

Audit and accountancy are in need of real reform, not a...

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The [FT has noted this morning](#) that:

After a string of embarrassing failures, the Big Four accounting firms are turning to the thesaurus for help.

In describing the companies they audit, the word “client” is out of favour and auditors are looking for alternatives that may be clunkier but vaunt their independence.

KPMG – which has received the harshest [criticism](#) over the quality of its audits over the past 18 months – is the first of the Big Four to have introduced a formal policy that requires staff to refer to the companies it audits as an “audited company” or “audited entity”.

If they seriously think that this changes anything they are as deluded as HM Revenue & Customs were when they started calling taxpayers 'customers'.

The reform we need is fundamental.

And, the first is to realise that auditing is not just for shareholders: it's for all stakeholders. As I argue for the [Corporate Accountability Network](#), these are:

- 1: Investors and the suppliers of capital to companies;
- 2: Those with whom the company trades;
- 3: Employees;
- 4: Regulators;
- 5: Tax authorities;
- 6: Civil society, with all its varying interests.

This is a vastly broader group than KPMG are suggesting. As a result they remain way behind the curve of where their thinking needs to be.

The need for both accounting and audit reform is real: changing a few semantics will not do. KPMG should take note, and the rest should not make this mistake.