

Fairly unsubtle threats really do not become the ICAEW

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The Times has reported this morning that:

A watchdog review into the audit market risks forcing one of the Big Four accounting firms to withdraw from auditing Britain's largest companies if it forces changes too quickly, the industry's body has warned.

The Institute of Chartered Accountants in England and Wales advised the Competition and Markets Authority to take a "graduated approach" to introducing reforms designed to increase choice.

It said that this would "mitigate the possibility of causing one or more of the Big Four to withdraw from the market or significantly reduce their commitment to it".

I have to take exception to this as a member of the Institute of Chartered Accountants in England and Wales, which is also a regulator. If a member firm wants to quit a market it is not the ICAEW's job to defend that firm's commercial interests. Its job is to act in the public interest. And if there is no market-based solution to auditing in the future, so be it. The ICAEW should recognise that and not seek to support the unsustainable retention of a private monopoly that has not met the public interest test, but has secured significant wealth for a few.

If the ICAEW is to do its job properly it should not be issuing fairly unsubtle threats. But that is what it seems to be doing to me. And I do not approve, as a member.