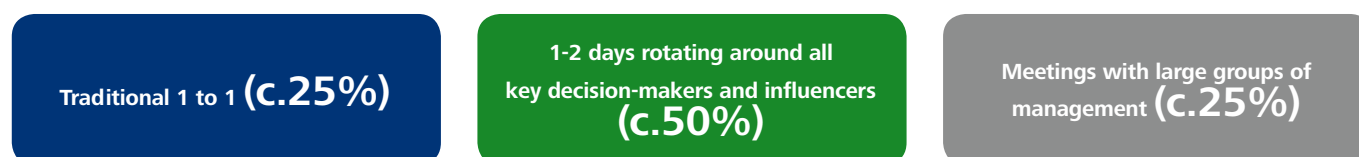
There is a difficult balance to strike between managing the burden on management and time constraints for the key decision-makers and providing the best possible evidence upon which to make the final decision. Time spent up front considering the key criteria and objectives of the key decision-makers together with the most effective way to assess these criteria, will ensure the best use of time later in the process both for the company and the bidding firms.

Process considerations

Key criteria	Process considerations
Cultural fit of partner and team	Are the meetings allowing sufficient interaction with lead partners and key team members to enable the key decision-makers really to experience what the partner and team will be like to work with in practice? In a number of situations the Audit Committee felt that a well-structured focus on the Q&A element of the presentation (in some cases asking the firms to respond to a judgemental technical challenge) was most valuable in seeing the interaction with and between members of the audit team. In addition some companies have given each of the participating firms a piece of work, for example a controls review at one division, to experience what the firms are like to work with in practice.
Ability to bring insight and add value	How are the meetings and provision of information structured to allow the bidding firms to bring their perspectives and insights around the business so that you can assess how well they will deliver on what they are promising as part of the tender? Could you set some sort of assignment to enable you to compare output across the firms?
Use of technology and innovation (including data analytics)	How will you be able to assess the technology and data analytics tools proposed by each of the firms without some practical demonstration? Could you provide some data and set an analytics task to see how each of the tools works in practice? (See page 8)
Audit quality	How will you assess audit quality? Are the regulatory scores sufficient or is obtaining a sufficiently detailed understanding of the proposed audit approach of more value, for example materiality scoping decisions and how key risks will be tested? If so how will sufficient time be set aside in the process and sufficient information made available to enable this?
Industry/FTSE 100 expertise	Could this all be dealt with as part of a pre-qualification phase to save time inviting firms who do not have the right experience to participate? What independent reference sources could you speak to, in order to substantiate claims?
Transition experience	Now that a number of transitions have been completed should you spend time with other organisations to support the transition experience claims of each of the firms?
Independence and ability to challenge management	How will the key decision-makers get a view of how each of the lead partners will interact with and challenge management? Some companies have found it helpful to set the firms a technical question around an accounting judgement to be included in the final presentation, where the Audit Committee can see a level of interaction with management. Seeking independence references from other Audit Committee members the team has worked with was undertaken by some, rather than relying on just the references supplied.

The purpose of meetings

There is a variety of formats employed for meetings including:



The key influencing factors here are most efficient use of management time, but also what the company wants to get out of these meetings.

The key purpose of the meetings can vary from giving the participating firms a detailed briefing to ensure that they submit the best possible proposal, to spending more time getting to know each of the teams such that they are in reality part of the formal assessment process. In the second scenario clearly the more opportunity for realistic interaction, the better the process.

Access and information

The use of data rooms as the means to provide information is now the most common route, making things more efficient on both sides. However, a number of data room set-ups do not allow the bidding firms to download or print documents, which can make the process extremely inefficient for the bidding firms and prevents them from focusing their time on developing the best proposition. Whilst there is a data and confidentiality risk that needs to be managed, this can be done effectively through the use of NDAs.

The majority of companies restricted access to management and the Board in some way for at least members of the bidding teams to ensure a level playing field as far as possible. However it is worth considering whether such barriers are necessary or whether they create an artificial environment.

A tender designed to meet your objectives

Other considerations and key questions

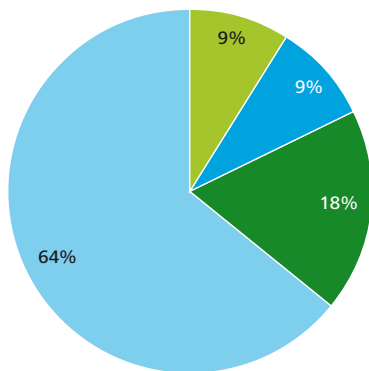
What element of the process has the greatest influence?

Whilst our survey and feedback indicated that the final presentation had the most influence on the final decision, this was generally considered to be more of a confirmatory process based upon a wealth of other evidence gathered during the process.

Q&A appears to be the most useful part of the presentation from the perspective of witnessing first hand how the partner and team interact with each other, management and the Audit Committee; seeing how they can bring valuable informal insight and observations from their experience; and also whether they demonstrate challenge of management.

The influence of site visits varied depending on the format and objectives of more visits. As expected the tender response document, on which significant time and resource is typically spent, had the least influence and the general view was that documents continue to be too long and boilerplate.

Which element of the process had the most influence on your decision?



