AUDIT COMMITTEE REPORT

Approved by the Board of Computacenter plc
on 8 March 2022

Audit Committee report

Pauline Campbell
Chair of the
Audit Committee

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework.

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Current members	Role	Attendance record
1. Pauline Campbell (Chair from 30 September 2021)	Non-Executive Director	2/2
2. Rene Haas	Non-Executive Director	3/4*
3. Ljiljana Mitic	Non-Executive Director	4/4
4. Ros Rivaz	Non-Executive Director	4/4
Former member		
5. Minnow Powell (Chair until 30 September 2021)	Non-Executive Director	3/3

* Rene Haas was unable to travel from the United States to attend the meeting of the Audit Committee on the morning of 9 December 2021 due to Covid-19 travel implications and could not join by video conference due to incompatible time zones with a suitable alternative date unable to be found. Rene had a briefing call with the Chair prior to the meeting to discuss the agenda and papers ensuring that his views were able to be considered.

Composition of the Committee

On 30 September 2021, Minnow Powell retired from the Board and as Chair of the Audit Committee. Pauline Campbell, who joined the Board on 16 August 2021, was afforded a full induction to the Board and the Company and received a handover from Mr Powell during the overlap of their tenure. All activities below, noted as carried out by the Chair, refer to either Mr Powell or Ms Campbell depending on the timing of the event through the annual Audit Committee cycle.

As at 31 December 2021, the Audit Committee (the 'Committee') comprised the four independent Non-Executive Directors. All members are considered to be appropriately qualified and experienced to fulfil their role and allow the Committee to perform its duties effectively. For the purposes of Code Provision 24, one member of the Committee, Pauline Campbell, is considered to have recent and relevant financial experience. The Committee notes the requirements of the Code and confirms that, having considered the requirements against feedback provided through the Board and Committee effectiveness review, the Committee, as a whole, has competence relevant to the sector in which the Company operates. Further details of specific relevant experience can be found in the Directors' biographies on pages 88 to 89.

Meetings of the Committee

The Committee met four times during 2021. Meetings are attended routinely by the Chair of the Board, Group Finance Director, Group Head of Financial Reporting, Group Head of Internal Audit & Risk Management and the external auditor. The Company Secretary acts as secretary to the Committee. The meetings cover a standing list of agenda items, which is based on the Committee's Terms of Reference, and consider additional matters when the Committee deems it necessary.

In addition to the Committee meetings, the Chair also meets privately on occasion with members of Management during the year, to discuss the risks and challenges faced by the business as well as accounting and reporting matters and, importantly, how these are being addressed. On two occasions during the year, the Committee met separately with the external auditor and the Group Head of Internal Audit & Risk Management, without Management present. From time to time, on an ad hoc basis, members of the Committee, including the Chair, also attend meetings of the Group Risk Committee.

The Chair remains satisfied that the flow of information to the Committee is appropriate and provided in good time, to allow members to review matters due for consideration at each Committee meeting. The Committee is also satisfied that meetings were scheduled to allow adequate time to enable full and informed debate.

Principal responsibilities of the Committee

The Committee's main responsibilities during the year, as set out in the Code, were to:

- monitor the integrity of the Company's Financial Statements and any formal announcements relating to the Company's financial performance, and to review significant financial reporting estimates and judgements contained therein;
- provide advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- review the Company's internal financial controls and internal control and risk management systems;
- monitor and review the effectiveness of the Company's Internal Audit function, including approving the internal audit plan;
- make recommendations to the Board about the appointment, reappointment and removal of the external auditor, and, where necessary, conduct the tender process;
- approve the external auditor's remuneration and terms of engagement;
- review and monitor the external auditor's independence and objectivity;
- review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;

- develop and implement policy on engaging the external auditor to supply non-audit services, ensure there is prior approval of non-audit services, consider the impact this may have on independence, take into account the relevant regulations and ethical guidance in this regard, and report to the Board on any improvement or action required; and
- report to the Board on how it has discharged its responsibilities.

Immediately following each Committee meeting, the Chair reports to the Board on the Committee's activities and how it is discharging its responsibilities as set out in its Terms of Reference, which can be found on the Company's website at investors.computacenter.com.

Activities of the Committee

The Committee's activities during the year, which are based on its Terms of Reference, are set out below:

Key estimates, judgements and current financial reporting standards

The Committee reviewed the integrity of the Group's Consolidated Financial Statements and, in doing so, considered the following key estimates and judgements. In reviewing these matters, the Committee also took account of the views of the external auditor, KPMG LLP.

