

## HEARING

### ADMISSIONS AND LICENSING COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

#### REASONS FOR DECISION

**In the matter of:** Mr Thomas J Mullen, FCCA and the firm Thomas Mullen

**Heard on:** Thursday, 12 August 2021

**Location:** Remotely via MS Teams

**Committee:** Ms Ilana Tessler (Chair)  
Mr Ryan Moore (Accountant)  
Ms Yvonne Walsh (Lay)

**Legal Adviser:** Mr Iain Ross

**Persons Present and capacity:** Mr Ben Jowett (ACCA Case Presenter)  
Ms Anna Packowska (Hearings Officer)  
Mr Thomas Mullen (Member)

**Observers:** Mr William Matthews (Appointments Board)

**Summary:** Mr Mullen's and the firm's audit certificate be withdrawn;

Mr Mullen to complete a test of competence and attends and completes a suitable CPD course before making any application for a new audit certificate;

Interim order imposed.

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1. The Admissions and Licensing Committee convened to consider the appropriate order to make following an unsatisfactory outcome of a fifth audit monitoring review in respect of Thomas Mullen ["the firm"], which is the incorporated sole practice of ACCA member, Mr T J Mullen FCCA.
2. The hearing was conducted remotely through MS Teams so as to comply with the COVID 19 Regulations. Mr Jowett appeared for ACCA. Mr Mullen was present and was not represented. The Committee had a report numbered pages 1 to 23, additional bundles numbered pages 1 to 5, and 1 to 4, and a service bundle numbered pages 1 to 14.

#### **BRIEF BACKGROUND**

3. At the first visit on 27 February 2008 to Mr Mullen's previous partnership, "Must Accounts", the Compliance Officer informed the firm of serious deficiencies in audit work which had resulted in one of the audit opinions issued on the three files inspected not being adequately supported by the work performed and recorded.
4. At the second visit on 28 and 29 June 2012, the Compliance Officer found that the firm had made little effective improvement to its procedures. The firm was using a standard audit programme on all audits, but it was not tailoring this to ensure that it met the needs of the audit of each client. In particular, on two files the working papers comprised mainly accounting schedules which contained little or no indication of any audit work. Mr Mullen was the engagement partner on those two files. As a result, on two of the four audit files examined the audit opinion was not adequately supported by the work performed and recorded. ACCA reported the findings to the Regulatory Assessor.
5. The Regulatory Assessor decided, pursuant to Authorisation Regulations 6(2)(f) and 6(3)(b), that the partners should be required to:
  1. Have all future audit work on four clients, selected by the Practice Monitoring Department, reviewed by a training company before reports are signed, such training company being subject to ACCA approval;

2. Within six weeks of the date of written notification of this decision, notify ACCA of the identity of the training company referred to in 1 above and provide a current list of all audit and regulated clients;
  3. Be subject to an accelerated monitoring visit before 31 March 2015 at a cost to the firm of £900 and £250 for each additional audit qualified principal; and
  4. Note that any 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.
6. The third and fourth visits, on 22 January 2015 and 23 January 2017, were carried out to Mr Mullen's sole practice, Thomas Mullen. The Compliance Officer found that the firm had significantly improved its procedures and the audit opinions on all of the files inspected were adequately supported by the work performed and recorded. There were some deficiencies in the audit evidence, and these were reported to the firm on 18 March 2015 and 14 February 2017 respectively. The firm was warned that failure to maintain a consistent satisfactory standard of audit work would jeopardise Mr Mullen and his firm's audit registration.
7. At the fifth review, which was carried out remotely on 21 April 2021, the Compliance Officer found that the firm had not maintained a satisfactory standard of audit work. The firm had failed to implement the action plan it had committed to in response to the findings of the previous monitoring visits and its procedures were not adequate to ensure that it conducts all audits in accordance with the International Standards on Auditing (Ireland) (ISAs). The firm was using a standard audit programme on its audits, but it was not tailoring this to ensure that it met the needs of the audit of the client. As a result, on the file examined, the audit opinion was not adequately supported by the work performed and recorded.

