

KPMG and ethics

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[KPMG audit head defends controversial Rentokil role - Accountancy Age.](#)

KPMG's audit chief has penned a strident defence of his firm's controversial Rentokil service, arguing the arrangement was ethically sound and caters for the "unprecedented challenges" faced by businesses today.

Audit guidelines warn of two dangers when an external auditor takes on internal duties. The first concerns the potential for a company to audit its own internal work, while the second concerns auditors making management decisions.

Controversy has centred on the potential mix of internal and external audit services the firm has offered, which has raised eyebrows across the audit industry in recent weeks.

Let's be blunt: there is no defence for this. It is flagrantly wrong. Internal audit is a management function. Holding that post and being external auditor has to mean you are in flagrant breach of all independence rules.

But what do KPMG care? They have only one ethical yardstick - as has been proved time and again, which is the profit they make from a deal.

This one makes them profit. So they'll do it.

The answer is very obvious: strip their audit licence. It is clear they are not fit and proper persons to act as auditors as they have proven they cannot identify a conflict of interest.