- Document (1)
- None – we use a strict score card system (1)
- Site visits/meetings (2)
- Final presentation (7)

Whilst there is undoubtedly a degree of scepticism around the claims of the audit firms around their data analytics capabilities, the growing importance of this technology to modern-day auditing cannot be ignored.

Data analytics – what to look out for:

- All audit firms offer data analytics as part of their proposition and they can all seem very impressive on the surface but the practical breadth and depth of the application to the audit can vary dramatically.
- All firms will perform analytics on general ledger journals; consider what other analytics are to be used to support key numbers, judgements or calculations that you know are critical to your financial statements, i.e. the breadth of their vision.
- Another critical matter will be how will they actually get data from your finance and operational systems. Will it take a lot of time from your IT and finance staff? Will it be one off effort or every year, half year or quarter?
- Engineering a regular data feed allows the audit process to be run differently with exceptions being raised monthly for early identification of issues. This can be of significant value and in some cases can be set up for use by management or internal audit.
- Ensuring that you have built sufficient opportunity into the tender process to fully assess what each of the data analytics propositions will bring in terms of challenge of the key judgement areas and critical accounting estimates and other value for the organisation is an important factor.
- Supplying some test data to compare the outputs of each of the firms and the relevance to the audit provides an opportunity to differentiate.

Key attributes to look for in audit data analytics:

Quality and efficiency enhancing through:

- ability to test 100% of populations; and
- identifying items which exhibit the highest risk profiles.

Brings insights around:

- the inputs and assumptions behind key accounting judgements and management estimates;
- benchmarking insights around journals, working capital and other KPIs and processes.

Key points to consider:

- Ensure that your tender process provides sufficient information to make an informed judgement against your key assessment criteria
- Ensure that your process makes most effective use of the time of the Audit Committee members, management and the participating firms by being specific and focused
- Consider what you are looking for in terms of innovation, latest technology and data analytics tools and spend adequate time assessing these
- Give appropriate time to designing the Q&A part of the presentation to enable you to assess management challenge, cultural fit and experience
- Set a tight page limit on the document

Timing is everything

There are significant complexities around timing to ensure you have the best choice

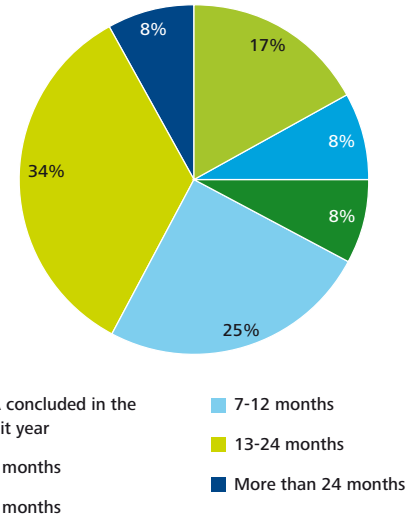
The regulatory landscape around tendering and the provision of non-audit services is evolving continuously and becoming ever more complex. For this reason the key influencing factor around the timing of an audit tender is increasingly the need to give potential bidders time to cleanse themselves of any independence issues. Over 70% of our survey respondents gave advanced warning of their audit tenders, some as far in advance as two years. Whilst it is perfectly acceptable and possible to run an extremely robust and effective competitive audit tender process with only two bidding firms, this should be as a result of a deliberate decision by the company rather than a default position, due to a lack of choice.

This means that the timing of an audit tender, whilst determined by regulation in terms of latest date, needs to be a very strategic decision, which has fully considered firstly which firms the company would like to participate and secondly what independence hurdles may need to be overcome in order to enable them to participate.

Companies will also need to be more strategic around awarding non-audit services in the years leading up to an audit tender to ensure that this does not restrict their choice of bidders.

In addition the transition period (i.e. the length of time between the decision being made and the signing of the first audit opinion) will need to be considered depending on the complexity and specific circumstances of the company.

How far in advance of the relevant audit year end did you start the tendering process?



Independence and other timing considerations

Independence			
Do you fully understand the latest regulatory requirements around provision of non-audit services including the EU 'cooling in' provisions?			
How early can you run a pre-qualification stage to ensure all independence issues are identified in advance?			
How much advanced warning of the tender should you give to firms to allow them to start to manage possible independence issues?			
Where independence issues have been identified how long will it take for the relevant firm to become "clean" and how can this be factored into the timing of the tender and the transition period?			
Where US listings rules apply have you considered the PCAOB requirements?			
Where other key services are provided by the Big 4 (for example Internal Audit, Tax advisory, Remuneration Committee advice) in what order will you tender those services firstly to give the best possible choice and secondly to minimise disruption to the business?			
Other timing considerations			
Management changes	Systems changes	Mergers and acquisitions	Transition complexity/risk

Timing is everything

The new regulations can be complex to apply

The new regulations – a brief reminder

For a public interest entity (PIE)¹, there should be a competitive tender process at least every ten years and the maximum length of appointment is 20 years. Transitional provisions have been clarified and are still based on the length of time the public interest entity has used the same auditor as at 16 June 2014.

