

KPMG are fooling no-one with their new audit structure

Published: January 12, 2026, 10:18 pm

The [FT](#) published this yesterday (and it looks as if it came straight from a KPMG press release):

KPMG has announced an overhaul of its UK governance structure in response to a recommendation by the competition watchdog for an operational split between the Big Four firms' audit and consulting arms.

The firm will create a new audit executive committee in the UK with responsibility for managing the performance and risks of that part of the business, in response to the Competition and Markets Authority's conclusion that audit arms should have a separate chief executive and board.

I was asked to comment on this issue by a journalist and said:

I welcome KPMG recognising that there is an issue to address with regard to audit independence. I regret that they are addressing it the wrong way. There is no way that any number of so-called Chinese walls will restore any credibility to the Big 4 on this issue. When it is apparent that they cannot comply with existing externally imposed audit regulations no one will believe that they will respect those that they claim that they will voluntarily apply to themselves to save their own corporate skin. In that case there is only one solution that is possible and that is that KPMG must entirely separate its audit firm from the rest of its activities. This is a case where a Hard Exit really is required.

I'm not sure there is much I need add to that except to wonder whether KPMG really do think we are all stupid enough not to note that if anything they appear to be bringing audit closer to the centre of their corporate activities when the details of the proposed changes are read, rather than further apart. Their contempt for good governance, professional standards, the public interest and the stakeholders of the companies on whom they report seems to know very few limits.