

EXTRACT

Audit challenger analysis 2024:  
**What's driving change  
in the audit industry,  
and who stands to  
benefit from it?**

November 2024



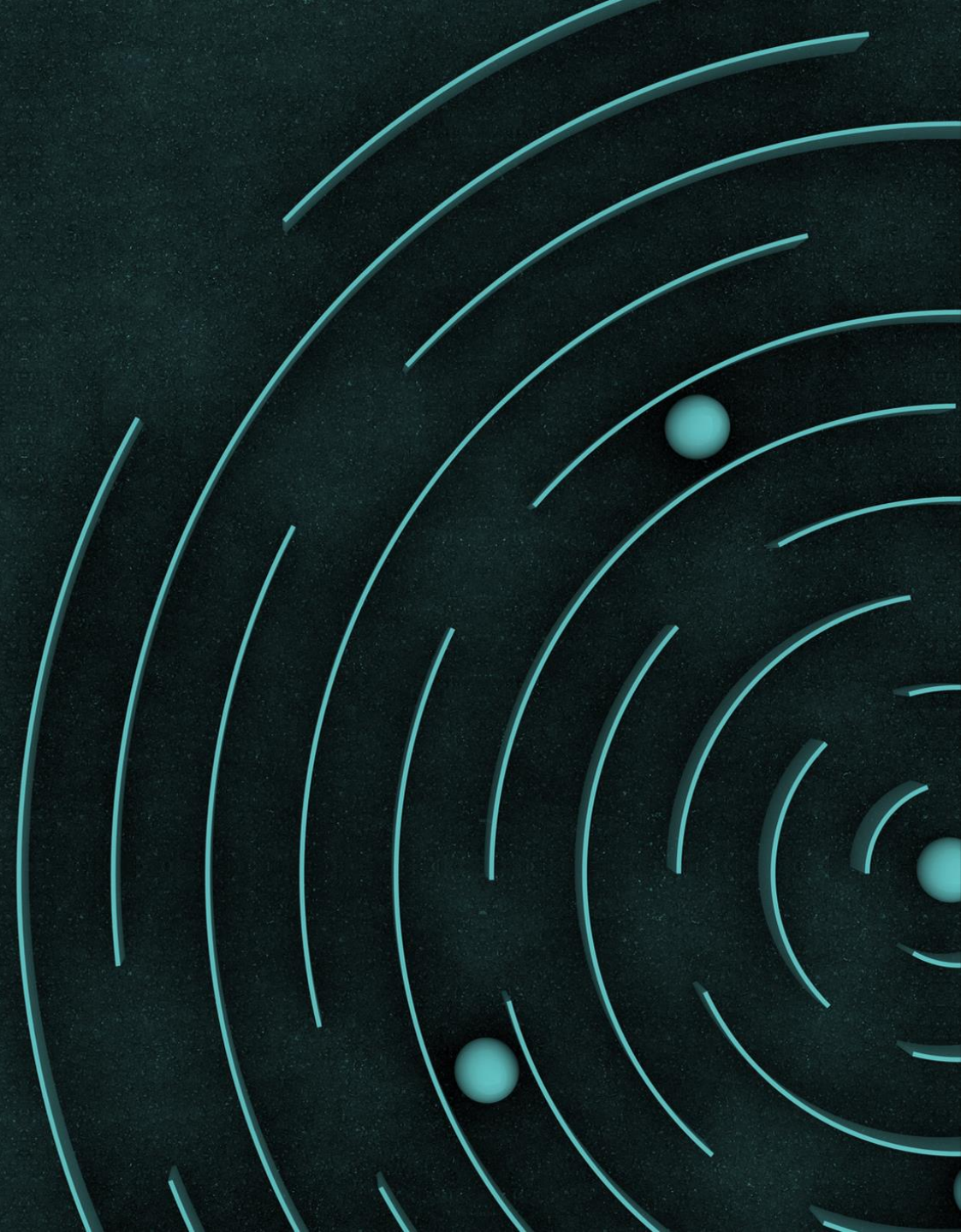


# Introduction

Previous research we've carried out into the future of the audit industry\* focused on the extent to which technology was likely to disrupt the external financial audit. This time, we've expanded the scope of the research to understand not just what clients think about the potential impact of AI, but also how recent reports challenging the quality of the audit and moves by private equity firms to invest in audit firms may reshape the audit industry of the future.

