

Question:

You are an audit manager in Weller & Co, an audit firm which operates as part of an international network of firms. Weller & Co is facing competition from other audit firms, and the partners have been considering how the firm's revenue could be increased. Two suggestions have been made:

1. Audit partners and managers can be encouraged to sell non-audit services to audit clients by including in their remuneration package a bonus for successful sales.
2. All audit managers should suggest to their audit clients that as well as providing the external audit service, Weller & Co can provide the internal audit service as part of an 'extended audit' service.

Required:

Comment on the ethical and professional issues raised by the suggestions to increase the firm's revenue. (8 marks)