

Is the end nigh for the Big 4?

Published: January 13, 2026, 8:53 am

As the [Guardian noted a day or so ago](#):

EU Internal Market Commissioner Michel Barnier is due to publish a draft law in November to curb what he sees as a conflict of interest when auditors check the books and supply lucrative consultancy services to the same customer.

Auditors, KPMG , Ernst & Young , Deloitte and PwC , check the books of nearly all big companies in the world.

A copy of Barnier's draft law seen by Reuters proposes that auditors be banned from offering consultancy services to the companies they audit, or even banned from consulting altogether - a move that could force the firms to split their operations.

Some of us have argued for such a split for a very long time.

And just as we need a split in the role of the banks now - and I mean a complete split, not ring-fencing - so we also need this split in the audit profession.

It remains not just wrong but ethically repugnant that firms can audit their own advice as PwC did when they advised on Northern Rocks' use of its shadow bank and then audited that same advice, with calamitous consequences for which they have not been held liable.

As a result this split is massively overdue. But more than that, when this split happens and audit firms are freed from the constraints of also auditing their own tax advice and the structures they have helped clients put in place we can expect real accounting reforms without obstacles to progress being put in their way by Big 4 auditors who in blatant breach of their public duty of care seek to defend the interests of their clients against the public good.

So we could have country-by-country reporting without the Big 4 arguing that it's a bad thing because their clients would pay more tax.

And we could demand that auditors certify that proper transfer pricing regimes were in place.

We could also expect auditors to ensure that reporting for the benefit of all users of accounts - and not those who just want to trade in the shares issued by publicly quoted companies - became the norm.

We might even see audit firms that were objective enough to undertake audits of state controlled entities - although I doubt it and am sure these should remain under the control of a National Audit Office.

And if we didn't see audit firms delivering these gains to the public as a result of this split - or we saw mere ring fences put in place between audit firms and related consultancies then there's always another option - which is to extend the function of a National Audit Office into the private audit market. At a time when the FSA is demanding a seat in boardrooms I really can't see the problem with that. In fact, I'd positively welcome it.