

## HEARING

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

#### REASONS FOR DECISION

**In the matter of:** Mr Muhammad Enam Khan

**Heard on:** Tuesday, 08, Wednesday, 09 and Thursday, 10 November  
2022

**Location:** Held Remotely by Microsoft Teams via ACCA Offices, The  
Adelphi, 1-11 John Adam Street, London WC2N 6AU

**Committee:** HH Suzan Matthews KC (Chair)  
Mr George Wood (Accountant)  
Mr Andrew Skelton (Lay)

**Legal Adviser:** Miss Juliet Gibbon (Legal Adviser)

**Persons present  
and capacity:** Mr Benjamin Jowett (ACCA Case Presenter)  
Ms Nkechi Onwuachi (Hearings Officer)

**Summary** Mr Khan's practising certificate with audit registration and the Firms' audit certificates are withdrawn with immediate effect and Mr Khan will be re-issued with a practicing certificate. Any future re-application for audit registration by Mr Khan, 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

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- (I) provided an action plan, which ACCA regards as satisfactory, setting out how Mr Khan intends to prevent a recurrence of the previous deficiencies
- (II) attended a practical audit course, approved by ACCA and
- (III) following the date of this order, passed the advanced audit and assurance paper of ACCA's professional qualification.

#### **PRELIMINARY**

1. The Admissions and Licensing Committee (*"the Committee"*) had before it a core bundle of papers, numbered pages 1-88, a service bundle, numbered pages 1 to 15; two tabled additional bundles, numbered pages 1-1158 and 1-981; a final witness statement of Person A numbered pages 1-3; a final summary of findings; an Excel spreadsheet of the remote audit reviews, with the comments of the parties, and two additional documents from Mercia produced by Mr Khan following closing submissions.
2. ACCA was represented by Mr Benjamin Jowett. Mr Mohammed Enam Khan attended the hearing but was not represented.

#### **BACKGROUND**

3. Mr Khan is a Fellow of ACCA. His incorporated practices are EKH Consulting Limited and Inchmead Audit Limited (*"the Firms"*) of which, in each case, he is the Sole Director. ACCA has applied to the Admissions and Licensing Committee for an order pursuant to Regulation 5(2)(f) of The Chartered Certified Accountants' Authorisation Regulations 2014, as amended (*"the Regulations"*) for Mr Khan's audit qualification and the Firms' audit certificates to be withdrawn.

4. There have been four audit monitoring reviews of Mr Khan, and his Firms carried out by ACCA. At the first review on 18 May 2010, a Senior Compliance Officer (“SCO”) informed EHK Consulting Limited (“*the Firm*”) of serious deficiencies in the audit work which had resulted in the audit opinion on the Firm’s only audit client 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 07 June 2010. It contained guidance on how the Firm might remedy the deficiencies found. The SCO warned the Firm that a failure to achieve a satisfactory standard of audit work in the future could jeopardise the Firm’s continuing audit registration.
  
5. At the second review on 23 February 2015, the SCO found that the Firm had made little effective improvement to its procedures. The Firm was using a standard audit program on all audits, but it was not tailoring this to ensure that it met the needs of each client and had not always adequately recorded the audit work it had undertaken. As a result, on all the files examined, the audit opinion was not adequately supported by the work performed and recorded. The report setting out the deficiencies was sent to the Firm on 21 July 2015, informing the Firm that the findings of the review would be reported to the Regulatory Assessor. In response to the findings of the monitoring review, ACCA required the Firm to provide an action plan of future improvements in its audit work. The Firm acknowledged receipt of the report on 21 September 2015 and provided an action plan detailing the action that the Firm intended to take in order to rectify the deficiencies found by the SCO at the second review. ACCA considered the action plan was not adequate and informed the Firm in a letter dated 05 October 2015 that a revised action plan was required. The Firm subsequently provided a satisfactory revised action plan to ACCA on 11 November 2016 and was advised by ACCA on 21 November 2016 that “*given the length of time that had passed before the Firm provided an adequate action plan, the Firm would not be referred for regulatory action*”. The Committee noted that, unfortunately, after that time there was not a subsequent review carried out by ACCA until November 2021.
  