Tenure of auditor as at 16 June 2014	Transitional provision	Example, based on company with a year end of 31 December
20 years or longer	The incumbent auditor can complete the audit of the last financial period starting before 17 June 2020 but cannot be reappointed for the following year.	Year ending 31 December 2020 is permissible Year ending 31 December 2021 is not permissible
11 years or longer but less than 20 years	The incumbent auditor can complete the audit of the last financial period starting before 17 June 2023 but cannot be reappointed for the following year.	Year ending 31 December 2023 is permissible Year ending 31 December 2024 is not permissible
Less than 11 years – audit engagement began after 16 June '06	The incumbent auditor can complete the audit of ten financial years before a tender is required. The incumbent can participate in a tender after these ten years and could be reappointed for up to a further ten years.	Tender is required after 10 years; the incumbent auditor can participate and be reappointed for up to a further 10 years.
Less than 11 years – audit engagement began on or before 16 June '06	The incumbent auditor can complete the audit of ten financial years before a tender is required. The incumbent can participate in a tender after these ten years and could be reappointed for up to a further ten years.	Year ending 31 December 2016 can be completed; a tender must take place for the audit of the year ending 31 December 2017; the incumbent auditor can participate and be reappointed to a maximum tenure of 20 years.

The Regulation is silent on calculating the auditor tenure when the group has undergone mergers/demergers/acquisitions. In a Supplementary Note to their first discussion paper on the implementation of the EU audit reforms, BIS advises that where there is uncertainty, the competent authority (almost certainly the FRC in the UK) should be consulted. In such instances it is likely that companies will be advised to look at the substance of the transaction.

Cooling-in provision

Article 5 of EU Regulation No 537/2014 and the proposed FRS ethical standard set out prohibitions in respect of a number of non-audit services that the statutory auditor of a public interest entity will be prohibited from providing to its public interest entity audit clients in the period between the beginning of the period audited and the issuing of the audit report; and the financial year immediately preceding that period.

The services to which this 'cooling-in' provision applies are designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems

Those companies which have already tendered their audit will be required under the new requirements to do so again when their new auditors have been in place for ten years.

Looking ahead – the next 10 years:

- The majority of companies who have tendered to date have conducted full tender processes and in over 80% of cases have changed auditor as a result.
- Therefore there will be a large tranche of companies who will be required to tender in 7-10 years, but not to change auditor.
- Whereas companies could take the view that it would be beneficial not to rotate auditors every 10 years, some Audit Committee Chairs are seeing auditor rotation as a positive development and are planning to remain open-minded as to the possibility of a rotation at the 10 year point.
- However others take an alternative view and these companies will want to consider the format of their tender processes at the 10 year point.

