

PWC - not up to scratch, yet again - with no hint of re...

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It's depressing to note the ongoing incompetence of my own profession. As [the Guardian reports](#):

Auditor PricewaterhouseCoopers admitted to years of mistakes relating to the failure of investment bank JP Morgan to ensure that billions of pounds of its clients' assets had been properly ring-fenced.

PwC is now expected to face a heavy fine over its role in the client asset scandal which could have wrought unnecessary mayhem had the bank collapsed at the height of the financial crisis in October 2008. At that point, JP Morgan's futures and options desk held \$23bn (£14bn) of client money, largely belonging to hedge funds, which was not segregated from the bank's own funds.

This is basic stuff. It's not, as PWC implies, a small slip. It's an absolutely fundamental failure to audit. It's incompetence on a gross scale. And incredibly easy to spot.

But PWC did not do it.

So three questions:

- 1) Why not?
- 2) Why are they allowed to continue in operation in that case?
- 3) When will auditing be totally reformed?

The answer is, in all cases 'conflicts of interest' do in differing ways explain a) why it happened b) why it will continue to happen c) why reform is blocked.

And if ministers won't tackle this then you can be sure they won't tackle other deep problems in society either.