AUDIT COMMITTEE REPORT

Approved by the Board of Computacenter plc
on 11 March 2020

AUDIT COMMITTEE REPORT

Current members	Role	Attendance record
1. Minnow Powell (Chairman)	Non-Executive Director	4/4
4. Rene Haas[1]	Non-Executive Director	1/1
3. Ljiljana Mitic[2]	Non-Executive Director	3/3
2. Ros Rivaz	Non-Executive Director	4/4
Former members		
5. Peter Ryan[3]	Non-Executive Director	1/1
6. Regine Stachelhaus[4]	Non-Executive Director	1/1

1. Rene Haas was appointed to the position of Non-Executive Director of the Company with effect from 20 August 2019 and became a Member of the Audit Committee at that time.
2. Ljiljana Mitic was appointed to the position of Non-Executive Director of the Company with effect from 16 May 2019 and became a Member of the Audit Committee at that time.
3. Peter Ryan was appointed to the position of Chairman of the Company on 16 May 2019 and stood down as a member of the Audit Committee at that time.
4. Regine Stachelhaus retired from her position as a Non-Executive Director on 16 May 2019.

The Committee, as a whole, has competence relevant to the sector in which the Company operates.

Minnow Powell
Chairman of the Audit Committee

Composition of the Committee

As at 31 December 2019, 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, Minnow Powell, is considered to have recent and relevant financial experience. The Committee notes the requirements of the 2018 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 72 to 73.

Meetings of the Committee

The Committee met four times during 2019. Meetings are attended routinely by the Chairman of the Board, Group Finance Director, Group Head of Financial Reporting, Group Head of Internal Audit & Risk Management and the external auditor. Meetings are also attended by the Company Secretary, who 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, I also met privately on occasion with individual 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, I also attend meetings of the Group Risk Committee.

Prior to each meeting of the Committee, I meet separately with those responsible for presenting papers to the Committee to ensure that they are of sufficient quality and rigour. I am satisfied that the flow of supporting information to the Committee is appropriate and provided in good time, to allow members enough opportunity to review matters due for consideration at each Committee meeting. I am 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 judgements contained in them;
- provide advice (where requested by 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 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;
- conduct the tender process and make recommendations to the Board about the appointment, reappointment and removal of the external auditor, and 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, I report 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 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 judgements. In reviewing these matters, the Committee also took account of the views of the external auditor, KPMG LLP.

New lease accounting standard (IFRS 16) effective 1 January 2019
During the year, the Committee reviewed the disclosures for IFRS 16 within the Interim Report and Annual Report and Accounts. The Company has elected to implement the standard using the modified retrospective approach to adoption and has not restated its comparatives for the 2018 reporting period. The Company has taken care to highlight the disclosure throughout the Annual Report and Accounts, to indicate that the comparative results have not been restated and are prepared under a different GAAP.

Professional Services and Managed Services contract accounting
The Committee continued to focus on Services contract accounting during the year. It received an update at each meeting from Management on a number of material contracts across the Group's major geographies. These contracts were selected due to performance being lower than anticipated at the bid stage of the contract or because there were complex revenue recognition elements to the contract.

As judgements were adjusted throughout the year, the Committee, in addition to reviewing the assumptions at a point in time, reviewed when information underpinning the judgements changed and the reasons for the change.

The Committee remains satisfied with the revenue recognition accounting judgements but will continue to monitor the performance of several difficult contracts, in part, to ensure that appropriate responses continue to be formulated to address material lessons learnt from the execution of these contracts.

Technology Sourcing revenue recognition and 'bill and hold' cut-off procedures
Given the level of sales around year end, the Audit Committee supported the auditor's approach to increasing its testing of 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. We encouraged Management to continue to review and improve 'bill and hold' procedures, particularly in recently acquired entities where such procedures initially diverged from Group policies.

The Committee was pleased to note that no significant errors were found as a result of the auditor's work in this area at year end.

Acquisition accounting
During 2019, the Group acquired PathWorks GmbH ('PathWorks'), a small Technology Sourcing reseller in Switzerland, and reacquired R.D. Trading Limited ('RDC') in the UK, a former subsidiary of the Group which was sold in February 2015. The Committee reviewed the acquisition accounting judgements and the differences between the provisional fair values and the book values at acquisition.

For RDC, the Committee reviewed the structure of the transaction, noting the receipt of £8.1 million which reflected onerous property costs within the business. The Committee noted Management's fair value provisions, including the above-market rental on a property lease where there was significant under-occupation, and considered these appropriate.