Timing is everything

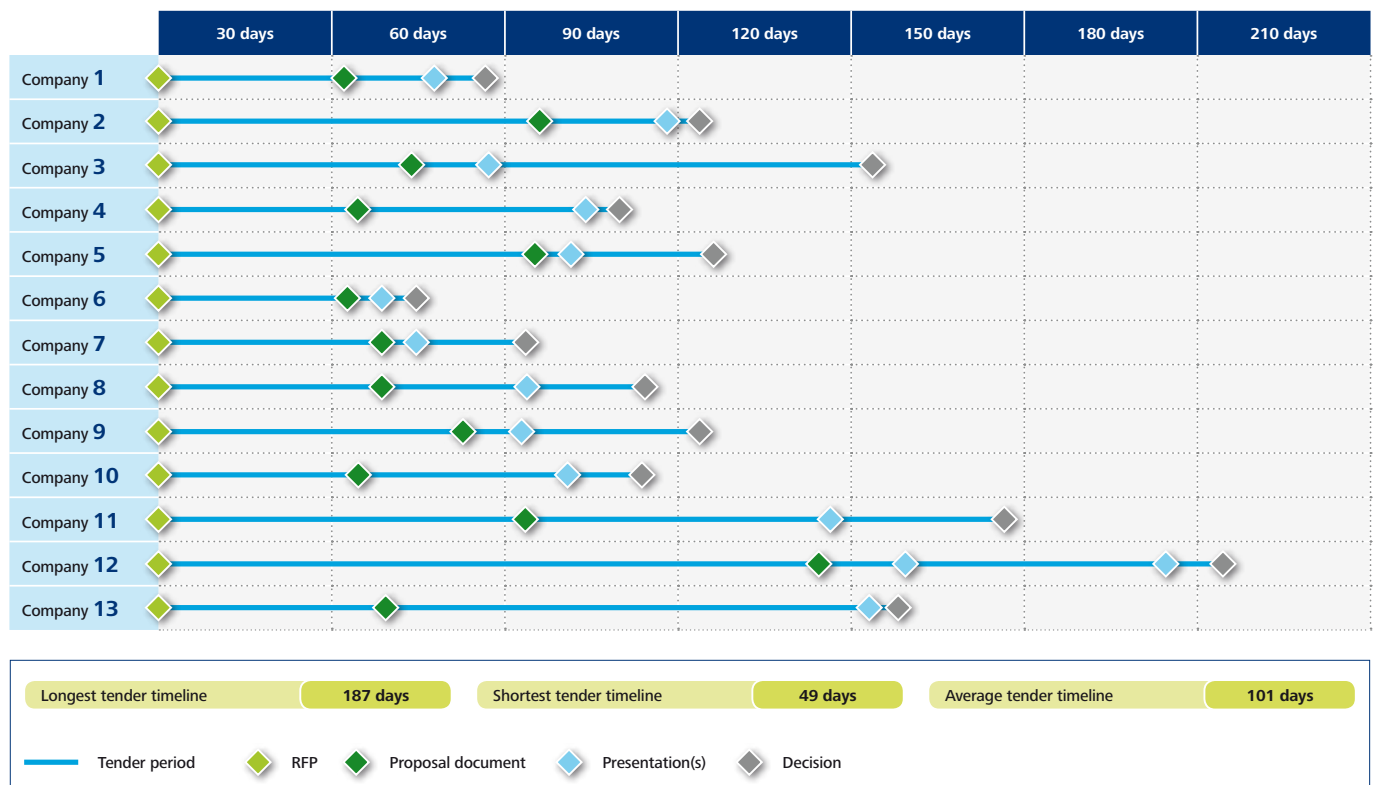
Length of process and key questions

Length of tender process

To date we have seen huge divergence in the length of tender processes from three weeks to over six months. This often reflects the culture of each organisation, rather than the complexity, with some of the more complex organisations running the shortest processes. In recent months there appears to have been more of a trend towards shorter processes, which benefit both the Company and the bidding firms.

Other influencing factors include the availability of the Audit Committee and Board and also the Finance team during key reporting periods.

Example audit tender timetables



Key points to consider:

- Consider early how many and which bidders do you want to participate in your audit tender
- Start planning well in advance to meet both regulatory requirements and give you the best possible choice of bidders
- Assess what current independence obstacles exist that need to be managed and how long this will take
- Consider what other non-audit services will be awarded in the years leading up to the audit tender that need to be managed strategically
- Decide well in advance in what sequence the various services should be tendered. In most cases companies have concluded that the external audit is most important and should be tendered first
- Ensure that there is an effective process for managing the provision of critical non-audit services during the tender process and transition period

Contact us

For more information on these perspectives and findings or to discuss any aspect of audit tendering please contact your usual Deloitte partner or:



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The briefings are pitched at director level and help directors keep up to date with the changing regulatory environment, address everyday business challenges as well as promote awareness of best practice and emerging issues. Sessions provide directors with the opportunity to discuss and debate matters with their peers.

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Members receive copies of our regular publications on Corporate Governance and a newsletter. There is also a dedicated members' website www.deloitteacademy.co.uk which members can use to register for briefings and access additional relevant resources.

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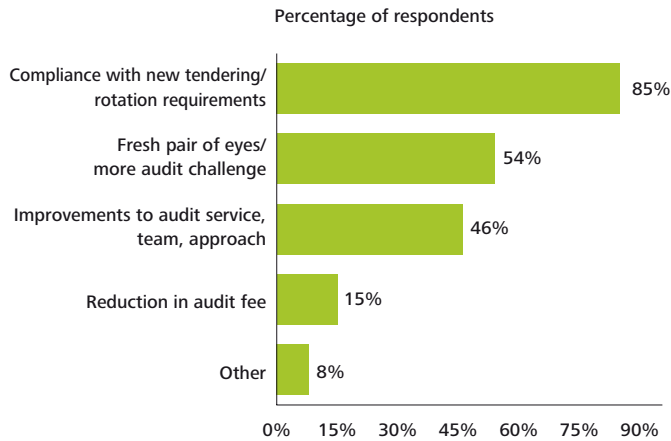


Appendix

The detailed results of our survey are set out on the following pages.

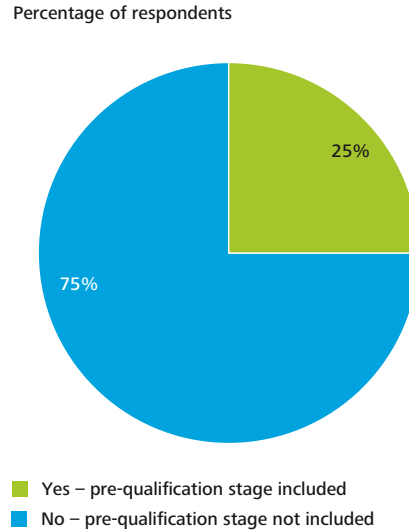
Tender process selection criteria

Which of the following did you want to get out of the tender process?

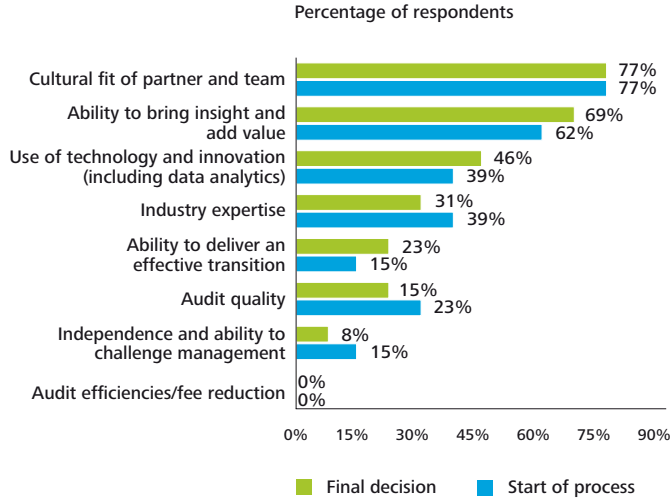


Use of pre-qualification stages

Did you include a pre-qualification stage in the tender process prior to the issue of the RFP?



