

In The News

Akerman Partner Douglas Paul Highlights Risks for Audit Firms with Ancillary Services

August 24, 2022

A *Bloomberg News* article titled, “Big Four Firms Test Audit Safeguards as Consultancy Booms,” pointed to a decline in audit services among the Big 4 accounting firms as they place more emphasis on consulting and advising. With a management team more focused on the consulting business, the audit may not get the same attention, raising potential conflicts of interest that could threaten their core business. White Collar Crime and Government Investigations Partner Douglas Paul in Washington, a former S.E.C. regulator, explained that pressure to sell ancillary services coupled with pandemic-era hybrid work are challenging firm-level checks and regulations meant to ensure that auditors question their clients’ transactions and judgments.

Bloomberg News wrote, “The Big Four have built up extensive systems to track clients and their affiliates around the world to prevent the sale of restricted services to audit clients. Those systems also track the personal finances of their global workforces to comply with SEC and international ethics requirements.

... Despite those processes and controls, audit firms must be concerned ‘whether or not it’s working if they are moving toward splitting off those businesses,’ Paul said.”

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