

HEARING

ADMISSIONS AND LICENSING COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

- In the matter of:** Mr Piyush Chandulal Jasani and Mr Sunil Parekh
Firm: PJT & Co Limited
- Heard on:** Tuesday 30 July, 2019
- Location:** The Adelphi, 1-11 John Adam Street, London WC2N 6AU
- Committee:** Mr John Crawley (Chairman), Mrs Susan Gallone (Accountant) and Mr Paul Moulder (Lay)
- Legal Adviser:** Mr Mark Ruffell
- Persons present and capacity:** Mr Benjamin Jowett (ACCA Case Presenter)
Mr Richard Lorkin (Hearings Officer)
Mr Piyush Chandulal Jasani (Member)
Mr Sunil Parekh (Member)
- Observers:** None
- Summary:** Order made pursuant to Authorisation Regulation 5(2)(f)

1. The Committee had considered the service bundles 1A pages 1-17, and 1B pages 1-12, and case papers pages 1-37. The Committee considered that there had been good service of the Notice of the Hearing.

BACKGROUND

2. PJT & Co Limited is the incorporated practice of Mr P.C. Jasani FCCA and Mr S. Parekh FCCA. The firm had 4 previous monitoring visits prior to the most recent visit, on 26-27 March 2019.
3. At the first monitoring visit to R Parekh & Co and Parekh Tobias & Co Limited on 12 March 2002, the Compliance Officer informed the firm of serious deficiencies in audit work, which had resulted in two of the four audit opinions not being adequately supported by the work performed, and recorded. The report on the visit set out these deficiencies, and was sent to the firm on 14 May 2002. It contained guidance on how the firm might remedy the deficiencies found. The firm acknowledged receipt of the report in a letter dated 10 July 2002, and outlined the action that the firm was taking.
4. At the second monitoring visit to Parekh Tobias & Co Limited on 7 May 2004, the Compliance Officer found that the firm had made some improvements to its audit work, which had resulted in only one of the four audit opinions not being adequately supported by the work performed, and recorded. The report on the visit set out these deficiencies, and was sent to the firm on 19 May 2004.
5. At the third monitoring visit on 4 July 2008, the Compliance Officer found that the firm had made further improvements to its audit work. The firm had only two audit clients at this visit, and both audit opinions were adequately supported by the work performed and recorded. The report on the visit was sent to the firm on 23 July 2008. The firm acknowledged receipt of the report in a letter dated 6 October 2008, and outlined the action that the firm was taking.

6. At the fourth visit on 11 and 12 February 2015, the firm was now called PJT & Co Limited. The Compliance Officer found that the firm had not maintained the standard of its audit work, which had resulted in the audit opinion on one of the four files inspected not being adequately supported by the work performed and recorded. The report was sent to the firm on 20 February 2015, and it requested that the firm submit an action plan detailing the improvements it would be making to its work. This was received on 19 March 2015, and was found to be acceptable.
7. At the fifth monitoring visit, carried out on 26 and 27 March 2019, the Compliance Officer found that the firm's audit procedures had deteriorated. The emphasis of the fifth monitoring visit was to monitor whether the firm had remedied the deficiencies in its conduct of auditing, found at the previous monitoring visit on 11 and 12 February 2015. The Compliance Officer found that the firm had not effectively implemented its action plan, and on three of the four audit files inspected, the firm had issued audit opinions which were not adequately supported by the work performed, and recorded. The firm had seven limited company audit clients and one charity client which required an audit. Three of the company audit files, and the charity file, were selected for inspection.
8. In an email to ACCA dated 9 July 2019, the firm had responded, indicating in broad terms, that they accepted the criticisms. However, the firm submitted that the work had been done on the relevant audit files, but due to a change in the computer auditing programme, the work had not been recorded. Work had been recorded in the accountancy file, but had not been stored in the audit file. The firm had obtained a quotation from their training partners to carry out hot reviews on all their audit files, and the intention was for them to carry out training in audit practice and procedure.
9. Mr Jasani explained to the Committee that they were a two partner practice that was established in 2000. They currently had 5 audit clients. All their work was to the highest possible standards. They had moved from a paper based system to a paperless system, which had initially caused the firm some difficulties. They accepted that the processes of storing documentation could have been improved, but the work had been carried out. He explained that the hot reviews were carried out in 2016-2017, in

accordance with the 2015 action plan, but not in 2018. Mr Jasani said that the firm would be prepared to have hot reviews for all files, and they would employ an audit manager.

SUBMISSIONS

10. ACCA invited the Committee to consider withdrawing the firm's auditing certificate, and the ACCA principals' audit qualification with immediate effect. Mr Jowett stated that the visit in March 2019, produced the least satisfactory outcome of all visits made. He stated that in the light of the finding by the Compliance Officer in the March 2019 monitoring visit, and given the history of the firm and the views of previous Compliance Officers, withdrawal was necessary to protect the public. ACCA considered that the firm had failed to implement the actions in the 2015 Action Plan. He submitted that this would be in line with the approach set out in the "Guidance for Regulatory Orders, for visits with unsatisfactory outcomes".
11. Mr Jasani submitted that the firm was committed and determined to achieve the highest standards, and would carry out what they have said in their representations.

DECISION ON APPLICATION AND REASONS

12. The Committee accepted the advice of the Legal Adviser. The Committee had regard to the "Guidance for Regulatory Orders – eligibility for certificates or licences and unsatisfactory outcomes to monitoring visits".
13. The Committee considered that the deficiencies identified in the 2019 monitoring visit were serious enough that the Committee needed to take regulatory action. The Committee noted however, that the conclusions of the report from the 2015 monitoring visit lacked clarity as to the message ACCA was delivering. The report in 2015 stated:

'The conduct of auditing was generally in accordance with the ISA's, but there were some deficiencies...These was [sic] serious in one case...It is therefore recommended that the firm improves its procedures...to ensure that it maintains its current standard of audit work and improves it further.'

The Committee noted that Mr Jowett had submitted that the serious failings found on one of the audit files in 2015, meant that it was clearly unsatisfactory. In the Committee's view, the 2015 report did not deliver a clear message to the firm that their competence to hold an audit qualification was in jeopardy.

14. The Committee was unimpressed with the firm's explanations for having failed to continue with the previous action plan, and for failing to prevent deterioration in its standard of work.
15. However, in considering its response to the concerns identified and taking into account the firm's expressed willingness to take remedial steps, the Committee did not conclude that it was proportionate to remove the firm's ability to conduct audits at this juncture. Having considered all of the evidence, the Committee considered that it was necessary to make an order with conditions, to protect the public, maintain public confidence in the profession, and to maintain proper standards of conduct.

ORDER

16. The Committee made an order pursuant to Authorisation Regulation 5(2)(f), that Mr Piyush Chandulal Jasani and Mr Sunil Parekh and PJT & Co Limited be required to:
 - (i) Be subject to an accelerated monitoring visit before 30 September 2020, at a cost to the firm of £1,200, and £500 (plus VAT at the prevailing rate) for each additional audit qualified principal; and
 - (ii) 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 their and their firm's continuing audit registration.

PUBLICITY

17. The Committee determined that the requirements of the Statutory Auditors and Third Country Auditors Regulation 2016 did not apply, and the order would be publicised in the usual way.

EFFECTIVE DATE OF ORDER

18. The Committee directed that the order shall take effect at the expiry of the relevant appeal period.

Mr John Crawley
Chairman
30 July 2019