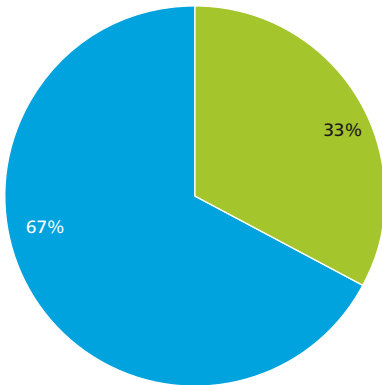
What were the most important selection criteria in the selection process?
Top 3 selected at the start of the process and when making the final decision.



Invitation of incumbent auditors

Did you invite the incumbent auditors at the RFP/ITT stage?

Percentage of respondents



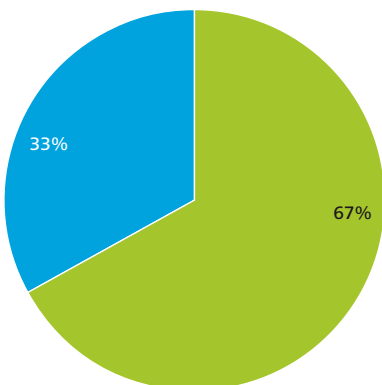
- No – incumbent auditor not invited
- Yes – incumbent auditor invited

Reason for not inviting incumbent:
 3 – to meet rotational requirements
 1 – auditor no longer independent

Invitation of Big 4 auditors

Did you invite all of the Big 4 auditors at the RFP/ITT stage?

Percentage of respondents



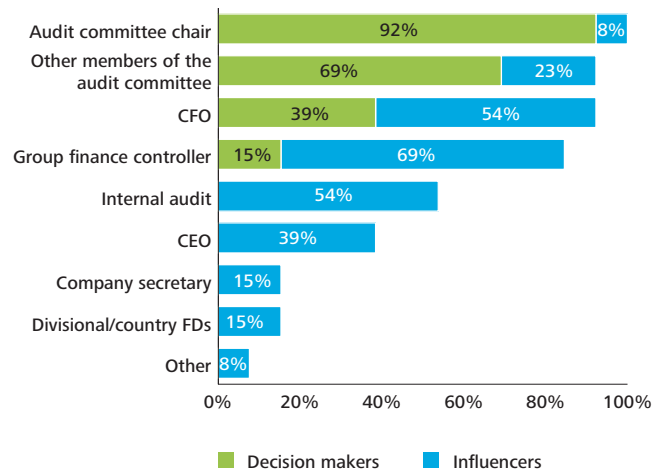
- No – Big 4 not all invited
- Yes – Big 4 all invited

Reason for not inviting all Big 4:
 4 – Incumbent excluded
 3 – Independence issues
 1 – Historic problems with 1 firm

Decision makers and influencers

Who were the key decision makers and influencers during the tender process?

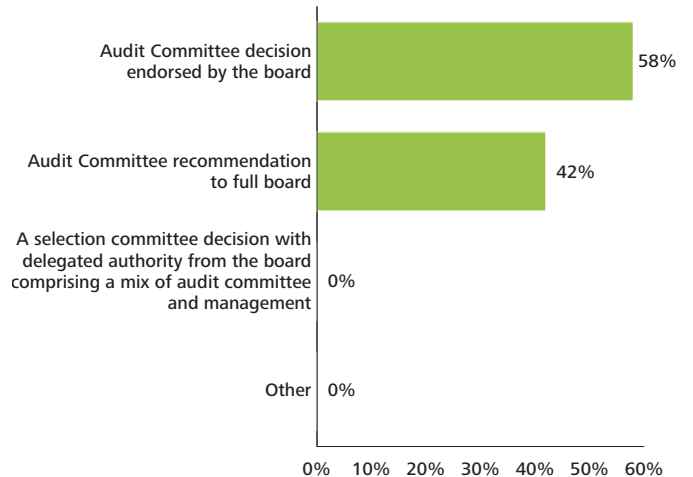
Percentage of respondents



Final decision making

How did the Audit Committee make the final decision?

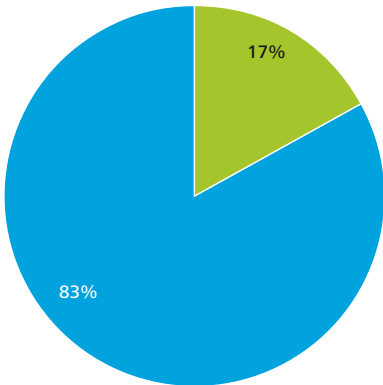
Percentage of respondents



Formal recommendations to decision makers

In making the final decision, did management make a formal recommendation to the decision makers?

Percentage of respondents

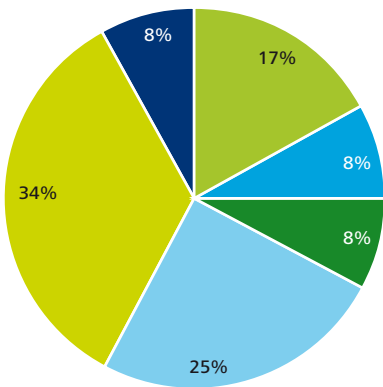


- Yes
- No

Lead time for the tendering process

How far in advance of the relevant audit year end did you start the tendering process?

