

HEARING

CONSENT ORDERS COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: Mr Stephen Odeleye

Heard on: Monday, 18 November 2019

Location: The Adelphi, 1-11 John Adam Street, London WC2N
6AU

Committee: Mr Maurice Cohen (Chairman)

Legal Adviser: Ms Valerie Charbit (Legal Adviser)

**Persons present
and capacity:** Mr Jonathan Lionel (Hearings Officer)

Summary: Consent order approved
Order of Admonishment
£1,268 costs payable by Mr Odeleye to ACCA.

ACCA



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PRELIMINARY

1. The Committee considered a draft consent order signed by Mr Odeleye on 16 September 2019, and on behalf of ACCA on 17 September 2019. The matter was listed to be considered on the basis of documents only. Neither Mr Odeleye nor ACCA was present or represented.

CONSENT ORDER – DRAFT AGREEMENT

The Association of Chartered Certified Accountants (“ACCA”) and Mr Stephen Odeleye (membership number 0184278) (“the Parties”) agree as follows:

Mr Odeleye admits the following allegations:

- (a) Mr Odeleye, a Fellow member of ACCA, did not assemble his audit working paper files in respect of the audit reports set out in Schedule A within 60 days of the dates of those audit reports;
- (b) By virtue of the facts set out in (a) above, Mr Odeleye did not comply with paragraph 14 of the International Standard on Auditing 230;
- (c) By virtue of the facts in (a) and (b) above, Mr Odeleye’s conduct was contrary to Global Practising Regulation (Annex 1, Appendix 1) 13 (2017-2018);
- (d) By virtue of any or all of the facts in (a) to (c) above, Mr Odeleye is guilty of misconduct pursuant to byelaw 8(a)(i).

Mr Odeleye shall be admonished and shall pay costs to ACCA in the sum of £1,268.

SERVICE

2. The Committee was satisfied that ACCA had given adequate notice of this meeting by a letter dated 8 November 2019, sent by email.

CONSTITUTION OF THE COMMITTEE

3. The Legal Adviser advised that The Chartered Certified Accountants' Regulatory Board and Committee Regulations 2014, amended 1 January 2017, regulation 5(7) states: *The Consent Orders Committee shall consist of either a chairman and a legal adviser, or an assessor and a legal adviser.*
4. The words '*consist of*' in the regulation suggest that the Legal Adviser would be a member of the Committee. For the Legal Adviser to be a full voting member of any Committee would be a departure from the function, and meaning, of a Legal Adviser as generally set out in ACCA's Regulations. There was no other indication that such was the intention. The Legal Adviser advised that the Committee should proceed on the basis that the Legal Adviser's role was advisory only.
5. The Committee accepted this advice.

BACKGROUND AND ADMISSIONS

6. ACCA carried out a monitoring visit to Mr Odeleye's firm on 13 March 2019. Mr Odeleye is the partner responsible for the audits of the firm, and issuing audit reports on the firm's behalf.
7. At the monitoring visit, Mr Odeleye could not show the Compliance Officer that he had audit working paper files in respect of the Audit reports set out in Schedule A above, which he had signed more than 60 days previously. This was despite the fact that Mr Odeleye had been advised by ACCA that audit files in respect of audit reports in the preceding 24 months should be available for inspection.

8. Paragraph 14 of the International Standard on Auditing requires auditors to assemble their audit files within 60 days of the date of their audit reports.
9. Mr Odeleye apologised to ACCA for not having all the files ready for review, and that his firm had underestimated the time it would take to compile the files and have them ready for review. He also told ACCA that all the audit work had been completed, and that he should have engaged additional staff to help to compile the files. The firm had now engaged a sub-contractor to assist in finishing the compilation.
10. During the investigation, Mr Odeleye had provided all the audit working paper files.
11. ACCA accept that at the time Mr Odeleye signed the relevant audit reports, all of the audit work had been completed. At the time of the monitoring visit, he had the audit documentation in his possession, but he had not consolidated it into physical audit files.
12. Mr Odeleye failed in relation to seven files (not occasions) to compile the audit paperwork for one monitoring visit.