6. Mr Khan’s third review, as sole principal of the Firms, EHK Consulting Limited and Inchmead Audit Limited, was carried out between 08-10 November 2021.

Inchmead Audit Limited had been audit registered by Mr Khan on 12 August 2020. At this review the SCO found that Mr Khan and the Firms had made little effective improvement to the procedures. They had failed to implement the action plan from the 2015 visit and their procedures were not adequate to ensure that they conducted all audits in accordance with the International Standards on Auditing (UK) (*“the ISAs”*). On three of the four files inspected there were serious auditing deficiencies in the work recorded in the key areas resulting in the audit opinion not being adequately supported by the work performed and recorded. Although the Firms had a documented system of quality control policies and procedures in place that appeared to comply with the International Standard on Quality Control 1 (*“ISQC1”*) in most respects, these were not always effective, particularly in the areas of engagement performance and monitoring, in ensuring the Firms performed their audit work in accordance with the ISAs.

7. The deficiencies identified by the SCO at the visit in November 2021 were discussed in detail with Mr Khan at the end of the monitoring review. The SCO took the view that Mr Khan and his Firms had breached Practising Regulation (*“PR”*) 13(1) of Annex 1 of the Chartered Certified Accountants’ Global Practising Regulations 2003 (*“the GPR”*) by failing to comply with the ISAs in the conduct of audit work. There were deficiencies found in the planning, control and recording of audit work, and in three of the four cases examined the audit opinions were not adequately supported by the work performed and recorded. As a result, the matter was referred to the Committee for consideration of whether Mr Khan’s practising certificate with audit qualification and the Firms’ audit certificates should be withdrawn.
8. At a hearing held on 22 March 2022, the Admissions and Licensing Committee determined that the hearing should be adjourned due to Mr Khan’s late production of documents relevant to the issues of competence and essential procedures in auditing practice. The Committee at that hearing also directed that ACCA should conduct a further monitoring visit of Mr Khan’s audit practice, to be paid for by Mr Khan.

## **SUMMARY OF FINDINGS OF FOURTH REVIEW**

9. The fourth review of the Firms was carried out by Person A, another SCO with ACCA, on 23 and 24 May 2022. It was limited to selecting a sample of files from those audits completed since the date of the last review in November 2021. At this review the SCO found that the Firms had made little effective improvement to their procedures. The procedures were not adequate to ensure that they conducted all audits in accordance with the ISAs. On two of the three files inspected there were serious deficiencies in the work recorded in key areas resulting in the audit opinions not being adequately supported by the work performed and recorded. As part of this review the late submissions submitted by the principal in relation to the third review were considered by the SCO. In all cases, the original assessment of the audit files reviewed was upheld. Detailed findings, listing the deficiencies identified from the audit file inspections, Mr Khan's responses and the SCO's observations have been provided to the Committee.
10. A draft report was sent to Mr Khan on 16 June 2022. It included a summary of findings in respect of the three files reviewed by the other SCO in November 2021 with unsatisfactory outcomes and the three files reviewed in May 2022, of which one had been found to be satisfactory, but the other two had unsatisfactory outcomes. The Committee referred to the Excel spreadsheet that set out the various findings of the previous SCO and the SCO's at the last two monitoring visits and included comments made by the SCO who conducted the May 2022 visit and Mr Khan in respect of each of the alleged deficiencies identified during the visits.
11. Mr Jowett took the Committee through the background to the case and referred it to the relevant regulations, policy statements and guidance. He informed the Committee of the four audit monitoring visits and their unsatisfactory outcomes. He submitted that Mr Khan and the Firms had failed to comply with the ISAs in the conduct of audit work and was therefore a material breach of PR 13 of the GPR.