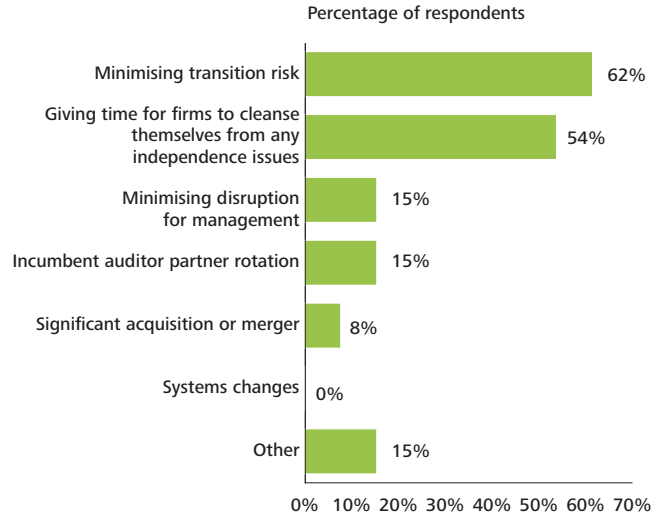
Percentage of respondents



- N/A concluded in the audit year
- 0-3 months
- 4-6 months
- 7-12 months
- 13-24 months
- More than 24 months

Tender timing considerations

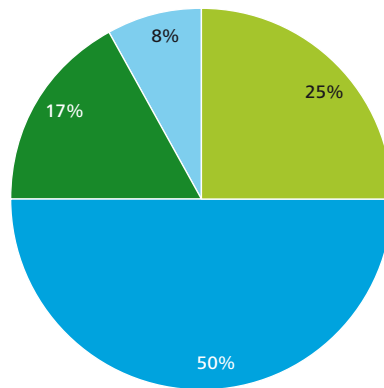
Which of the following influenced your decisions around timing?



Advance warning period of tenders

Did you give participating firms any advanced warning of the tender?

Percentage of respondents

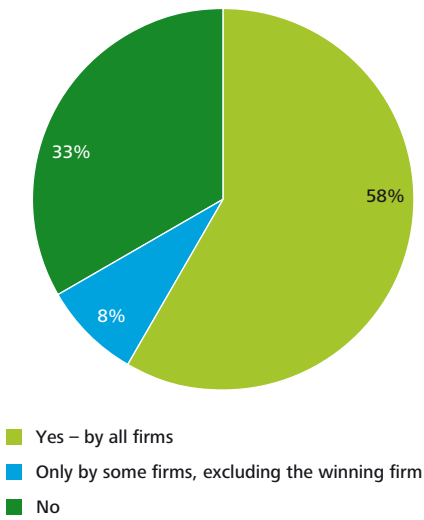


- No advance warning
- 0-3 months
- 4-6 months
- 7-12 months

Choice of lead partner

Were you given a choice of lead partner

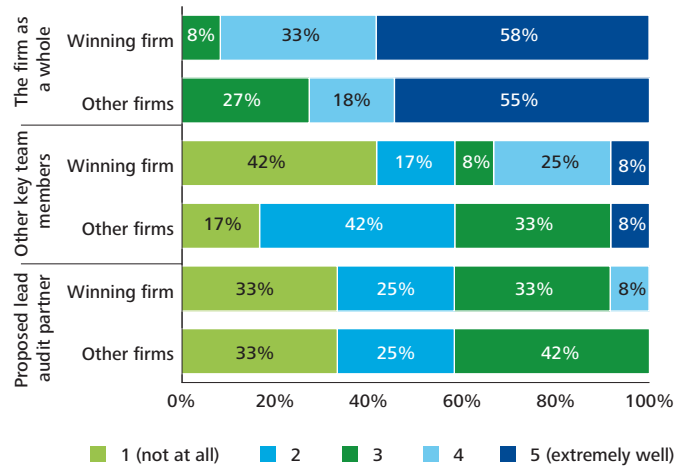
Percentage of respondents



Prior relationship with tendering firms

How well did you know the bidding firms before the tender process through previous professional relationships?

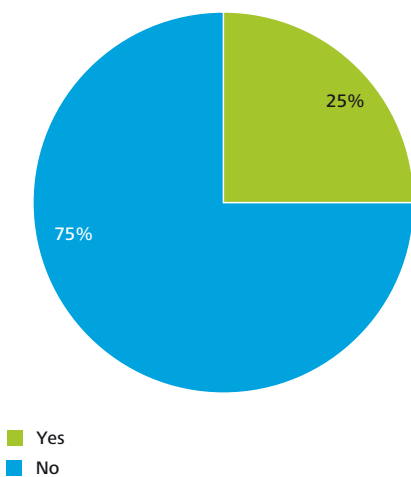
Percentage of respondents



Interviewing potential lead partners

Where given a choice of lead partner, did you interview potential lead partners and make your decision ahead of the RFP being issued?