The initial accounting for RDC has only been provisionally determined at the end of the reporting period and the Committee will review the position close to the anniversary of the acquisition.

During 2018, the Group acquired FusionStorm in the USA and Misco Solutions B.V. ('Misco') in the Netherlands. The initial accounting for the acquisitions was only provisionally determined at the end of the 2018 reporting period and the Committee reviewed the final position close to the anniversary of the acquisition. The accounting for the acquisitions is now complete. There were no material changes to the fair values or the book values at acquisition for Misco. The Committee noted a change made to the initial accounting for the acquisition of FusionStorm resulting in an increase of the recognised amounts of net assets acquired of £4.1 million and a corresponding decrease in the goodwill arising on acquisition.

Risk of impairment of FusionStorm goodwill and acquired intangible assets
The Committee considered Management's review of the value of goodwill and acquired intangibles in the FusionStorm cash-generating unit. This review assessed factors which could affect the recoverability of these assets and whether they could give rise to an impairment. Management's review noted the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of the value-in-use.

The Committee reviewed Management's assumptions. This included:
- reviewing trading forecasts and related cash flows;
- assessing the discount rates used in the FusionStorm cash flow forecasts;
- referencing the discount rates used by comparable companies;
- comparing the projected growth rates to externally derived data; and
- reviewing sensitivity analysis on the assumptions noted above.

The Committee also reviewed the adequacy of the Group's disclosures in respect of goodwill, including disclosures regarding the sensitivity of the outcome of the impairment assessment to changes in key assumptions, and the disclosure of key estimates and judgements related to the carrying amount. The Committee considered that the carrying value of the goodwill and acquired intangible assets remains appropriate.

The Committee reviewed the audit plan for the acquired entities for the part-year ended 31 December 2019 with the Group's external auditor, KPMG LLP, to ensure that adequate procedures were in place to ensure audit coverage was appropriate.

Segmental information
During the first half of the year, Management reviewed the way Segmental performance is reported to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'). This followed the acquisitions made in 2018 and in particular FusionStorm.

As a result of this analysis, the Committee endorsed a revised Segmental reporting structure, which the Board adopted. The Committee reviewed the analysis used to identify the new Segments in accordance with IFRS 8 Operating Segments and noted that the rationale appeared appropriate for:

- introducing the new USA Segment;
- adding RDC and TeamUltra to the UK Segment;
- reshaping the International Segment to include a core 'Rest of Europe' presence, with key trading operations in Belgium, the Netherlands and Switzerland (including PathWorks), along with the international Global Service Desk locations in South Africa, Spain, Hungary, Mexico, Poland, Malaysia, India and China; and
- continuing to allocate 'Central Corporate Costs' out of the UK Segment.

The Committee was satisfied that the new Segmental reporting structure was the basis on which internal reports are to be provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group.

The Committee noted that the change in Segmental reporting has no impact on reported Group numbers and, to enable comparisons with prior period performance, it reviewed the historical Segmental information for the periods ended 30 June 2018 and 31 December 2018, which were restated in accordance with the revised Segmental reporting structure.

Exceptional and other adjusting items
The Committee considered the nature and quantum of those items disclosed as exceptional or as other adjusting items outside of adjusted[1] profit before tax in the Group's 2019 Annual Report and Accounts.

The Committee noted that an exceptional operating loss during the period of £0.1 million (2018: £5.2 million) resulted from residual costs directly relating to the acquisition of FusionStorm.

A further £0.8 million (2018: £0.4 million) relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted[1] net finance expense and classified as exceptional interest costs. Whilst this item is, individually, not material, it forms part of the collective overall cost of the acquisition and the Committee agreed that, due to the material size of the acquisition and the impact on the underlying net finance expense, this should also be treated as an exceptional item.

The Committee noted that Management continued to exclude the amortisation of acquired intangible assets, and the tax effect thereon, in calculating our adjusted[1] results and that this charge had materially increased with the acquisition of FusionStorm. The Committee agreed with Management's view that amortisation of intangible assets is non-cash, and is significantly affected by the timing and size of our acquisitions, which affects the understanding of our Group and Segmental operating results.

A tax credit of £0.8 million (2018: £3.1 million) was recorded which related to the acquisition. As this credit was not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, the Committee has agreed with Management's classification of this as an exceptional tax item, consistent with the treatment of the item for the year ended 31 December 2018.

The Committee was satisfied that the costs associated with the acquisition of FusionStorm, the interest from unwinding of the discount on the deferred consideration, the tax effect of both items and the exceptional tax credit taken should be classified as exceptional, due to the collective materiality of the initial acquisition recognition, ongoing consistency with that recognition and the nature of the items.

