

Corrupt auditors

WHILE corruption in government departments is talked about, there is greater corruption in the private sector in the form of bribes to get work done, tax evasions, over- and under-invoicing, non-documentation of sales, unfair transfer pricing, etc. This in turn further fuels corruption in government departments.

This is quite surprising considering that accounts of all companies are required to be audited as per the law. Hence, although there may be exceptions, I feel that statutory auditors in general are mainly responsible for failing to detect and report irregularities -- despite their expertise and access to all records. While they have greatly benefited from being designated as an auditing authority, they have largely failed to fulfil their responsibility attached to it. Loss is not limited to actual quantum of corruption; there is also a tremendous cost of loss of confidence of genuine investors.

This may be due to conflict of interest as the auditors negotiate their own fees, and also represent clients as tax advisors, consultants, etc. Alternatively, they appear to have accepted corruption as a norm, and probably feel obliged to accommodate their clients. I personally feel that even small corruption should be considered a serious crime against the state and the people, for which there should be zero tolerance.

There is an urgent need to look into this serious matter. Had a strict view been taken during the past seven decades, corruption even in government departments would have died or been greatly reduced. Then Pakistan would not be in the deep financial crisis it is today.

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