

The decision and reasons of the Regulatory Assessor for the case of Mr James Joseph Ffrench FCCA and James J Ffrench (the firm) referred to him by ACCA on 14 November 2022

Audit qualified principals

Firm

Mr James Joseph Ffrench FCCA

James J Ffrench

The report to the Regulatory Assessor from the Compliance Officer, including related correspondence, concerns the above firm's conduct of audit work and continuing audit registration.

Taking account of the content of the Compliance Officer's report and the Regulatory Board Policy Statement and Regulatory Guidance the Assessor has made an appropriate decision in this case.

Details of member

Full name:

Mr James Joseph Ffrench FCCA

Registered address:

53 Whiterock Heights
Wexford
County Wexford
Ireland

Membership Number

1677488

Firm Number

3302673

1. INTRODUCTION

James J Ffrench is the unincorporated sole practice firm of ACCA member, Mr James Joseph Ffrench FCCA. Mr Ffrench holds a practising certificate with audit qualification.

The firm has been subject to three monitoring reviews.

The first review was carried out on 22 June 2015.

The second review took place between 04 December 2019 and 17 January 2020,

The third review took place remotely between 08 June and 23 June 2022.

2. **BASIS AND REASONS FOR DECISION**

I have considered all of the evidence in the information sent to me concerning the member's conduct of audit work, including related correspondence and the action plan prepared and submitted by the firm since the monitoring visit.

In reaching my decision, I have made the following findings of fact.

- a) The firm has had three monitoring reviews.
- b) At the first review on 22 June 2015, two of the three audit files inspected were found to be of a satisfactory standard, resulting in an overall satisfactory outcome. On the third file inspected, there were significant deficiencies in audit work which had resulted in audit opinion not being adequately supported by the work performed and recorded in one of the three audit files inspected. The deficiencies on all three files were reported to the firm on 30 July 2015 and the firm provided an action plan on 29 August 2015.
- c) At the second review between 04 December 2019 and 17 January 2020, the outcome in relation to the conduct of audit work was that although the overall outcome was satisfactory, there were still serious deficiencies in audit work which had resulted in the audit opinion not being adequately supported by the work performed and recorded in one of the three audit files inspected. A report setting out the deficiencies was sent to the firm on 20 January 2020. The firm was also warned that failure to improve the standard of its audit work may jeopardise its continuing audit registration. The firm provided a detailed action plan on 09 August 2020 and after further clarification by the Compliance Officer, the action plan was considered reasonable and no further action was taken. The action plan included engaging with an external training organisation to assist in improving its audit work and carrying out 'cold reviews'
- d) At the third review between 08 June and 23 June 2022, the Compliance Officer found that the firm's audit procedures had deteriorated. The firm had not implemented the action plan provided following the previous review. It was using out of date audit programmes on all audits which had not been tailored to meet the audit needs of each client. In some sections of the files, it was not clear what audit evidence the firm had obtained. As a result, the audit opinion was not adequately supported by the work performed and recorded in two of the three audit files inspected.
- e) The firm has failed to achieve a satisfactory outcome despite the advice and

warning given at the second review.

- f) The International Standard on Quality Control (ISQC1) requires firms to document and maintain their quality control policies and procedures.

I find that the firm has failed to document its policies and procedures, despite being advised to do so on its two previous reviews.

Although not specifically addressed in the report to the Regulatory Assessor, the facts found at d) above indicate, on the balance of probabilities, that the firm's quality control policies and procedures were not adequate.

- g) In the light of the foregoing, I find as a fact that Mr Ffrench and the firm have breached PR 13(1) in that they failed to comply with the International Standards on Auditing (Ireland) in the conduct of audit work. There were deficiencies in the planning, control and recording of audit work and in two of the three cases examined the audit opinion was not adequately supported by the work performed and recorded.
- h) Following the review in 2022, the firm provided an action plan to explain how it would address the deficiencies and how it intends to improve the standard of its audit work.
- i) I have reviewed the action plan in detail.

Based on the past record of Mr Ffrench having undertaken to follow previous action plans and then failing to follow those plans, it would be remiss of me to not to consider whether Mr Ffrench would be likely to follow the present action plan, despite it appearing, prima facie, to be satisfactory and whether any safeguards should be included in my decision, in order to protect the public interest.

Other than the past record, there is no evidence before me to suggest an intention on the part of Mr Ffrench not to implement the present action plan. I note that the Compliance Officer had detailed discussions with Mr Ffrench on 23 June 2022 and I am sure that if such evidence existed, it would have been presented to me by ACCA.

Therefore, I find the action plan to be comprehensive, realistic and evidence of insight into the underlying issues and that Mr Ffrench seems willing to embrace a learning and improvement process to remediate the matters identified and, on the balance of probabilities, and as a matter of opinion, I find that, in the absence of evidence to the

contrary, there is a reasonable prospect that Mr Ffrench will implement the action plan.

I, therefore, find it more likely than not that the training programme envisaged by the action plan, together with the input from an external compliance consultant and the planned programme of external reviews will assist in satisfactorily addressing the identified deficiencies. However, in view of the past failure to implement action plans, I consider that to protect the public interest, it is necessary to include paragraphs i), ii) and iii) below in my decision.

In my opinion, the action plan if implemented in full, when taken together with the decision set out below, will protect the public interest.

3. THE DECISION

On the basis of the above I have decided pursuant to Authorisation Regulations 7(2) (f) and 7(3)(b) that Mr J J Ffrench FCCA should be required to:

- i) Employ an external training firm, as set out in the action plan, to conduct hot and cold reviews on selected files. Mr Ffrench should provide evidence to the Compliance Officer that this has been arranged no later than 28 February 2023.
- ii) Prepare a summary of learning objectives on all CPD areas identified in the action plan including a schedule of CPD courses on all relevant aspects of audit work which Mr Ffrench proposes to attend. Mr Ffrench should provide evidence to the Compliance Officer that this summary and schedule has been completed no later than 28 February 2023.
- iii) Mr Ffrench should provide evidence to the Compliance Officer that he has attended the courses set out in the schedule or equivalent courses no later than 30 November 2023 or by the date of the monitoring visit required in iv) below, if earlier.
- iv) Be subject to an accelerated monitoring visit before 30 November 2023 at a cost of £1200.00 plus VAT at the appropriate rate to be met by Mr Ffrench and the firm, the purpose of the monitoring visit to be to assess the improvement in Mr Ffrench's audit work.
- v) Note that failure to comply with i) to iii) above or to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by the time of the monitoring visit envisaged in iv) above, or failure to achieve a satisfactory outcome to the monitoring visit will jeopardise his and his firm's continuing audit registration.

4. PUBLICITY

Authorisation Regulation 7(6) indicates that all conditions relating to the certificates of Mr Ffrench FCCA and James J Ffrench made under Regulation 7(2) may be published as soon as practicable, subject to any directions given by me.

I am not aware of any submissions made by Mr Ffrench FCCA and James J Ffrench 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 and/or the omission of the names of Mr Ffrench FCCA and James J Ffrench from that publicity.

I therefore direct pursuant to Authorisation Regulation 7(6)(a), that a news release be issued to ACCA's website referring to Mr Ffrench FCCA and James J Ffrench by name.

Peter Brown BSc(Hons), FCCA, DChA

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Regulatory Assessor
19 November 2022