

The decision and reasons of the Regulatory Assessor for the case of Mr S Phakkey FCCA and Pritchard Fellows & Co Limited referred to him by ACCA on 4 February 2019

Introduction

1. Pritchard Fellows & Co Limited is the incorporated practice of ACCA members, Mr S Phakkey FCCA and Mr A Phakkey FCCA. Mr S Phakkey is the only director who holds the audit qualification. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr S Phakkey's conduct of audit work.

Basis and reasons for the decision

2. I have considered all of the evidence in the booklet sent to me, including related correspondence and the action plan prepared and submitted by the firm since the monitoring visit.
3. In reaching my decision, I have made the following findings of fact:
 - a Mr S Phakkey's audit work has been examined at three monitoring visits. At the first visit in May 2013 the overall result was satisfactory but there were serious deficiencies in audit work on the only file examined under the responsibility of Mr Phakkey. At the follow up visit in May 2015 two of the four files examined had been signed off by Mr Phakkey and, again, there were serious deficiencies in the performance and recording of audit work on those files, although the overall outcome of the visit for the firm was satisfactory ;
 - b at the most recent visit in August 2018 Mr Phakkey was the sole audit principal in the firm and the compliance officer found the firm had not improved its quality control procedures sufficiently since the previous visit and, as a result, on two of the three audit files inspected the audit opinions were not supported by the work performed and recorded;
 - c the firm currently has nine audit clients;

- d the firm does not have adequate documented procedures in place to comply with ISQC 1;
- e I have had regard to the Guidance Notes for Regulatory Orders in Regulatory Proceedings after 4th March 2013 in reaching my decision.

The decision

- 4. On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f) and 7(3)(b) that Mr S Phakkey should be required to:
 - i provide Governance - Monitoring within 30 days of the date of written notification of this decision with a list of current audit clients, identifying any Public Interest Entity (PIE) audits;
 - ii promptly notify Governance - Monitoring if the firm accepts any new PIE audit appointments or if any of the PIE audits identified in i above ceases to be an audit client at any time in the future while this decision remains in effect;
 - iii have all future audit work on all PIE audit clients identified in i and ii above and confirmed by Governance - Monitoring reviewed by a training company before audit reports are signed, such training company being subject to ACCA approval;
 - iv notify ACCA of the identity of the training company referred to in iii above within 14 days of the date of Governance - Monitoring confirming the PIE audit clients to be subject to review in accordance with i and/or ii above;
 - v submit all reports prepared by the nominated training company (including details of how the firm has addressed the points raised by the reviewer) pursuant to iii above to Governance - Monitoring within seven days of signing the audit report;
 - vi be subject to an accelerated monitoring visit before December 2020 at a cost to the firm of £1,000 and £400 for each additional audit qualified principal; and

- vii note that failure to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by that time will jeopardise his and his firm's continuing audit registration.

Publicity

- 5. Authorisation Regulation 7(6) indicates that all conditions relating to the certificates of Mr S Phakkey and his firm made under Regulation 7(2) may be published as soon as practicable, subject to any directions given by me.
- 6. I have considered the submissions, if any, made by Mr Phakkey regarding publicity of any decision I may make pursuant to Authorisation Regulation 7(2). I do not find that there are exceptional circumstances in this case that would justify non-publication of my decision to impose conditions and/or the omission of the names of Mr S Phakkey and his firm from that publicity.
- 7. I therefore direct pursuant to Authorisation Regulation 7(6)(a), that a news release be issued to ACCA's website referring to Mr S Phakkey and his firm by name.

Regulatory Assessor
18 February 2019