12. Mr Jowett informed the Committee that Mr Khan had received advice from ACCA following the first audit monitoring visit in 2010. There had, however, been a further unsatisfactory outcome following the second monitoring visit in 2015. Mr Khan had subsequently provided an action plan to ACCA, but this had not proven effective in his reaching and sustaining a satisfactory standard of audit work. In November 2021, the SCO had found serious deficiencies in the planning, control and recording of audit work, and in three of the four files examined at the third monitoring visit, and in two of the three files examined by the SCO at the fourth monitoring visit, the audit opinions were not adequately supported by the work performed and recorded. The SCO had also identified a breach of the Ethical Standards in that Mr Khan had not complied with the 15% fee income rule.

#### **EVIDENCE OF PERSON A**

13. Person A is the SCO who undertook the fourth monitoring visit of Mr Khan and his two Firms, as directed by the previous Committee. They confirmed their written statement, dated 01 November 2022. Person A found serious deficiencies in respect of two of the three files that they examined in May 2022. Mr Khan had disputed a number of the findings made by the SCO at the third monitoring visit carried out in November 2021 and had produced a number of additional documents following the visit which, he said, addressed the issues that had been raised by the SCO. Appendix 2 of ACCA's report is a summary of the previous COs findings, Mr Khan's responses to those findings and Person A's views, having considered the additional documents. These comments are also contained on an Excel spreadsheet which the Committee was provided with. Person A fully agreed with the views reached by the previous SCO, in respect of each of the issues identified by the SCO during the November 2021 visit, having considered Mr Khan's responses and the further documents provided by him.
14. Mr Khan resigned as the auditor for two of his audit clients, Client A and Client C, in early October 2022. An issue had been identified by the SCO in November 2021 concerning the Firms' compliance with the Ethical Standard as Mr Khan's audit fee was more than 15% of the Firm's total fees and, therefore, Mr Khan

should have resigned from this appointment and not carried out the audit. In ACCA's view, continuing to act for such a client created a conflict of interest and was contrary to the important principle of auditor independence. Person A stated that although it was clear from Mr Khan's responses that he and the Firms were aware of this issue, he had taken no steps to address the issue until nearly a year later and, of even greater concern, had conducted the following year's audit for the client.

15. In respect of Client A, apart from the many issues identified in relation to this file at the November 2021 visit, a serious concern was noted regarding Mr Khan having issued successive disclaimer of audit opinions for the years ended 2016-2019. The Firms had not recorded the rationale for continuing to accept this audit appointment. Despite Mr Khan being made aware of the SCO's concerns about this appointment following the November 2021 visit, Mr Khan completed the audit for the following year's accounts and had again issued a disclaimer of audit opinion. Person A reviewed this audit and again found Mr Khan's audit work to be seriously deficient and, once again, Mr Khan had not set out the rationale for continuing to accept this audit appointment.
16. Person A considered that Mr Khan's conduct demonstrated a wilful disregard by him of auditing standards in the face of guidance provided by the previous SCO that Mr Khan should cease to continue acting as auditor if he was unable or unwilling to address the issues of concern brought to his attention in relation to the two matters referred to above. Person A is of the view that Mr Khan and the Firms are unable or unwilling to produce compliant audit files. It was also their view that Mr Khan has little or no insight regarding his poor standard of audit work. Person A reminded the Committee that over a period of 12 years, all the audit files examined at the monitoring visits to Mr Khan and the Firms, save for two, have been found to be unsatisfactory.
17. In their oral evidence to the Committee Person A referred the Committee to a number of issues identified by them and their colleague during the last two visits as set out on the Excel spreadsheet. They explained that ISAs are the guidelines that tell an auditor what to do during an audit and that an auditor must follow them. In respect of one of Mr Khan's audit clients, Client A, Person

A said that the client had not provided Mr Khan with the necessary information for the audit and so the pre-conditions for the audit had not been met. They said in those circumstances Mr Khan should have declined the engagement and resigned instead of conducting the audit in breach of ISA 210. Person A said that Mr Khan had had to issue a disclaimer of opinion for the client's audit the previous year and so he should have considered whether the pre-conditions had been met before commencing the audit and resigned as auditor if these were not forthcoming. Mr Khan cross-examined Person A and said that the client had been unable to obtain the required information due to the Covid pandemic and that the client would have been in a difficult position if he had resigned as auditor and that is why he had not done so. Person A responded that it was not the auditor's responsibility to make things easier for a client and that Mr Khan must follow the rules and should have resigned if the pre-conditions were not met.