The Committee also 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. The Committee 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 thereon. The Committee concluded that the presentation of adjusted[1] profit provided clarity on performance and had sufficient equal prominence with statutory profit.

Parent Company investment in subsidiaries carrying value
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 presented analysis to the Committee 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 and the Committee remains satisfied that the carrying value of each subsidiary remains appropriate.

Going concern basis for the Consolidated Financial Statements
The Committee provides 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. In order to do so, the Committee considered the Group's financial plans and its liquidity, including its cash position and committed bank facilities. It considered the Group's financing requirements in the context of available committed facilities, including one of £60 million that expires in May 2021 and was not drawn down during the year, and challenged Management's forecasts concerning trading performance. The Committee also noted the Code requirement for the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the Group's 2019 Consolidated Financial Statements. Following its considerations, the Committee was satisfied that the going concern basis of preparation continues to be appropriate and recommended its adoption to the Board. The statement and explanation from the Directors can be found within the Strategic Report on page 61.

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 its review of Management's proposals, the Committee continues to recommend to the Board that it sets the period of assessment for the Viability Statement at three years, given the nature of the Group's business model and its strategic time horizon. The Committee and Board also reviewed Management's financial forecasts for the three-year period, and challenged the process undertaken and assumptions made by the Group's Risk Committee, in assessing how those forecasts would be affected by a realistic concurrence of the Group's principal risks. The Committee also considered additional contingencies made within the forecast due to the risk of the UK exiting the European Union without a Withdrawal Agreement by the Brexit deadline date or failing to agree a comprehensive trade agreement by the end of the transition period at the end of 2020. As a result, the Committee recommended to the Board 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 61 to 62.

Other significant activity

During the year, the Committee reviewed:

- its Terms of Reference against the Code and the Guidance for Audit Committees, following which the Terms of Reference were amended and subsequently approved by the Board;
- the Company's distributable reserves prior to the declaration of both the interim and final dividends in respect of the reporting period;
- reports on the capability of the finance team, including the Finance Shared Service Center in Hungary;
- policies, processes and controls relating to the Group's tax and treasury functions and the Company's public Tax Strategy;
- controls around purchase to pay and order to cash;
- ongoing integration plans for the recent acquisitions, including the provision of the Group's Enterprise Resource Planning systems and the wider internal control, risk management and compliance frameworks;
- reports from the Group Information Assurance ('GIA') function on its role and how it fits into the overall control structures of the Company, as a key part of the 'second line of defence' within the risk management framework. GIA also reported on the programme of enhancements for the Cyber Defence Center and cyber security;
- reports on improvements to the General IT Control Environment, including the establishment of an independent governance team to improve the monitoring of compliance with policies through regular audits, as well as the completion of the SAP access control project, which improved the segregation of duties controls within the Finance function by circa 85 per cent;
- regular updates on major Group internal governance enhancement initiatives, including the Group Opportunity and In-life Service Management programmes, which strengthen the internal controls around in-life contract performance management; and
- several presentations on lessons learned from recent difficult contracts and comparisons of these to historical loss-making contracts, with indications of how the enhanced contract governance procedures could have reduced the likelihood of contract losses had they been in place earlier.

Having been requested to do so by the Board in accordance with Code provision 27, the Committee also advised 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 and provide assurance to the Board in making this statement. These include clear guidance issued to all contributors to ensure a consistent approach and a formal review process, to ensure that the Annual Report and Accounts are factually correct and include all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

Performance of the Committee

No major matters were raised in the externally facilitated annual evaluation of the Committee's performance.

Refer to pages 76 to 77 for further details on the evaluation carried out.

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 on a quarterly basis 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 Chairman. 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. The Committee continues to monitor implementation of agreed improvements, with an emphasis on strengthening user access controls and improving the compliance and control environment within FusionStorm.

Compliance Steering Committee

The Compliance Steering Committee (CSC) reports to the GRC. It meets quarterly, two weeks before the GRC, and since 12 November 2019 has been chaired by the Group Compliance Manager, who was recruited into this role on 12 July 2019, to continue to improve its operations. 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 & corruption, whistleblowing, data protection and export control.

During the year, the CSC launched a compliance framework it had developed to provide appropriate and consistent governance across a number of business-critical compliance areas. The framework utilises the lessons from the GDPR project, to enable the Group to successfully monitor or re-implement other critical compliance policies and deal more consistently with changes and additions arising from new business activities, including acquisitions. The framework also includes monitoring compliance with the Group Ethics policy.

