How much are the accountants to blame?

In the sub-prime crisis and its ruinous aftermath, accountants fell short as gatekeepers

By HO YEW KEE

The recent global financial turmoil has raised serious questions about the role of accountants. The collapse of Lehman Brothers, the bankruptcy of Bear Stearns, and the near-death of UBS are all examples of how the accounting profession failed to provide adequate oversight.

In the aftermath of the crisis, there has been a widespread criticism of the role of accountants. Many argue that the accounting profession has failed to provide accurate and timely information to investors and regulators.

There are four main points that need to be addressed:

1. **Inadequate Risk Management**: Accountants have been criticized for failing to adequately assess and manage risks. This has led to the failure of many financial institutions.

2. **Lack of Transparency**: There has been a lack of transparency in the financial reporting of many companies. This has made it difficult for investors to make informed decisions.

3. **Inadequate Regulation**: The accounting profession has been criticized for not providing adequate regulation to ensure that accountants are held accountable for their actions.

4. **Failure to Detect Fraud**: There have been many cases of fraud in the financial industry. Accountants have been criticized for not detecting these frauds in a timely manner.

In conclusion, accountants have a significant role to play in the financial sector. They must ensure that they provide accurate and timely information to investors and regulators. They must also ensure that they are held accountable for their actions.

The author is a professor of accounting at the National University of Singapore. The views expressed here are personal.