To whom it may concern,

As an ex big 4 auditor, a client of a big 4 and a concerned citizen I felt it necessary to provide my insights, however limited, as I believe the investigation from what is available in the press is heading down a rabbit hole.

Firstly, I do not believe awarding large audits to two or more firms will increase the quality of the audit. Having worked on many component audits (i.e. as part of a larger audit team), this increases the risk of miscommunication and adds unnecessary expense. Each audit firm has their own audit methodology and therefore they would either need to put together a common methodology or completely segregate parts of the audit. The issues with the above are;

- One common methodology is counter intuitive to having two distinct and separate audit firms.
- Segregation, can lead to gaps in knowledge of the client, i.e. both miss part of an entity erroneously believe it is not their responsibility. Secondly, are both signing partners liable for the whole audit. It would be unjust to make a person liable for whole audit, when they audited only half. We may have to accept additional moral hazard, however, due to the risk averse nature of auditors, more likely two audits of one entity,

Secondly, the idea that auditors lack independence is frankly ridiculous. Whilst partners are made aware of non audit fees, through approval process etc, the notion that a client would hold the partner/firm hostage is frankly absurd. Whilst, I admit the quality of audits in the UK is poor, no auditor would risk their life by hiding an issue with a client due to the multiple levels of review. The big 4 in the UK alone, each earn over £1bn in fees, those clients big enough to move the needle for an audit firm are limited to the non audit fees by existing legislation. The reality is that not enough staff are put on jobs and partners spend too little time reviewing the audit, not because of independence but because they are trying to maximise the amount of audits they undertake. This is clearly visible through audit profits margins and through partner remuneration. Audits in the UK are statutory requirements, much like a visit from the health inspector to a hospital or a food inspector a restaurant. For a homogeneous service, such as these, we should not expect to find significant margins, yet year after year the Big 4 continue to publish profits per partner greater than £500k (I will add here that included in this is the non audit partners which, I would expect to increase the average).
My recommendations are as follows

1. Partners, should therefore be limited in the amount of clients they can take on, to enable them to provide a reasonable review of the audit papers.
2. Maximum margins for statutory audits, through additional staff time. Audit staff are inadequately trained, are then work to all night to produce an audit opinion, they are trained to manage the economics not the audit. I do admit this may just mean less people in the big 4, which is not the intention. Any adoption, however unlikely, would need to prevent this.

I have tried to keep this brief, however, happy to share further insight though and elaborate further on above, though probably not wanted.

Thanks
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