

AccountancyAge

PwC replaces Deloitte as auditors of Hargreaves Lansdown

by Richard Crump

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THE CHIEF EXECUTIVE of Hargreaves Lansdown has ridiculed the length of audit tenures among FTSE 100 businesses as the company announced PwC would be replacing Deloitte as its auditors.

Britain's biggest fund seller is the latest high-profile business to change auditors following the Competition Commission's plans to force FTSE 350 companies to retender their auditors every five years, with Unilever announcing last week that it would be ditching PwC as its auditors after 26 years.

Unlike many of its peers - 31% of FTSE 100 companies and 20% of FTSE 250 companies have

had the same auditor for more than 20 years -Hargreaves Lansdown regularly rotates its external auditor, having previously changed to Deloitte from EY in 2006.

"Any reputable company should review their audit arrangements regularly. The contribution and objectivity of an external auditor must surely reduce with time and familiarity, however good they are. That is just common sense," said Ian Gorham, CEO of Hargreaves Lansdown.

"The idea that there can be some pride in saying "we have had the same auditor for 50 years" is ridiculous. Failing to seek fresh expert challenge should be a source of embarrassment."

The proposed change by the Competition Commission is hoped to reduce the dominance of the Big Four, who currently audit 95% of the FTSE 350. However, Gorham doubts the changes will break the oligopoly in the short term.

"Firms such as Grant Thornton and BDO are highly capable and already advise many FTSE companies. In due course we would hope to see this experience come through and make these firms more prevalent in auditing FTSE companies," Gorham said.

The move towards mandatory tendering, with the FRC last year adopting a ten-year tendering rule, has led to a flurry of prominent companies announcing plans to switch auditors with Land Securities last month replacing auditors PwC with EY. In October, oil and gas explorer BG Group chose E&Y as its auditors after 16 years with PwC, while the firm also lost out to KPMG as Schroders changed its auditors for the first time in 50 years since it listed, though PwC was later reinstated.

HSBC is expected to announce the result of its audit tender process in the coming days.

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