Technology Sourcing agent versus principal revenue recognition

Since the finalisation of the revised Group revenue recognition accounting policies and adoption of IFRS 15 on 1 January 2018, Management has continued to keep under review the nature of the finely balanced judgement on whether certain lines of Technology Sourcing revenue are to be recognised on an agent versus principal basis. On occasion, on a deal-by-deal basis, Management may conclude that a particular deal is to be recognised as agent rather than as principal. Typically, technology partners and customers approach us with an opportunity where the technology partner is taking the contract and performance risks, sets the selling price and uses Computacenter as a pass-through agent in the channel, to transact the deal for a set fee. Since adoption of IFRS 15, these have been primarily large software deals where there is no ongoing obligation of service on us following the transaction. We have no say in the pricing or selection of the product and are merely standing in the sales channel between the technology partner and customer, for the pre-determined fee. Based on the facts and circumstances of each deal, we assess how the terms and conditions of the deal are applied in practice against our revenue recognition policies, by reviewing the weighting applied to the agent/principal indicators. As a result, we have classified several of these deals as being on an agency basis, concluding that the fee received should be booked as net revenue.

In addition to these existing treatments, Management has performed an initial review of the tentative agenda decision of the International Accounting Standards Board's (IASB) IFRS Interpretations Committee that was released on 1 December 2021. The tentative agenda decision considered the specific recognition criteria for standalone software licences resold by value-added resellers. Management has produced an initial analysis of the impacts of the agenda decision on the Group, outlining the potential eventual change to agent revenue recognition for the majority of our software and resold services Technology Sourcing business lines that are currently recognised as principal.

The Committee reviewed the initial accounting memorandum produced by Management, supported its proposed programme of further investigatory analysis in this area and concluded that, if the tentative agenda decision is finalised in a manner reflective of the current position, the change to future revenue recognition policies was appropriate.

Technology Sourcing revenue recognition and 'bill and hold' cut-off procedures

The nature of the business leads to a significant amount of sales orders around year end with high volumes of 'bill and hold' transactions. Judgement is required to determine if the appropriate criteria have been met to recognise a 'bill and hold' sale. There remains some risk that revenue is recognised in the incorrect accounting period if the judgements are not made correctly.

Management has an established set of criteria to allow recognition of revenue, which are applied throughout the business and designed to ensure compliance with International Financial Reporting Standards.

The Audit Committee supported the auditor's continued focus on testing Technology Sourcing revenue cut-off, particularly in regard to 'bill and hold' arrangements where customers purchase inventory that remains in our Integration Centers following revenue recognition.

In addition, there are a number of Professional Services contracts where revenue is recognised based on fulfilling the customers' requirements in accordance with contract terms. Management highlights to the Committee any contracts that may be of interest, including the process by which such contracts are identified.

The Committee noted that no errors with a material impact on reported profitability were found as a result of the auditor's work in the area of Technology Sourcing. Management will consider process improvements as part of the change expected in the area of agent versus principal revenue recognition described above.

Risk of impairment of FusionStorm and Pivot goodwill and acquired intangible assets

The valuation of the goodwill and acquired intangible assets is assessed annually. The size and nature of the balances, coupled with the inherent complexity of the underpinning valuation methodology, results in a high degree of estimation uncertainty with significant judgement required in determining and applying assumptions to assess the fair value.

Management reviewed the value of goodwill and acquired intangibles in the FusionStorm and Pivot cash-generating units (CGU). This review assessed factors which could affect the recoverability of these assets and whether they could give rise to an impairment. This included:

- assessing the discount rates used in the cash flow forecasts;
- referencing the discount rates used by comparable companies;
- comparing the projected long-term growth rates to externally derived data;
- considered management's track record in forecasting versus actual outcomes; and
- reviewing sensitivity analysis on the assumptions noted above.

Management's review highlighted the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of the value-in-use. Management's assumptions, which are based on the Board's approved budget for 2022 and the Plan for 2023 and 2024, included that FusionStorm would be integrated with Pivot to form a new CGU being Computacenter USA during this timeframe.

The Committee considered the outcome of Management's assessments including the sensitivity of the outcome to changes in key assumptions. The Committee, further, reviewed the adequacy of the Group's disclosures, including the key estimates and judgements related to the carrying amount. The Committee considers that the carrying value of the goodwill and acquired intangible assets remains supported.