18. In respect of another of Mr Khan's audit clients, Client B, Person A said that the expenditure for the company had been going through a director's bank account and, prior to signing the audit, Mr Khan had not obtained evidence of how much the director was owed by the company. In cross-examination Person A agreed with Mr Khan that there should be more testing if there was high risk and high value, but they also said that ACCA would expect a firm to do the planning and use that to decide what testing was required. Mr Khan said that full testing had been done but he accepted that the letter from the director was not provided until after the audit was signed. Person A informed the Committee that the fact Mr Khan had the planning in his mind was not good enough as everything needed to be written down on the audit file.
19. In respect of another of Mr Khan's clients, Client C, Person A said that the SCO had found several deficiencies with the audit file during the November 2021 visit and, having reviewed Mr Khan's comments and the documentation provided by him subsequent to that visit, they had reached the same conclusion as the previous SCO. Person A told the Committee that when an auditor prepares an audit file it should be sufficient for an experienced auditor to understand how the conclusions have been reached. They said that Mr Khan may have done the work, but it was not recorded in the file, in breach of ISA



230. Person A said that various issues can arise from work not being documented and that the ISAs must be complied with. Mr Khan said that he had discussed the relevant matters with the client, but he accepted that this had not been recorded in the audit file.
20. Person A also gave evidence about the Ethical Standards that firms need to comply with. They said this was to ensure auditor independence from the firm and to ensure that it is not influenced by other matters. They said there was an independence issue in respect of Client C because the audit fees made up more than 15% of the firm's income and that Mr Khan should, therefore, have resigned as auditor. Person A said that in fact not only had Mr Khan not resigned as auditor for Client C, but he had gone on to carry out the following year's audit for the client in July 2022, despite this still being a live issue. In cross-examination Mr Khan explained the steps that he had taken to try and merge with other firms so that this would not be an issue. He said that he thought he had mitigated the issue by joining Inchmead Audit, but that ACCA had not accepted Inchmead Audit's total income. Person A responded that ACCA had considered the fees of Mr Khan's two Firms in determining the percentage fee income.
21. In respect of another client, Client D, Person A informed the Committee that Mr Khan had selected a sample of trade debtors that were over the level of materiality. They said those balances should always be tested. Mr Khan had written to customers to ask if any balance was owed to the client but had not received responses from them. He, therefore, needed to do other testing, for example by looking at after the date receipts but he had not done such testing. Mr Khan said that the necessary testing had been done but he accepted there had been an oversight. Person A said that they, and their colleague in November 2021, had not seen any evidence of testing for completeness of income in respect of Client D. They commented that trade debtor testing would have proved the existence of the sale but not that all the sales had been invoiced. Person A said that Mr Khan had not considered fraud as a risk as required by ISA 240. Mr Khan in his cross-examination of Person A, suggested that Person A had reached the wrong conclusion in respect of this. He said that Client D had a completely automated system so it would have been impossible

for an invoice not to be generated for each sale. He said that the Firms had tested the system and recorded how the sales system worked. It had then followed up the transactions and was happy with how it was recorded from auto-generation to delivery. He believed that he had satisfied the ISA because he knew the client and had satisfied the risk.

22. Mr Khan informed the Committee that he did not wish to question Person A further in respect of the conclusions reached in their report, as set out in the Excel spreadsheet. He said that he appreciated the advice that Person A had given to him.