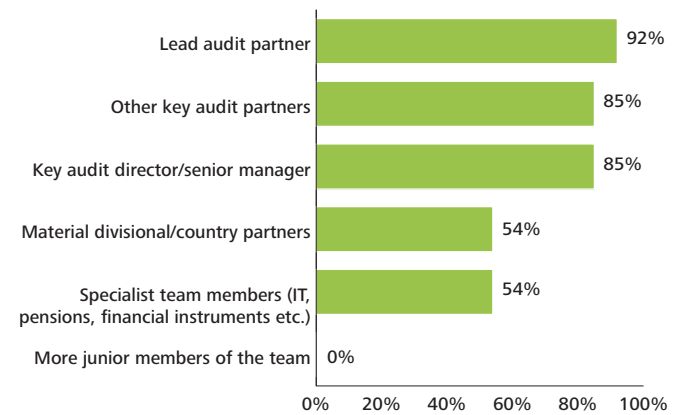
Percentage of respondents



Meeting team members during the tender

Which of the following did you want to meet during the tender process?

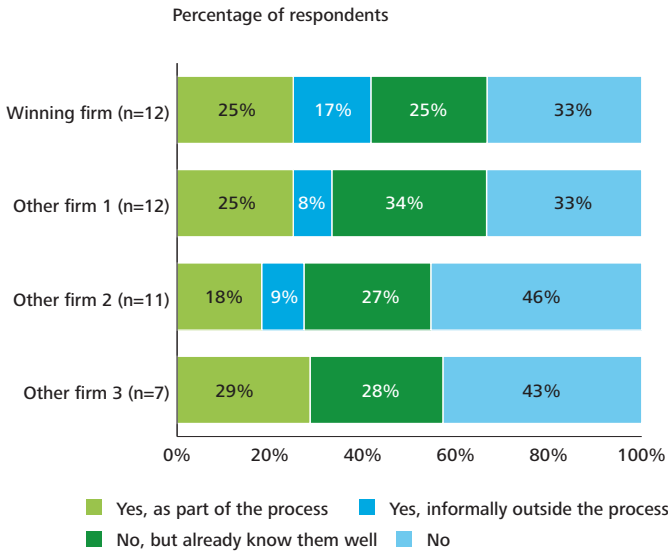
Percentage of respondents



In all cases, key decision makers had 2-5 hours of "face time" with the lead partners

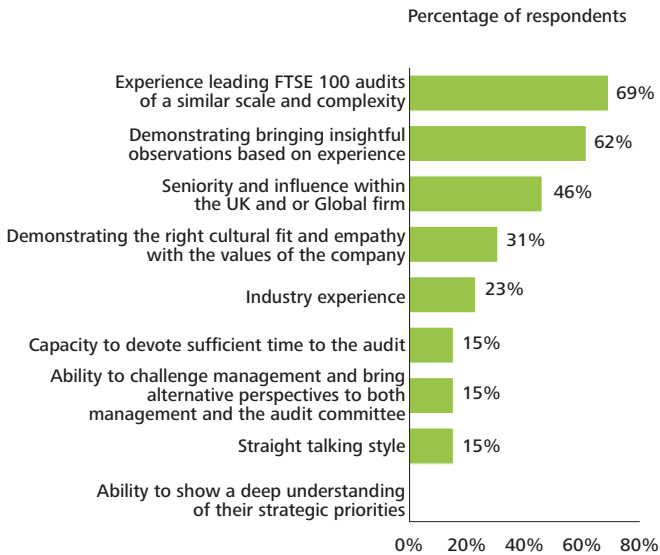
Meeting the managing partner

Did you meet the managing partner of each firm (or senior equivalent) either as part of or outside the process?



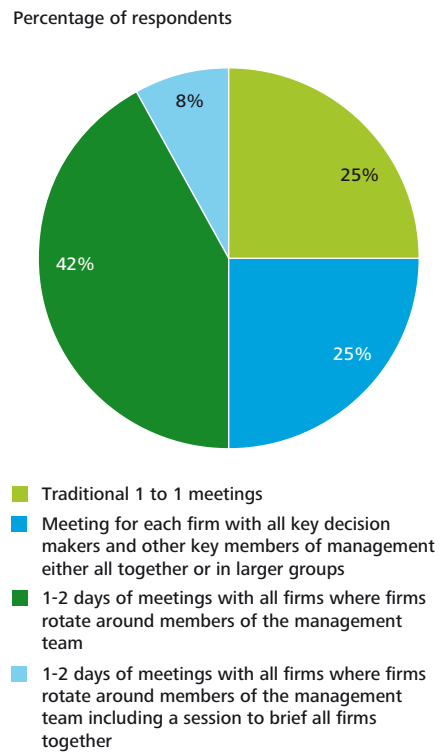
Qualities of lead partner from the winning firm

What qualities or experience did the lead partner of the winning firm have, which most influenced your decision?



Format of meetings with bidding firms

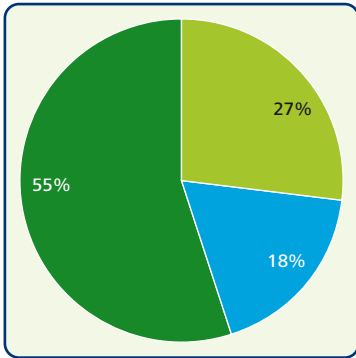
What format did you use for meetings with the bidding firms?



