

Response to the CMA's Statutory Audit Market Services Study – update paper 18/12/18

I have read your illuminating study and am pleased that the government is to review the purpose and scope of audits.

There are suggestions that it might be beneficial for auditors to give their opinion on a wider range of company pronouncements than at present. When it comes to the annual accounts, however, I hope that the government's review will consider whether the purpose of audit should either:

- a) remain one of reporting to shareholders on whether the accounts show a true and fair view, as currently required by UK legislation, or
- b) change to the quite different role of reporting to the audit committee (or other suitable corporate governance body).

If the conclusion is (a) that auditors should be reporting to shareholders, I believe that by far the most effective solution to the present crisis of confidence is for auditing standards (i.e. International Auditing Standards (UK)) to be re-written to support that purpose.

Your proposals

Regarding the ideas discussed in your study, I like the idea of the audit report being signed by more than one person, at least for large companies. [] I believe that the question of how these arrangements are structured – i.e. which firm does what work – should be left to audit committees.

Yours faithfully

Jeannie Okikiolu MA FCA