



ACCOUNTING RESEARCH SEMINAR

“Public Audit Tenders: Evidence from Germany and the U.K.”



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Thursday, March 12th, 2020 – 14:30 – 16:00

Abstract:

This paper provides descriptive evidence on public audit tenders in Germany and the United Kingdom (U.K.). Both countries use the same member state option under the EU Audit Regulation to require public tenders under certain circumstances. We document substantial differences in how firms respond to this requirement using a sample of 72 (145) public tenders in Germany (the U.K.). For example, we observe that U.K. firms are more transparent but also more discriminating than German firms during the tender process. While German firms usually send the tender documents to any interested auditor, U.K. firms tend to exclude smaller auditors from the tender process. In the U.K., 89 percent of public tenders result in subsequent auditor changes. This proportion is much lower in Germany (22 percent). Changes in audit and non-audit fees around public audit tenders also vary across both countries. Taken together, our findings illustrate that harmonized audit requirements do not preclude and may even trigger country-specific audit practices.