

The decision and reasons of the Regulatory Assessor for the case of Mr John Nealon FCCA and John Nealon & Co referred to him by ACCA on 24 March 2022

Introduction

1. John Nealon & Co is the unincorporated sole practice of ACCA member, Mr John Nealon FCCA. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Nealon's and M 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 The firm and its audit principal have had five audit quality monitoring visits ;
 - b The firms first visit in January 2003 was unsatisfactory ;
 - c At the firms second visit held in March 2007, the standard of work had improved to a satisfactory standard ;
 - d At the firms third visit held in February 2013, it was found that the standard of the audit work had deteriorated. Following the visit, the firm indicated the action it was taking to resolve the deficiencies ;
 - e At the firms fourth visit held in May 2015, the outcome was that although the work performed and recorded on files was inconsistent, overall, the firm had reached a satisfactory standard. The firm produced an action plan outlining the action it was taking to address the deficiencies ;
 - f In June 2017, the firm was contacted and advised it did not have any audit appointments ;
 - g At the firms fifth visit, which was carried out remotely in January and February 2022, serious deficiencies were found in the performance and recording of audit work in key areas leading to an audit opinion being given which was not adequately supported ;
 - h Following the visit, Mr Nealon relinquished his practicing certificate with audit qualification and has been issued with a general practicing certificate.

The decision

4. I note that Mr Nealon has relinquished his practising certificate with audit qualification and his firm's auditing certificate. On the basis of the above I have decided pursuant to Authorisation Regulations 7(3)(b) and 7(4) that any future re-application for audit registration by Mr Nealon, or by a firm in which he is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until he has provided an action plan, which ACCA regards as satisfactory, setting out how Mr Nealon intends to prevent a recurrence of the previous deficiencies and attended a practical audit course, approved by ACCA and, following the date of this decision, passed paper P7 (or the equivalent advanced level audit paper) of ACCA's professional qualification.

Publicity

5. Authorisation Regulation 7(6) indicates that all conditions relating to the certificates of Mr Nealon 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 Nealon 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 or the omission of the names of Mr Nealon 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 Nealon and his firm by name.

.....
Regulatory Assessor
29 June 2022