This research explores three drivers of change in the audit industry and their potential implications:

- Quality and choice
- The impact of AI and other technology
- Client attitudes towards the ownership of audit firms

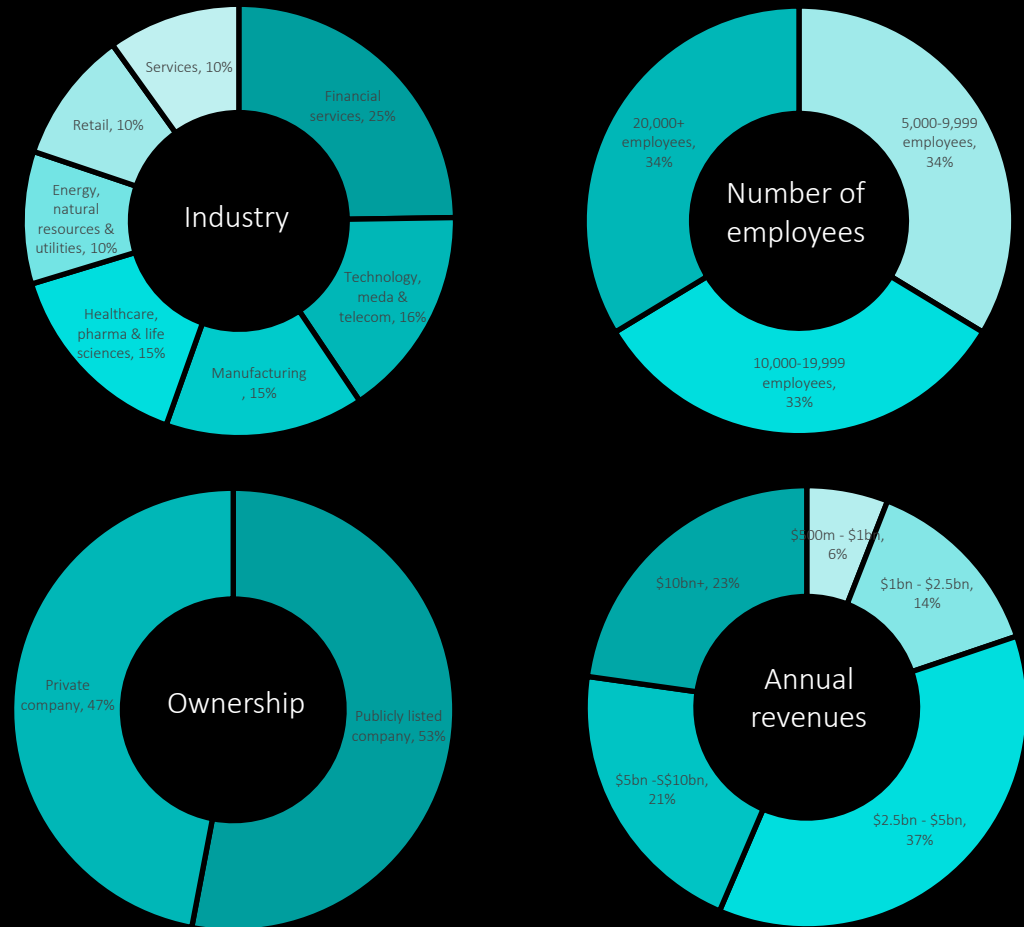


## Our methodology

We surveyed 200 senior buyers of audit services, split equally between the US and the UK. Respondents came from a representative range of industries and two thirds came from organisations with more than 10,000 employees.

The research was carried out in September 2024.

## Breakdown of the sample by...



# What really matters

## Choice and competition

- The overall picture emerging from this research is more negative than in previous years, with concerns around audit quality and a desire for better use of technology in the audit process driving clients to change auditors.
- In the current economic environment, clients want audits to be faster and cheaper. They don't, however, see more competition as the answer, as there's little perceived difference within the Big Four firms and within mid-tier firms.