Input at group vs. division/country/subsidiary level

If you have a number of divisions/countries/subsidiaries, which of the following best describes the tender process?

Percentage of respondents

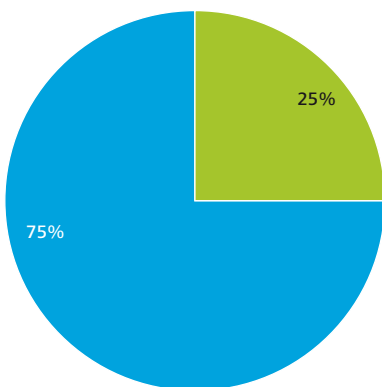


- Entirely centralised with meetings only at the group level
- Detailed process at divisional/country/subsidiary level which then feeds into the centre process
- Key meetings at a group level but with some contact and input at a division/country/subsidiary level

Technical challenges

Did you set the participating firms any form of technical challenge or other assignment in order to differentiate between them or to evidence what they would be like to work with?

Percentage of respondents



- Yes
- No

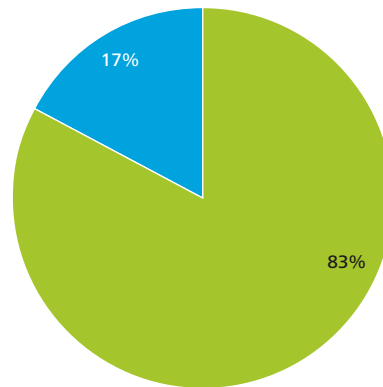
Reported challenges were around:

- Forthcoming changes in standards
- Known key accounting policies and judgements
- Ideas on accounting treatments

Demonstration of technology

Did the process give opportunity for the firms to demonstrate their technology, in particular analytics, and prove the benefits?

Percentage of respondents

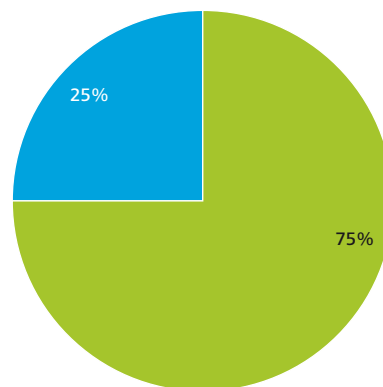


- Yes
- No

The impact of innovation on the final decision

Did innovation in the audit approach or tools have any particular influence on your final decision?

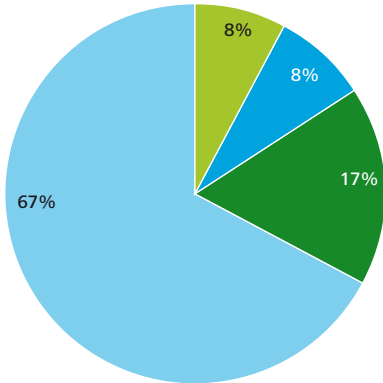
Percentage of respondents



- Yes
- No

Element which most influenced decision

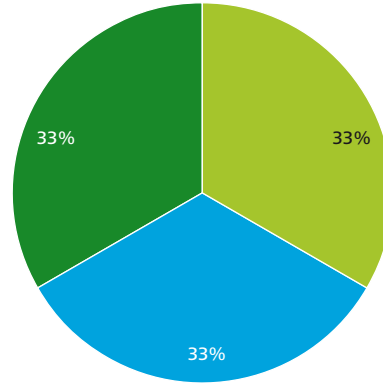
Which element of the process had the most influence on your decision?



- Document
- None – we used a strict score card system
- Site visits/meetings
- Final presentation

Access restrictions during tenders

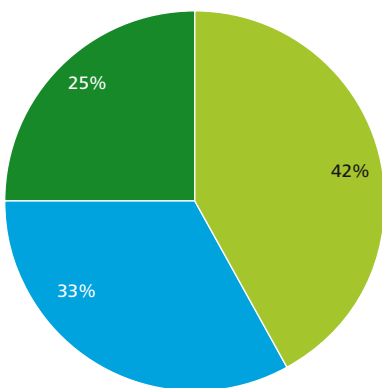
How strict were your access protocols during the process?



- No contact from any firm members except through the key tender contact as part of the process
- Access still allowed from outside the audit team through existing work and contacts
- No access to the key decision makers or influencers

Information provided to the bidding firms

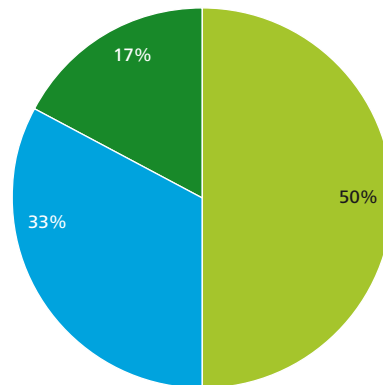
How much information did you provide to the bidding firms?



- Detailed info to enable firms to put together a very detailed proposition
- None – we used a strict score card system
- Site visits/meetings
- Final presentation

Information provided to the bidding firms

Did you use a data room?



- Yes – but restrictions on downloading and printing
- Yes – no restrictions but signed NDA
- No

Notes

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Designed and produced by The Creative Studio at Deloitte, London. J3879