FusionStorm and Computacenter NS ERP Migration and Transition

During the year, the FusionStorm business within Computacenter North America and the Computacenter NS business within Computacenter France transitioned to the Group's primary Enterprise Resource Planning (ERP) system, continuing the programme of integration following acquisition.

Implementation of the ERP system has allowed Management better visibility of the operations and results of the business and will yield ongoing synergistic benefits from the commonality of approach across the primary geographies.

In order to provide insight into the integrity of information that may become part of the Annual Report and Accounts, Management outlined the implementation programme to the Committee prior to commencement and provided reports on the progress of the implementation of the transition. Following the cutover to the ERP, the Committee was updated on the reconciliation of the legacy system to the ERP, including issues detected, resolution programmes and ongoing operational impacts. The Committee is satisfied that there are no unreconciled differences, or other financial items that will/would impact the Group's reporting.

Acquisition accounting
During 2020, the Group acquired Pivot, a large Technology Sourcing reseller in the United States and Canada, and a portion of the BT Services French business. The initial accounting for the acquisitions was determined, by Management, provisionally at the end of the 2020 reporting period and the Committee reviewed the final position close to the anniversary of the acquisition. Management considers the accounting for the acquisitions as now complete, which was presented to the Committee. There were no changes to the fair values or the book values at acquisition for either entity.

Exceptional and other adjusting items
There were no exceptional items raised by Management for disclosure outside its alternative performance measures during the year.

Management considered the presentation of adjusted[1] profit in the first half of the Annual Report and Accounts, after taking account of the European Securities and Markets Authority Guidelines on Alternative Performance Measures, which promote the usefulness and transparency of such measures. Management remains satisfied with the reconciliation between statutory and adjusted[1] measures that the Group has presented since the 2015 Interim Report, and the level of disclosure which explains both the differences between these measures and the reasons for the differences.

Management continued to exclude the amortisation of acquired intangible assets, and the tax effect thereon, as an 'other adjusting item' outside of adjusted[1] profit after tax in the Group's 2021 Annual Report and Accounts. Management highlighted that this charge had materially increased with the acquisition of FusionStorm and Pivot.

Management's view is that amortisation of intangible assets is non-cash and is significantly affected by the timing and size of acquisitions, which affects understanding of the Group and Segmental operating results.

The Committee considered the nature and quantum of items disclosed as exceptional or as other adjusting items that are excluded from the Group's adjusted[1] profit before tax, and other alternative performance measures, in the Group's 2021 Annual Report and Accounts. The Committee concluded that the presentation of adjusted[1] profit was adequately explained, was intended to provide clarity on performance and has sufficient equal prominence with statutory profit.

Going concern basis for the Consolidated Financial Statements
Management prepared a paper that provided input to the Board's assessment of whether it is appropriate for the Group to adopt the going concern basis in preparing Consolidated Financial Statements, at both the half year and full year. To do so, Management reviewed the Group's financial plans and its liquidity, including its cash position and committed bank facilities. It also considered the Group's financing requirements in the context of available committed facilities and reviewed forecasts concerning trading performance, which had been discussed and approved at the 9 December 2021 Board meeting.

In making its assessment Management assessed factors which could affect the modelling of the Group's financial plans and its impact on the Going Concern assessment.

This included:

- Key financial performance forecasts for the next 12 months and the predicted impact on cash generation.
- Supporting models with rigorous downside sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecasts.
- Further downside scenario testing where the potential impact of the principal risks and uncertainties are applied to the forecasts.
- Management's assessment included only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.
- For the current year, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in the Group's revenues, beginning in 2022, simulating a continued impact for some of our customers from the Covid-19 crisis together with the Group's revenues being impacted by supply shortages. This sensitivity analysis models a continued market downturn scenario, with slower than predicted recovery estimates, for some of our customers whose businesses have been affected by Covid-19 and a similar downturn occurring for the remainder of our customer base. A further impact on the Group's Technology Sourcing revenues through 2022 from possible ongoing technology partner-related supply shortage issues has also been included in the sensitivity analysis.
- Forecast high and low points of cash generation.
- Availability of Management to implement leveraging or factoring to offset the impacts of the severe downsides modelled above.