## **DECISION ON FACTS / ALLEGATION AND REASONS**

8. The Committee heard submissions from Mr Jowett on behalf of ACCA. Mr Jowett referred to AR 5(2)(f) and submitted that Mr Mullen and his firm were guilty of material breaches of the Audit Regulations. He invited the Committee to make an order withdrawing Mr Mullen's and the firm's audit certificate and to require Mr Mullen to undertake appropriate training and CPD prior to making any application for a new certificate.
9. The Committee heard oral submissions from Mr Mullen and considered his written submissions which he provided prior to the hearing by letter. Mr Mullen accepted that the fifth monitoring visit in April 2021 produced an unsatisfactory result, although he did not agree with all of the conclusions made by the Compliance Officer. Mr Mullen also told the Committee that he had resigned from his only audit client and did not intend to carry out any audit work in the future. Mr Mullen also agreed that it would be appropriate for the Committee to make the order recommended by ACCA.
10. The Committee took into account that Mr Mullen had accepted that he had received five monitoring visits since 2008, three of which were unsatisfactory. The Committee considered that the deficiencies identified by the Compliance Officer in 2021 concerned basic and fundamental aspects of audit work. The Committee was concerned that the deficiencies identified in 2021 included deficiencies identified in the previous unsatisfactory visits in 2008 and 2012.
11. The Committee had regard to paragraphs 11.3 and 11.4 of the Regulatory Board policy Statement. It considered whether there was any sufficient, reliable and credible evidence to the effect that Mr Mullen and his firm were competent to carry out audit work competently in the future. Whilst the Committee was satisfied that Mr Mullen may have provided a satisfactory and competent service as an accountant in general practice over very many years, it was not satisfied that Mr Mullen had demonstrated his competence to carry out audit work. Indeed, the evidence presented to the Committee regarding the fifth monitoring visit in April 2021 revealed multiple breaches of auditing standards.

12. For all of the above reasons, the Committee was satisfied that Mr Mullen and his firm had committed material breaches of the Audit Regulations under AR (5)(2)(f).

## **ORDER**

13. The Committee had regard to the Guidance for Regulatory Orders (2018) and to paragraph 11.4 of the Regulatory Board Policy Statement. The Committee considered that Mr Mullen's breaches of the audit regulations were fundamental and serious. The Committee further considered that Mr Mullen had failed to demonstrate any meaningful insight into the importance of complying with the audit regulations and the damage to the reputation of the profession by failing to do so.
14. The Committee considered that making no order would be wholly inadequate and would not protect the public or satisfy the public interest. It also considered that any conditions would be so restrictive as to equate to the withdrawal of Mr Mullen's audit certificate.
15. The Committee was provided with no credible evidence which would cause it to depart from the recommendation made by ACCA that Mr Mullen's and the firm's audit certificate be withdrawn. Accordingly, the Committee made that order. The Committee also considered that it was proportionate and appropriate to further order that Mr Mullen completes a test of competence and attends and completes a suitable CPD course before making any application for a new audit certificate.
16. Having made its order, the Committee had regard to the fact that given Mr Mullen's firm is registered in the Republic of Ireland, an immediate order was not possible. The Committee therefore reconvened itself as an Interim Order Committee and had a further application from ACCA for an Interim Order in order to protect the public.

17. The Committee heard submissions from Mr Jowett and from Mr Mullen and accepted legal advice from the Legal Adviser. Notwithstanding Mr Mullen's assurance to the Committee that he had no intention of carrying out any further audit work, nor indeed of appealing the Committee's Order, the Committee was satisfied that an Interim Order was necessary to protect the public.
18. The Committee considered that the least restrictive Interim Order would be sufficient. and made an Interim Order of Conditions that Mr Mullen cannot accept appointment to, or issue, an audit report on any Irish entity pending determination of the appeal process.

#### **PUBLICITY**

19. The Committee heard submissions from Mr Jowett on behalf of ACCA and from Mr Mullen. It had regard to the regulations and to the Guidance on Publicity. The Committee took into account Mr Mullen's submission that identifying him by name could have a disproportionate effect on his personal and professional life. However, the Committee determined that the public interest in publication of its decision and reasons outweighed Mr Mullen's interests and made no order restricting publicity.

**Ms Ilana Tessler**  
**Chair**  
**12 August 2021**