#### **EVIDENCE OF MR KHAN**

23. Mr Khan informed the Committee that he thought ACCA had been heavy-handed on him. He said that he wasn't negligent or ruthless. He said that all his clients are happy with him as he is a moral person. Mr Khan gave an example to the Committee about a client that had had a disagreement with, and he said that when he had checked the position with ACCA he had been told to resign if he did not know the correct answer, which he had subsequently done thereby losing a substantial contract. Mr Khan said that he was 'a safe pair of hands' and that the public would be safe with him carrying out audits. He told the Committee about his background in Bangladesh and how proud he was of his audit qualification. Mr Khan accepted that there were deficiencies in the documenting and recording in the audit files. He said that by accepting his mistakes he could learn and update himself. Mr Khan accepted that there were deficiencies, particularly in the writing up of work done on the audit files, but he said that the testing that had been done was, in his view, sufficient. Mr Khan informed the Committee that a training company, Mercia, was now working with him and the Firms and that he had other support. He said that there would be no further deficiencies in the future. Mr Khan informed the Committee about his audit history and said that when he had been an audit partner in larger firms there had not been any difficulties with the ACCA monitoring visits. He asked the Committee not to take away his audit qualification or his Firms' audit certificates.

24. Mr Khan was cross-examined by Mr Jowett. He accepted that there were several times in the audit files when he had not written a sufficient description in respect of what he had discussed with the client. In respect of Client A, he was not prepared to concede that he should not have accepted the audit appointment. In respect of Client C, he did not accept that he should not have conducted the 2019 or 2020 audits. Mr Khan accepted that there had been deficiencies in his audit work but said that he had reached 80% competence and, going forward, he would be assisted by Mercia and other organisations who would provide him with ongoing support. He said that Mercia would do both hot and cold reviews of the audit files. He also said that he was undertaking ACCA's Ethics Module and studying IT and tax law. He said that he was a member of the 2020 Accounting Group, and he would make sure that he kept himself up to date. He accepted that there was room for improvement but said that he would take appropriate action. Mr Khan made it clear that his professional body was very important to him, and he reiterated that he was 'a safe pair of hands'.

#### **ACCA'S RECOMMENDATION TO THE COMMITTEE**

25. ACCA considers that it would be contrary to the presumption of competence and not in the public interest, to permit Mr Khan to retain his audit qualification and the Firms' audit certificates given that he has had four 'unsatisfactory' monitoring visits. ACCA's recommendation to the Committee is, therefore, that it should withdraw Mr Khan's practising certificate with audit qualification with immediate effect and re-issue him with a practising certificate. ACCA also recommended that, as provided for by Regulation 5(2(f)), the Firms' auditing certificates are withdrawn with immediate effect.
26. ACCA referred the Committee to the Regulatory Board Policy Statement ("PS"). PS 11.4 provides that, in the absence of sufficient, reliable and credible evidence to the contrary, the Committee should, on the balance of probabilities, rely on the findings set out in ACCA's report as establishing non-compliance with the requirements of auditing standards and determine the appropriate course of action in accordance with the PS and Regulatory Guidance.

27. The Committee was referred to PS 9.6 and paragraphs 7.22 and 7.2.6 of the Regulatory Guidance which provides that, unless the Committee is satisfied that there are clear exceptional reasons for not doing so, it will normally follow PS 9.4 and ACCA's recommendation and withdraw the audit certificates, with conditions imposed on future re-application.
28. ACCA further recommends that, in the event that the Committee determines that it is necessary to make an order to withdraw, suspend or impose conditions on Mr Khan's audit certificates in order to protect the public, the Committee should, on the same grounds, make that order with immediate effect.

#### **MR JOWETT'S CLOSING SUBMISSIONS**

29. Mr Jowett provided the Committee with his written closing submissions. He referred the Committee to all the evidence before it, both documentary and oral and, in particular, Mr Khan's poor regulatory history over the past 12 years. Mr Jowett submitted that this should lead to the removal of Mr Khan's certificates, in accordance with the regulatory policy statements and ACCA's guidance. He also submitted that the Committee could be satisfied, on the evidence before it, that the audits of Clients A and C should never have been carried out by Mr Khan. Mr Jowett further submitted that Mr Khan had not taken on board any of the previous concerns expressed by ACCA or taken any steps to address them. He invited the Committee to make an order in the terms recommended by ACCA's Monitoring Team, as set out in the reports.