The Committee considered the assessment described above, together with the extended Going Concern disclosures included within the 'basis of preparation' note to the Financial Statements in the Annual Report and Accounts and advised the Board on its view. The Committee considered whether the going concern basis of preparation continued to be appropriate and provided recommendations around its adoption to the Board, with which the Board concurred. The statement and explanation from the Directors can be found within the Strategic Report on page 78 and the Basis of Preparation with the Notes to the Consolidated Financial Statements on page 145.

Viability Statement
The Code requires the Directors to explain in the Annual Report and Accounts how they have assessed the prospects of the Group, taking into account the Group's current position and principal risks, over what period they have done so and why they consider that period to be appropriate. The Directors are further required to state whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period they have chosen, drawing attention to any qualifications or assumptions as necessary. This requirement is known as a Viability Statement.

Following review by the Group Risk Committee, Management presented its conclusions to the Audit Committee. These included a recommendation of the appropriate period for the assessment of viability that is based on the nature of the Group's business model and its strategic time horizon, coupled with short-term macro-economic environmental impacts. Management produces financial forecasts for the three-year period including an assessment, reviewed by the Group Risk Committee, of how these forecasts would be affected by a realistic concurrence of the Group's principal risks and the estimated impact of such a concurrence.

Management considered additional contingencies within the forecast, due to a market downside sensitivity scenario that continues throughout the assessment period and relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2022 as described within the Going Concern analysis above. These downside scenarios continue the assessment of the risks for Going Concern throughout the assessment period with compounding impacts to cash flow as a result.

The financial forecasts build on the assumptions used for the Going Concern assessment and extend this over the three-year period. Management includes longer-term sensitivity analyses that ranges the modelled downturn in the market across a number of factors, including working capital usage, profitability, dividend payments and share repurchases. The analyses also include an assessment of actions that Management could take to support the balance sheet of the Company in the event of the worst-case scenarios.

Following consideration of Management's assessments and conclusions, the Committee advised the Board that it could continue to set the period of assessment for the Viability Statement at three years and that it could make the statement required for the assessment period without qualification. The statement and explanation from the Board can be found within the Strategic Report on pages 78 to 79.

Parent Company investment in subsidiaries carrying value and distributable reserves
Investments in subsidiaries are the primary asset on the Parent Company Balance Sheet. The Committee considers the carrying value of these investments annually or when an indicator of impairment is identified, as any impairment of these investments would reduce the Company's distributable reserves. Management prepared an analysis to support the carrying value of the investments in subsidiaries held by the Parent Company, including assessing the cash flow forecasts and future trading assumptions of each subsidiary. No impairment of carrying value in the investment in subsidiaries was identified during the year. The Committee considered Management's assessments and remains satisfied that the carrying value of each subsidiary remains appropriate.

Management assessed the Company's distributable reserves, prior to the declaration of both the interim and final dividends in respect of the reporting period, to ensure that sufficient reserves were legally available for distribution. Further, Management modelled the medium-term forecasts for distributable reserves, ensuring that the Board's dividend policy could remain supported by the generation of distributable reserves within the Parent Company. The Committee received a presentation of Management's conclusions and reported to the Board on the appropriateness of the dividend payment with regards to the available distributable reserves.

Taxation
Management prepared papers documenting the Tax Strategy and the Tax Policy of the Company. These papers document the policies, processes and controls relating to the Group's tax functions and the Company's Tax Strategy, which can be found on the Company's website: computacenter.com. The purpose of the Tax Strategy is to communicate the policy for the management of tax within Computacenter. It is important to ensure that consistent and effective tax standards are maintained across the Group as tax, if poorly managed, can have a significant cash and profitability impact on the Group's business activities, as well as cause reputational damage.

Management presented to the Committee on all aspects of business taxation in all territories in which the Group is currently operating, excluding environmental taxes. The Group Tax Strategy and Policy is subject to approval by the Board annually following its consideration by, and advice from, the Committee.

Management prepared the calculation of the tax liability of the Group, including uncertain tax positions, and assessed the recognition criteria, for potential deferred tax assets relating to jurisdictions with significant carried forward tax losses. Future forecasts, changes to local taxation rates, and potential changes to local tax structures were taken into account in determining the Group's tax rate assessment. Management made recommendations for the consideration of the Committee for the identification of tax liabilities, assets and the tax rate being disclosed in the accounts. The Committee was satisfied that tax accounting is supported.

Improvements to general financial reporting
Management continues to review its accounting policies and reporting in light of changes, general trends to improve financial reporting and observations from the auditors.