## The impact of AI and other technology

## Client attitudes towards the ownership of audit firms

## The implications for audit firms



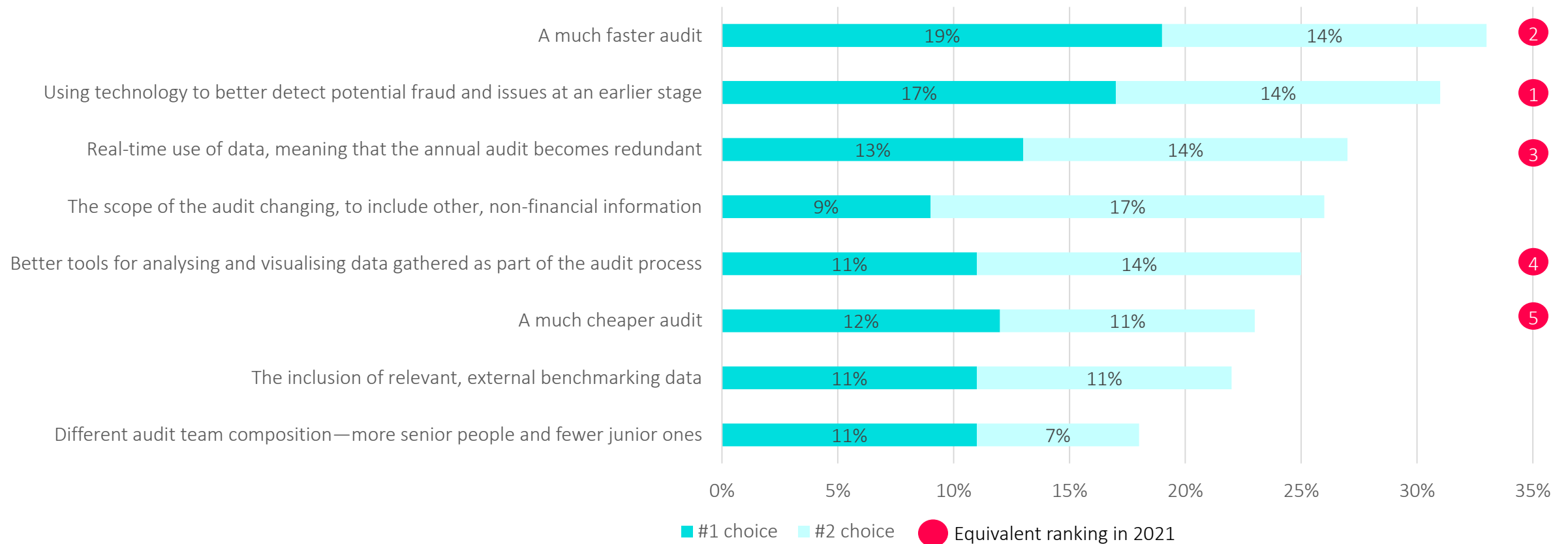


01

# Choice and competition

# Publicity around the quality of the audit means that clients would like future audits to be much faster, to be better able to detect fraud, and to make use of real-time data

Which two of the following are most likely to add value to the audit process?