#### **MR KHAN'S CLOSING SUBMISSIONS**

30. Mr Khan reminded the Committee of the evidence he gave in respect of his audit clients, as set out above. He said that he accepted the need to improve documentation. He said that the audit rules were constantly changing. He reminded the Committee that he was doing training courses with Mercia, the 2020 Group, the Inner Group and an association of accountants who he could collaborate with. Mr Khan said that he was very willing to learn but his main goal was to learn ethics and improve on audit. He believed that Mercia would make the Firms into quality firms. He believed that the arrangement he had with

Mercia was 'fail safe'. He reminded the Committee that he had no previous disciplinary findings against him and that he would never deliberately damage his professional reputation. He told the Committee that the loss of his audit qualification would have a devastating effect on him. He provided the Committee with further documentation from Mercia. Mr Khan was of the view that Mercia would improve the overall quality of the Firms.

31. Person A was recalled to give their views on the further documentation provided by Mr Khan. They told the Committee that they did not think that the measures put in place by Mr Khan would result in any immediate improvement and that any changes that were made would not be sufficient.

#### **DECISION ON APPLICATION AND REASONS**

32. The Committee had regard to the written submissions made by Mr Jowett and the oral submissions of Mr Khan. It accepted the advice of the Legal Adviser. The Committee had regard to the guidance contained in ACCA's *"Guidance for Admissions and Licensing Hearings"* (January 2021) and the *"Regulatory Board Policy Statement and Regulatory Guidance - Audit Monitoring and ACCA's Approach to Non-Compliance with Auditing Standards"* (November 2019)".
33. The Committee noted ACCA's Regulatory Board Policy Statement ("PS") and, in particular, PS 2.2 that states: *"The onus is on the firm to ensure that, at the point it provides the audit files to ACCA for inspection, they contain all audit evidence and relevant documentation upon which it relied in formulating its audit opinion ..."*. The Committee also noted ISA 230 that refers to the overriding requirement to prepare audit documentation that can be understood by an experienced auditor.
34. The Committee paid due regard to PS 11.4 that: *"... the Committee is entitled to rely on the findings of the monitoring visit set out in ACCA's report as establishing non-compliance with the requirements of auditing standards (including the principle on audit documentation that "if it is not written down it has not happened")". In the absence of sufficient reliable and credible evidence*

*to the contrary the Committee should on the balance of probabilities find those matters set out in ACCA's report proved ...".*

35. The Committee carefully considered the reports of the SCO and the SCO together with the substantial body of evidence placed before it. The Committee found, on the balance of probabilities, that ACCA had proved that there had been material breaches of the ISAs by Mr Khan. It did not consider that Mr Khan had provided any valid or relevant evidence to refute the findings as set out in the reports. It noted that Mr Khan had accepted a number of the alleged deficiencies, particularly in respect of the documenting of audit work in the files but, where Mr Khan's evidence conflicted with that of Person A, it preferred and accepted their evidence.
36. The Committee was, therefore, satisfied, on the balance of probabilities, that Mr Khan and the Firms had committed material breaches of PR 13(1) of the GPR, in that they had failed to comply with a number of the ISAs in the conduct of audit work.
37. The Committee noted that all Firms are expected to achieve, and then maintain, a satisfactory standard of audit work in order to remain eligible for audit registration. There have now been four unsatisfactory monitoring visits to Mr Khan and the Firms. The Committee noted that an action plan had been implemented following the second monitoring visit but that the Firm had not followed the plan, resulting in further significant and material deficiencies being found at the third monitoring visit. Further, there was no evidence before the Committee to indicate that Mr Khan had any real insight into the failings identified by the SCO's. For example, in his view he had been correct to take the Covid pandemic into account when he was unable to obtain information from the audit client rather than comply with the ISAs as was required, and set out in a Bulletin, by the Financial Reporting Council at that time. Further, whilst the Committee noted that Mr Khan, being aware of the issue, had made some efforts to merge with other firms in order to prevent a breach of the Ethical Standards, but noted that he had not been able to do so but had still gone ahead with the client's audit following the monitoring visit in May 2022.

