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Independent Audit and Audit Review join forces to help FTSE companies tackle greater corporate governance scrutiny

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Combined services of respected independent players to robustly evaluate independence and effectiveness of the board and its advisors

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Independent Audit Limited, a leading UK corporate governance advisory firm, announces a new venture with the team behind Audit Review, which was established two years ago to specialise in tender support and external audit effectiveness review.

The move comes in response to greater scrutiny by regulators and shareholders of audit committees' relationships with external auditors. Launched under the trading name Independent Audit & Risk Review, the new service uniquely combines deep sector expertise with freedom from conflict, as it does not offer external audits itself.

"We are already established as one of the UK's leading advisors on board effectiveness. In recent months we have been experiencing a sharp increase in demand from clients who see the benefit of independent, professional help in managing audit committee relationships. We expect to see a real shift in the landscape as more FTSE 350 firms want to demonstrate that their audit relationships are being managed transparently and in the best interest of shareholders," comments Jonathan Hayward, partner, Independent Audit Limited.

"Bringing Audit Review's services into the Independent Audit fold is a very natural extension of our existing offer to help our clients demonstrate their commitment to superior corporate governance," he adds.



“ Running an audit effectiveness review or independent audit tender creates a significant challenge for those audit committees that choose to take the traditional route of keeping it in-house. ”



The service supports the audit committee when an external audit is put out to tender. It also covers independent review for the audit committee of the effectiveness of the external audit or facilitating the audit committee's own review of external audit effectiveness, using the online assessment service Thinking Board.

Complex regulation

The external audit market is in a state of upheaval, with complex overlapping regulation from the EU, the UK Competition Commission and the Financial Reporting Council creating expectation of change but with uncertainty over the practical details.

In addition, complex rules on auditor independence from UK and US regulators are soon to be joined by more rules from the EU, creating many opportunities for external audit firms to be disqualified from bidding when companies put their audits out for tender. Other changes have put the responsibility for dealing with this complex situation firmly onto audit committees, while increasing their accountability to shareholders.

Institutional investor pressure

The practical challenges for audit committees are therefore very real and growing. At the same time, institutional investors are – after a long period of relative indifference – showing significant interest in audit governance. They are closely scrutinising audit committee reports to see how the committee is ensuring that auditors focus on satisfying shareholder, rather than management, needs.

David Young, co-founder of Audit Review, says: "Running an audit effectiveness review or independent audit tender creates a significant challenge for those audit committees that choose to take the traditional route of keeping it in-house. They may be putting objectivity at risk, either in reality or in appearance. Our job is to support both audit committee and financial management in a truly independent way. Our tightly focused resource and proven methodology means a more insightful review and always ensures objectivity.

"We believe that audit committees will value our expert and independent resources to assist them in this challenging and changing environment."

About Independent Audit Limited

Independent Audit is a trusted, objective provider of external board review and audit and risk review services. Free from the constraints of conflict of interest, it works to ensure its public and private sector clients, including top FTSE companies, maintain effective, ethical governance structures, balance risk and achieve sound control and strategic success. Companies engage the Independent Board Review service to evaluate all aspects of performance including board and committee effectiveness. Independent Audit's Thinking Board offers a rigorous online self-assessment tool for organisations that may not require a full external review. Its Independent Audit and Risk Review service provides objective support for external audit tenders and effectiveness reviews. It also provides advice and effectiveness reviews on internal audit, risk governance and internal control frameworks.