The CSC has now begun to reinvigorate the Group's anti-bribery & corruption policies and processes within the new framework and continues to monitor further critical compliance areas to be regulated within it, as well as the associated changes to its own composition, to deliver better against its Terms of Reference. The CSC has also reviewed the efficacy of our whistleblowing procedures.

The Committee reviewed the CSC's progress with bringing the recently acquired entities into the Group's compliance framework, noting further work is required in respect of the acquired operations in the USA.

The Committee noted that the Group-wide whistleblowing platform was made available to the operations in the Netherlands and the USA, in May 2019 and February 2019 respectively. Further training on the platform in the USA was carried out in November 2019 following a visit from Internal Audit.

Whistleblowing

The Committee confirms that it is satisfied that, as at the date of this report, arrangements are in place to ensure that staff are able, in confidence, to raise concerns about possible improprieties in financial and other matters, and for the proportionate and independent investigation of such concerns, including appropriate follow-up action. During the year, no incidents were reported to the Committee.

As at the date of this report, all of the Group's operating entities had access to the same whistleblowing platform.

The effectiveness of the Internal Audit function

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

The Board, acting through the Committee, has directed the work of the Internal Audit department towards those 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 activities by members of the Committee, managers across the business who have been subject to audit during the year, and a self-assessment by the Group Head of Internal Audit & Risk Management. Such an assessment normally covers areas such as departmental organisation, business understanding, skills and experience, communication and performance. During the year, the Internal Audit function, in lieu of its normal evaluation process, participated in an external effectiveness review with a peer function at a FTSE 100 company, providing and receiving feedback and best practice benchmarking on its activities. The review was encouraging and has led to several process enhancements within the function.

The Committee received an update from the Group Head of Internal Audit & Risk Management at each meeting during the year. This covered current audit activities and the results of completed audits. I met the Group Head of Internal Audit & Risk Management on a number of occasions during the year, through which I was updated on the function's activities. Following the acquisition of FusionStorm, the Committee agreed to keep Internal Audit's staffing levels under review throughout 2020.

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 63 to 68. 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. This includes reviewing and providing assurance to the Committee regarding the effectiveness of controls over bid management and contract reporting and the control environment of material acquired entities.

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, re-appointment 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 2020 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 2019 is Mr Tudor Aw, who has now completed five years in this role. Towards the end of the year, the Committee reviewed the candidates recommended by KPMG LLP to succeed Mr Aw. The Committee sought the advice of Management who, along with the Chairman of the Committee, interviewed each candidate. Following this process, the Committee recommended Mr David Neale to replace Mr Aw as the lead audit engagement partner for the year commencing 1 January 2020.

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 and monitoring changes in response to new issues or changing circumstances;
- enquiring about the testing sample sizes;

	2019 £'000	2018 £'000
Auditor's remuneration:		
– Audit of the Financial Statements	**60**	50
– Audit of subsidiaries	**829**	722
Total audit fees	**889**	772
Audit-related assurance services	**62**	50
Taxation compliance services	**1**	9
Other assurance services	**7**	17
Other non-audit services	**–**	132
Total non-audit services	**70**	208
Total fees	**959**	980

- reviewing the audit scope with the lead audit engagement partner, to ensure adequate coverage of full-scope audit components over the Group's operations. This included KPMG LLP's external audit of FusionStorm as a full-scope component of the audit engagement for the first time, for the year ended 31 December 2019. The Committee noted that the overall Group full scope audit coverage was circa 99 per cent of Group adjusted[1] profit before tax, circa 97 per cent of Group revenue and circa 95 per cent of Group total assets;
- receiving reports on the results of the audit work performed; and
- considering the report of the FRC's Audit Quality Review Team on KPMG LLP. The Committee reviewed the report 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 KPMG LLP employees that comprise the audit team, including their understanding of the business and its audit risks, their degree of scepticism and challenge, and their competency. 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.

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.

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

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.

Following the changes to the FRC's Ethical Standard (ES), the Committee revised its non-audit services policy during 2016. Under this 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 ES. Any other non-audit service (a 'Permitted Service') must, to the extent that they are not viewed as 'trivial', be approved in advance on an individual basis by the Committee.

In each case where the Group auditor is authorised to perform a Permitted Service, the Committee will properly assess threats to the auditor's independence and the proposed safeguards to be applied when such Permitted 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 7.9 per cent of the KPMG LLP overall audit fee during 2019 (2018: 26.9 per cent), as set out below. 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 were satisfied that the independence of KPMG LLP, as Group auditor, was not affected.

Minnow Powell
Chairman of the Audit Committee
11 March 2020

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 16,000 people worldwide.

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