38. The Committee considered that the deficiencies identified at the last two monitoring visits were serious and wide-ranging and involved multiple clients. It noted that Mr Khan has been an auditor since 2006. It also noted that there had been four audit monitoring visits since 2010 when Mr Khan's audit work has been found to be unsatisfactory. The Committee also noted that the third-party cold review carried out by Mercia in respect of Client C's 2020 audit was given a Grade D. Grade D is defined as *"pervasive or significant weaknesses in the audit approach"*.
39. The Committee noted the steps that Mr Khan has taken to try and improve the quality of his audit work, but it shared the view of Person A that such steps would be unlikely to adequately address the serious deficiencies found and the public would, therefore, be placed at risk if Mr Khan and the Firms were to continue to carry out audit work. The Committee took into account that Mr Khan had been subject to an action plan since 2016 without demonstrating any consistent improvement.
40. The Committee was satisfied that Mr Khan had committed a material breach of PR 13 of the GPR as he had committed material breaches of a number of the ISAs and had also breached the Ethical Standards. In accordance with Regulations 5 and 8 of the GPR, it determined that Mr Khan was not a fit and proper person to hold an auditing qualification and the Firms were not fit and proper to hold audit certificates. In the circumstances, the Committee considered that the only proportionate order that was sufficient to protect the public and the wider public interest, was to withdraw Mr Khan's practising certificate with audit qualification and the Firms' audit certificates and to re-issue Mr Khan with a practising certificate.
41. The Committee was also satisfied that it should direct that any future re-application for audit registration by Mr Khan, or by a firm in which he is a principal, must be referred to the Admissions and Licensing Committee, which should not consider the application until Mr Khan has provided an action plan which ACCA regards as satisfactory, setting out how he intends to prevent a recurrence of the previous deficiencies, and after he has attended a practical audit course, approved by ACCA and, following the date of this order, passed

the advanced audit and assurance paper of ACCA's professional qualification.

42. The Committee has found that Mr Khan's auditing standards fell far below those expected of a competent auditor at the third and fourth monitoring visits. Prior to this there had also been a significant history of poor audit performance with no evidence of improvement. This order will provide Mr Khan with an opportunity to undertake further audit training in order to demonstrate to the Admissions and Licensing Committee that he is capable of undertaking audit work competently in the future.
43. The Committee did not consider that it was necessary to specify that no future application for an audit certificate by Mr Khan will be entertained for a specified period.

#### **ORDER**

44. The Committee made an order pursuant to Authorisation Regulations 6(16)(a)(ii) and 5(2)(f) that:
  - i. Mr Mohammed Enam Khan's practising certificate with audit qualification is withdrawn with immediate effect and he shall be re-issued with a practising certificate.
  - ii. The auditing certificates of EHK Consulting Limited and Inchmead Audit Limited are withdrawn with immediate effect;
  - iii. Any future re-application for audit registration by Mr Khan, 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 Khan intends to prevent a recurrence of the previous deficiencies and attended a practical audit course, approved by ACCA and, following the date of this order, passed the advanced audit and assurance paper of ACCA's professional qualification.



## **EFFECTIVE DATE**

45. Given the seriousness of the audit failings in this case, the Committee was satisfied that it was in the interests of the public that the orders should have immediate effect.

## **PUBLICITY**

46. The Committee had regard to ACCA's Guidance on Publicity, dated 01 January 2021. The Committee also considered The Statutory Auditors and Third Country Auditors Regulations 2016 and was satisfied that none of the four grounds set out in Regulation 6(3), in which a relevant person's name should not be published, were applicable in this case.

## **INTERIM ORDER**

47. The Interim Order suspending Mr Khan, or any person acting on his behalf, from signing an audit of any kind, that was imposed by the Interim Orders Committee on 02 August 2022, and continued by it on 07 October 2022, is hereby rescinded in accordance with Regulation 6(16)(e) of the Regulations.

**HH Suzan Matthews KC**  
**Chair**  
**10 November 2022**