During the period the Committee received recommendations for consideration from Management on a range of topics focused on improving the quality of the Group's financial reporting. These included:

- Litigation-related contingent liability disclosures.
- Ongoing implementation of a Group-wide Accounting Policy Handbook, to ensure consistency in the application of the Group's primary accounting policies.
- The improvement of IFRS 9 Expected Credit Loss provisioning methodologies and disclosures.
- Accounting treatment for certain one-off commercial contracts with particularly unusual or non-recurring terms.
- The implementation of recommendations contained within advisory publications from the FRC relating to, amongst others, best practice disclosures for revenue.
- Consideration of the latest minutes of the IFRS Interpretations Committee with regards to revenue recognition for software sales and the impact on future reported revenues for the Group.

The Committee approves of Management's effort to continually improve and is satisfied with changes made or proposed relating to the items listed.

Regulatory and legal compliance
Having been requested to do so by the Board in accordance with Code Provision 27, the Committee also advises the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee sought assurance as to the review procedures performed by Management, to support the Board in making this statement. These include clear guidance issued to all contributors to provide a consistent approach and a formal review process, to ensure that the Annual Report and Accounts are factually correct and reflective of material matters that have been discussed by the Board throughout the year and includes all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

Management prepared an analysis of the Company's compliance with the provisions of the Corporate Governance Code and did not identify any deficiencies or breaches. The Committee considered the analysis presented within the Annual Report and Accounts.

Management prepared a presentation on the BEIS Report on Governance and Audit Reform and provided a response on behalf of the Company for the consideration of the Committee. Management continued to monitor regulatory developments in this area and updated the Committee as required.

The effectiveness of internal controls and of the risk management framework

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework. The Group Risk Committee (GRC) meets each quarter to review the key risks facing the business. These are identified, and their likelihood and impact are assessed, within the Group's 'Risk Heat Map'. They are then reviewed in conjunction with accompanying risk mitigation plans. The GRC minutes, or a summary thereof, are circulated to the Committee for review, with any matters of note highlighted and explained to the Committee by the GRC Chair. This includes an analysis of how the Group's exposure to these risks may have moved during the previous three months and how mitigations to the risks have been introduced or developed, and also provides the GRC's assessment of the effectiveness of the process. To assist the Board, the Committee monitors the risk management processes and reports from Internal Audit.

Compliance Steering Committee

The Compliance Steering Committee (CSC) reports to the GRC. It meets quarterly, two weeks before the GRC, and is chaired by the Group Compliance Manager. The Group Head of Legal & Contracting, the Chief People Officer, the Group Data Protection Officer, the Group Head of Internal Audit & Risk Management and the Company Secretary make up the rest of the CSC. The CSC determines which areas of law or regulation apply to the Group, assigns these to members of Management and identifies levels of compliance and associated risk, with the aim of ensuring that these are appropriate to the Group. Critical areas within the CSC's remit include anti-bribery and corruption, whistleblowing, data protection and export control. The CSC reviews and promotes major Group internal governance enhancement initiatives. The Committee receives regular reports from the CSC on its activities.

During the year, the Committee reviewed the CSC's progress with bringing the entities acquired by the end of 2020 into the Group's compliance framework, noting with satisfaction that the work was now complete, with follow-up remote reviews conducted by Internal Audit to Pivot and CC NS confirming the efficacy of the implementation.

Internal control oversight

Periodically the Committee received reports on the operation of internal controls from various Group functions. These included:

- The implementation of agreed improvements on the compliance and control environment within recently acquired entities including FusionStorm, Pivot and Computacenter NS. Internal Audit reviewed the control environment of material acquired entities and the ongoing integration plans of the recent acquisitions, including the provision of the Group's Enterprise Resource Planning systems and the wider internal control, risk management and compliance frameworks, including items such as whistleblowing and GDPR.
- A report from the Group Information Assurance (GIA) function on its role, which continues to be a key part of the control framework for data security and cyber defence, and how it fits into the overall control structures of the Company within the wider risk management framework. GIA reported on the programme of enhancements for the Cyber Defence Center and cyber security. Where cyber incidents, attacks and breaches are inevitably detected by the GIA, it reports to the Committee on the mitigations and outcomes of any investigation, including plans for remediation and improvements.
- Treasury Reporting, Policy and Controls including the Group Treasury Strategy & Policy, Transactional FX Strategy and Policy and activities of the Treasury Committee which retains operational oversight.
- Trade receivables control environment, to assess the heightened risk of customer defaults due to the Covid-19 pandemic and the associated collection risk.
- Trade payables and other creditors control environment, to review procedures and payment timeliness analysis.
- Annual survey results, where all members of the Group Executive and other key senior Management conduct a controls self-certification exercise and the control environment is reviewed and graded.
- Export controls compliance.
- The effectiveness of controls over bid management and contract reporting
- Updates on litigation matters.