ACCA SUBMISSIONS

13. ACCA submitted that Mr Odeleye had breached paragraph 14 of the International Standard on Auditing 230 (ISA 230) and Global Practising Regulation (GPR) (Annex 1, Appendix 1) 13.
14. Paragraph 14 of the ISA 230 states *“The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor’s report. (Ref. para A21-A22). In the UK the assembly of the final audit file shall be completed no later than 60 days from the date of the auditor’s report”*
15. Further, in failing to comply with ISA 230, Mr Odeleye’s conduct was contrary to GPR (Annex 1, Appendix 1) 13 (2017-2018) which states *“(1) In the conduct*

of audit work, holders of an audit qualification and firms holding an auditing certificate shall comply with the applicable sections of the Association's Rulebook and in particular the ACCA Code of Ethics and Conduct, the International Standards on Auditing issued by the International Auditing and Assurance Standards Board and the technical, ethical and quality control standards issued by the UK competent authority under the Statutory Auditors and Third Country Auditors Regulations 2016".

16. ACCA submitted that the above brought discredit to Mr Odeleye and therefore amounted to misconduct:

(a) 8(a) A member, relevant firm or registered student shall, subject to bye-law 11, be liable to disciplinary action if:

(i) he or it, whether in the course of carrying out his or its professional duties or otherwise, has been guilty of misconduct.

(b) For the purposes of bye-law 8(a), misconduct includes (but is not confined to) any act or omission which brings, or is likely to bring, discredit to the individual or relevant firm or to the Association or to the accountancy profession.

(c) For the purposes of bye-law 8(a), in considering the conduct alleged (which may consist of one or more acts or omissions), regard may be had to the following:

(i) whether an act or omission, which of itself may not amount to misconduct, has taken place on more than one occasion, such that together the acts or omissions may amount to misconduct;

(ii) whether the acts or omissions have amounted to or involved dishonesty on the part of the individual or relevant firm in question;

(iii) the nature, extent or degree of a breach of any code of practice, ethical or technical, adopted by the Council, and to any regulation affecting members, relevant firms or registered students laid down or approved by Council

ADMISSION

17. Mr Odeleye admitted that the charge, as set out in the draft Consent Order at paragraph 1 above.

DECISION AND REASONS

18. The Committee was satisfied that there was a case to answer, and that the Investigations Officer had carried out an appropriate investigation. It was satisfied that it was appropriate to deal with the matter by way of a Consent Order. The Committee did not consider that any amendments were required.
19. It was satisfied that Mr Odeleye's actions amounted to misconduct.

SANCTION

20. The Committee considered the proposed sanction. The Committee was satisfied that the admitted breaches would not be likely to lead to an order of exclusion from the register, as such a sanction would be disproportionate in the circumstances of this case.
21. In considering whether a reprimand was an appropriate sanction, the Committee referred to ACCA's Guidance on Disciplinary Sanctions and the public interest which includes the following principles:
 - (a) Protection of members of the public;
 - (b) Maintenance of public confidence in the profession and in ACCA;

(c) Declaring and upholding proper standards of conduct and performance.

22. The following aggravating factors were noted by the Committee:

- The absence of audit working paper files meant that ACCA was prevented from reviewing what audit work had been conducted by Mr Odeleye at the time of the monitoring visit on 13 March 2019, in respect of the 7 audits set out in Schedule A above;
- This was not a single failure to complete one audit working paper file, but rather a repeated failure.

23. The following mitigating factors were noted by the Committee:

- Admitted and apologised for his failings and breaches, in full, immediately;
- Agreed to disposal by a consent order;
- Responded to all questions put to him by ACCA during the investigation;
- Provided audit working paper files in respect of all seven audits in the course of ACCA's investigation;
- Not caused any financial loss to any party;
- Taken steps to ensure that there is no repeat of this situation in the future;
- No previous disciplinary history.

24. The Committee considered that taking no further action in this matter would not be appropriate or proportionate, and would not adequately address the misconduct or the public interest in this case.
25. The Committee decided that an admonishment was a sufficient sanction to uphold the public interest. It considered that this sanction was appropriate when balancing the aggravating and mitigating factors, and in seeking to impose a proportionate sanction. It, therefore, approved the draft Consent Order, and ordered that Mr Odeleye be admonished.

COSTS

26. The Committee considered that ACCA was entitled to its costs, and that the amount claimed, which was agreed, was reasonable.
27. It noted that Mr Odeleye agreed to pay ACCA's costs as part of the draft consent agreement.
28. It therefore ordered that Mr Odeleye pay ACCA £1,268 in costs.

Mr Maurice Cohen
Chairman
18 November 2019