

The big four audit scandals: evaluation of adequacy of ethics component in chartered accountants training courses

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ABSTRACT:

In the Audit Industry, there are a lot of players but there is major Four firms that are mainly taken into consideration which are EY, KPMG, PWC, and Deloitte and Touche. These firms are expected to have quality standards when it comes to ethical practice and understanding as they are regarded as well-trained professionals and third-party entities. However, there seems to be a contrary standpoint as these firms are found wanting in some of the corporate scandals in which the firms were fined huge sums of money. In this regard, the researcher found it worthwhile to find the causes of the audit scandals, whether there is an adequate ethics component in Chartered Accountants training and whether there is a link between audit scandals and Auditor social background. In this study, both qualitative and quantitative research approaches were employed while utilizing a descriptive case study research design. From a sample of 80 questionnaires, 40 responded and 40 did not respond and a 50% response rate was achieved. The population comprised of auditors from EY, KPMG, Deloitte and PWC. Questionnaires were used to collect data through and responses were based on the Likert scale. Data was analyzed and presented using the Statistical Package for the Social Science tool and Microsoft Excel. The findings of the study are that the major causes of audit firms are lack of professionalism and failure of honesty. Using descriptive statistics, it shows that there is adequacy of ethics component in chartered accountants training. Using regression analysis, it shows that the auditor's interpersonal skills and auditor's character contribute to the audit scandal. Meaning there is a link between scandals and social background. However, in order to change the narrative Audit firms should prioritize regular ethical training and have strict disciplinary actions for those who are found on the wanting side.