Whistleblowing

The Committee confirms that it is satisfied that, as at the date of this report, arrangements are in place to ensure that employees are able, in confidence, to raise any matters of concern, and for the proportionate and independent investigation of such concerns, including assessment of the financial impact and any appropriate follow-up action. During the year, the Committee was satisfied that investigations and follow-up actions were appropriate. As at the date of this report, all of the Group's operating entities, including the recent acquisitions of Pivot and BT Services France, had access to the same whistleblowing platform.

The effectiveness of the Internal Audit function

The Group has an Internal Audit function which reports to the Chair of the Committee, and also has direct access to the CEO. Its key objectives are to provide the Board, the Committee and senior Management with independent and objective assurance on risks and the related mitigating controls, and to assist the Board in meeting its corporate governance and regulatory responsibilities. A formal audit charter guides the function's work and procedures and was updated during the year.

The Board, through the Committee, has directed the Internal Audit department's work towards areas of the business that are considered to be the highest risk. The Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a four-year period. The programme and the audit findings are assessed continually, to ensure they take account of the latest information and, in particular, the results of the annual review of the effectiveness of internal control and any shifts in the focus areas of the various businesses.

Each year, the Committee reviews the effectiveness of the Internal Audit department and the Group's risk management programme. The formal review typically consists of an evaluation of Internal Audit's activities by members of the Committee and managers across the business who have been subject to audit during the year. The assessment normally covers areas such as departmental organisation, business understanding, skills and experience, communication and performance.

The Committee received an update from the Group Head of Internal Audit & Risk Management at each meeting during the year. The updates covered current audit activities and the results of completed audits. The Chair met the Group Head of Internal Audit & Risk Management on a number of occasions during the year, to be updated on the function's activities. The Committee kept Internal Audit's staffing levels under review throughout 2021.

	2021 £m	2020 £m
Auditor's remuneration:		
– Audit of the Financial Statements	**0.1**	0.2
– Audit of subsidiaries	**1.7**	1.1
Total audit fees	**1.8**	1.3
Audit-related assurance services including the review of the Interim Report and Accounts	**0.1**	0.1
Taxation compliance services	**0.1**	0.1
Total non-audit services	**0.2**	0.2
Total fees	**2.0**	1.5

The Committee has challenged and approved the Internal Audit plan and the mapping of that plan to the Group's principal risks and related mitigating controls, as set out on pages 80 to 85. The plan is kept under review to reflect the changing needs of the business and to ensure that new and emerging business risks are appropriately considered within it.

Performance of the Committee

The review indicated that the Committee continues to perform effectively. No significant issues in the way the Committee functions were highlighted as being in need of remediation. The Committee agreed that it would review the way in which it assesses the development and performance of the Internal Audit function. Refer to page 98 for further details on the evaluation carried out.

The integrity of the Group's relationship with the auditor and the effectiveness of the external audit process

External audit

The Committee oversees the Group's relationship with its auditor and makes recommendations to the Board concerning the appointment, reappointment and remuneration of the auditor.

Reappointment of the auditor

Following a review of the external auditor's effectiveness and further Committee discussions, the Committee has recommended to the Board that it propose the reappointment of KPMG LLP as the Group's auditor, for approval by the Company's shareholders at its 2022 AGM. KPMG LLP was first appointed as the Group's auditor with effect from May 2015, following a competitive tender process. The Committee will continue to review the performance of KPMG LLP, as set out below, on an annual basis.

Rotation of lead audit engagement partner

The lead audit engagement partner for the year ended 31 December 2021 was Mr David Neale, who completed his second year in this role.

During the reporting period, the Company complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Committee Responsibilities) Order 2014.