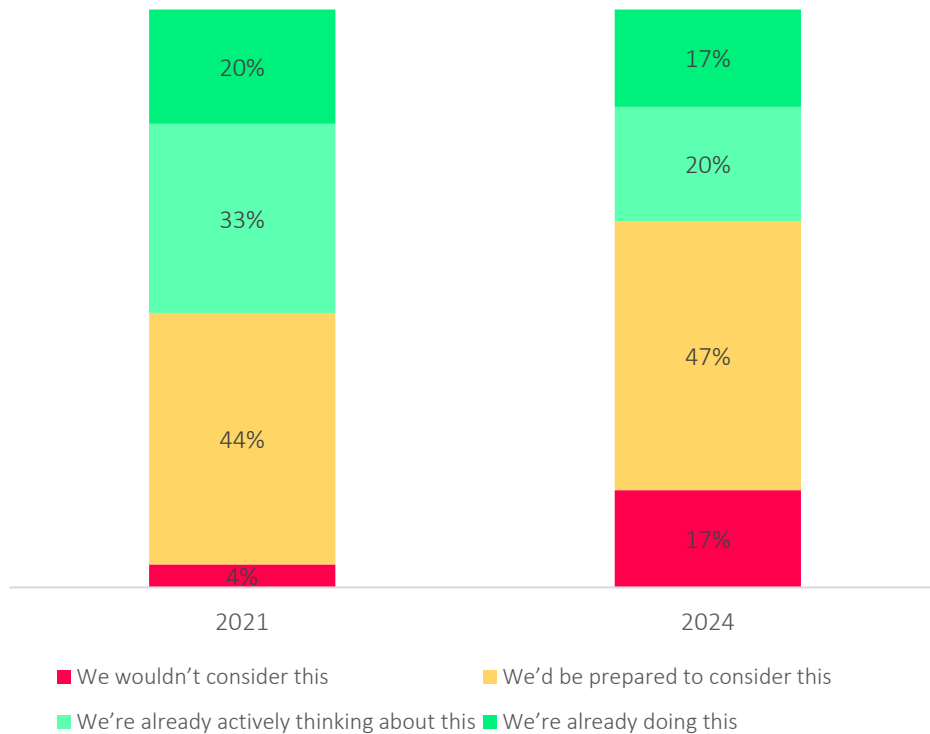


**02**

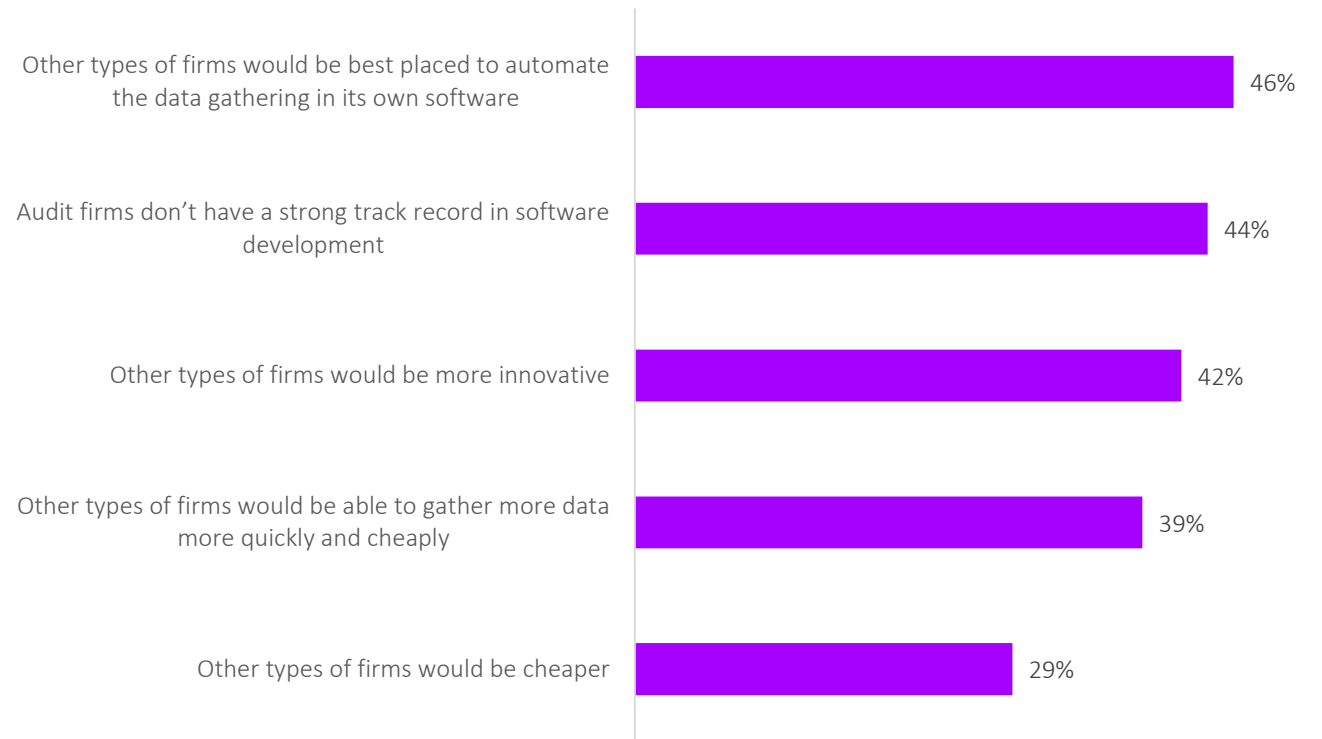
# **The impact of AI and other technology**

# Thirty-seven percent of clients say they are already or are planning to break down the audit process so that non-audit firms can deliver the technology components of it, but this is less than it was in 2021, when the comparable figure was 53%

To what extent are you, or would you be prepared to break down the audit process so that different types of firms could deliver different parts of it, e.g., technology firms could gather the data while a conventional audit firm would focus on the interpretation?



Why are you, or would you be, prepared to break down the audit process so that different types of firms could deliver parts of it?





03

**Client attitudes  
towards the  
ownership of audit  
firms**







04

# The implications for audit firms