

It's time that auditors stopped gaming systems f...

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The FT had a [story yesterday](#) with the headline:

Deloitte ordered to pay record £21m for Autonomy audit misconduct

Tribunal finds firm and two partners failed to act with integrity, objectivity or professional scepticism

As the story noted:

Deloitte has been ordered to pay a record fine of £15m plus legal costs of £5.6m for committing serious misconduct when it audited Autonomy, a former FTSE 100 technology group at the centre of one of the UK's biggest accounting scandals.

They added

The Big Four accounting firm and two of its audit partners failed to act with integrity, objectivity or professional scepticism when they vetted Autonomy's financial statements and disclosures to regulators in the years leading up to its disastrous acquisition by Hewlett-Packard for \$11bn in 2011, an independent tribunal found.

There were consequences:

The sale was followed by an \$8.8bn writedown by HP of the value of Autonomy, a fraud investigation, court proceedings in the UK and US – including against its founder Mike Lynch – and a jail sentence for its former chief financial officer, Sushovan Hussain.

So why did it take so long for an appropriate fine to be levied and those responsible to be barred from the profession for an extended period? Simply because Deloitte gamed the system rather than accept liability.

And then, having done so their claim is that 'this all happened a long time ago'.

I am pleased to note that for once the regulators were not taken in. As the FT noted:

The tribunal has commanded Deloitte to carry out a “root cause analysis” into its own misconduct and explain why its audit compliance systems did not prevent “serious and serial failures”.

The issue is ongoing then, in their opinion. As is the evasion of responsibility.

But what is also clear is that the tribunal thinks no lessons have been learned as yet. And that's why current token gesture audit reforms are not good enough.

This will be an issue to which I will be giving much attention over the next year.