Effectiveness of the external audit process

The Committee places great importance on ensuring a high-quality and effective external audit process. When conducting the annual review, the Committee considers the performance of the auditor as well as its independence, compliance with relevant statutory, regulatory and ethical standards, and objectivity. The Committee reviewed the effectiveness and quality of the external audit process by:

- reviewing the audit plan, including identified significant risks and monitoring changes in response to new issues or changing circumstances;
- reviewing the planned audit hours of each component, including hours by audit area and on IT controls;
- reviewing the audit scope with the lead audit engagement partner, to ensure adequate coverage of full-scope audit components over the Group's operations;
- understanding the materiality thresholds adopted by KPMG LLP at each reporting period, for both the audit of the Group and its key audit components;
- attending KPMG LLP's annual 'Academy Day' audit planning workshop, which was attended by senior members of the worldwide audit team and senior finance managers from across the Group;
- receiving reports on the results of the audit work performed; and
- considering the report of the FRC's Audit Quality Review team (AQRT) on KPMG LLP.

The Committee reviewed the audit plan for the acquired entities for the part-year ended 31 December 2021 with KPMG LLP, to ensure audit coverage was appropriate.

The Committee reviewed the year-end report to the Committee and discussed it with the lead audit engagement partner. The Committee further reviewed the effectiveness of the external audit process by means of a questionnaire, which was completed by key stakeholders and relevant Group Management. The matters covered by the questionnaire included the understanding of the business and its audit risks, the degree of scepticism, challenges and competency of the KPMG LLP employees that comprise the audit team. The results were discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and actions requested by the Committee to enhance effectiveness were followed up and continue to be monitored as appropriate.

The Committee also discussed the report published by the AQRT into the findings of its inspections of audits carried out by KPMG LLP. The Committee is satisfied that the audit team was aware of the findings and was provided assurance that the ability of the team to provide a quality audit was not impaired.

Auditor independence

The Committee places considerable importance on ensuring the continuing independence of the Group's auditor. This topic is reviewed at least annually with the auditor, which confirms its independence to the Committee twice a year. In addition to the above, the Company paid £0.5 million (2020: £0.1 million) to Ernst & Young LLP to perform audit procedures to meet the requirements as a component auditor on the Group audit, reporting to KPMG LLP.

Non-audit services
To help maintain the auditor's independence, the Committee has a policy regarding the scope and extent of non-audit services provided by the Group's auditor, which is summarised below.

The auditor is appointed primarily to report on the annual and interim Consolidated Financial Statements. The Committee places a high priority on ensuring that the auditor's independence and objectivity is not compromised either in appearance or in fact. Equally, the Group should not be deprived of expertise where it is needed and there may be occasions where the external auditor is best placed to undertake other accounting, advisory and consultancy work, in view of its knowledge of the business, as well as confidentiality and cost considerations.

Under the Committee's non-audit services policy, the Group auditor should not be engaged to undertake work which constitutes a prohibited non-audit service, as defined under provision 5.167 of the FRC's Ethical Standard. Any other non-audit service (a 'Permitted Service') must, to the extent that it is not viewed as 'trivial', be approved in advance by the Committee.

In each case where the Group auditor is authorised to perform a Permitted Service, the Committee will assess threats to the auditor's independence and the proposed safeguards to be applied when such services are carried out. It will also document what action was taken by the Group auditor, including appropriate safeguards where necessary, to ensure that its independence was not compromised as a result of performing the Permitted Service. The Committee will consider alternative suppliers and competitive tenders and then discuss and document why it viewed the Group auditor as the most appropriate party to perform the Permitted Service.

The Committee monitors compliance with this policy by monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 11.1 per cent of KPMG LLP's overall audit fee during 2021 (2020: 15.4 per cent), as set out above. The Group auditor will, in no circumstances, undertake non-audit services for the Group to the extent that the total fee payable by the Group to its auditor exceeds 70 per cent of the average annual statutory fee payable by the Group over the last three consecutive years. The Group ceased using the Group's auditor for all taxation services within the EU during 2017.

During the year, KPMG LLP provided only trivial non-audit services to the Group. Any trivial non-audit services provided were subject to KPMG LLP's review of the impact on its own independence against the Group's non-audit services policy. None of the trivial engagements constituted a prohibited non-audit service and the Committee was satisfied that the independence of KPMG LLP, as Group auditor, was not affected.

Pauline Campbell
Chair of the Audit Committee
23 March 2022

About Computacenter

Computacenter is a leading independent technology partner, trusted by large corporate and public sector organisations. We help our customers to source, transform and manage their IT infrastructure to deliver digital transformation, enabling users and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 18,000 people worldwide.

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