

APPLICATION ON PAPERS

CONSENT ORDERS CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of: Mr Morlai Kargbo

Considered on: Friday, 26 August 2022

Location: ACCA, The Adelphi, 1-11 John Adam Street, London,
WC2N 6AU. Remotely via MS Teams.

Chair: Mr Andrew Papat CBE

Legal Adviser: Ms Tope Adeyemi

Summary Consent order approved. Member reprimanded

Costs: Mr Kargbo to pay costs to the ACCA in the sum of £1,332

INTRODUCTION

1. The Chair considered a draft Consent Order in respect of Mr Kargbo remotely. The matter was listed to be considered on the basis of documents only. Neither Mr Kargbo or ACCA were present or represented.
2. The Chair had before them the draft Consent Order, signed by Mr Kargbo on 26 July 2022 and signed by a signatory on behalf of ACCA on 10 August 2022. The Chair had also been provided with supporting documents in a bundle numbered 1 - 57, together with a service bundle consisting of a single page.

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SERVICE

3. The Chair was satisfied that Mr Kargbo had been properly notified of today's meeting by an email dated 24 August 2022.

BACKGROUND AND ALLEGATION

4. In August 2021 ACCA received a completed complaint form alleging that Mr Kargbo had behaved in a manner giving rise to a perceived conflict of interest.
5. The matter was investigated, and it was established that Mr Kargbo acted as an independent auditor for Company A during the period of 01 January 2015 to 26 August 2021. Separately, Mr A was engaged as an independent financial consultant for Company A, performing a number of roles which included the preparation of annual accounts and attendance at planning and final meetings with Auditors.
6. Mr Kargbo and Mr A had known each other for over twenty-five years and on 22 August 2016, Mr A was appointed as director of Company B, a company established by Mr Kargbo to assist people from disadvantaged backgrounds to enter the accountancy profession. As a result of the associations between Mr A and Mr Kargbo and Mr A's role in Company A, there exists the possibility that Mr Kargbo's audit work could be potentially compromised due to bias or undue influence placed on him or the audit team by Mr A's role in Company A's Audit.
7. Mr Kargbo went on to admit the following Allegations:

Allegation 1

- (a) *Between 22 August 2016 and 26 August 2021 Mr Kargbo failed to comply with Section 120 and 200 of the ACCA's Code of Ethics and Conduct (as applicable in 2016 to 2018) and Section 112 and 200 of ACCA's Code of Ethics and Conduct (as applicable in 2019 to 2021) in that he acted as independent auditor for company A when there was a perceived conflict of interest.*

- (b) *By reason of the conduct at 1 (a) above, Mr Kargbo is guilty of misconduct pursuant to bye - law 8 (a) (i).*
8. The details were set out in the attached draft Consent Order, signed by both Mr Kargbo and ACCA's representative. ACCA's Investigating Officer and Mr Kargbo had agreed the form of order which proposed a reprimand and an order for costs.

DECISION AND REASONS

9. The Chair considered the bundle of evidence and, on the basis of Mr Kargbo's admissions, found the facts proved. The Chair was satisfied that the admitted facts and Mr Kargbo's actions meant he was guilty of misconduct pursuant to bye - law 8 (a)(i) and that the misconduct brought discredit upon Mr Kargbo, the Association and the accountancy profession.
10. The Chair noted that ACCA had considered all of the available sanctions and had concluded that a reprimand was the appropriate sanction in this case. Taking into account the facts of the case and the ACCA's Guidance on Sanction, the Chair concluded that a reprimand was the proportionate sanction, and that exclusion would be disproportionate.

COSTS AND REASON

11. The Chair considered that ACCA was entitled to its costs and that the amount claimed, which was agreed, was reasonable.
12. Accordingly, the Chair approved the attached Consent Order in full. In summary Mr Kargbo shall be reprimanded and shall pay costs to ACCA in the sum of £1,332.00.

Mr Andrew Popat CBE
Chair
26 August 2022