

## HEARING

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

#### REASONS FOR DECISION

**In the matter of:** Ms Louise Carey, and Louise Carey and Co

**Heard on:** Tuesday, 18 and Wednesday, 19 October 2022

**Location:** Remotely using Microsoft Teams

**Committee:** HH Suzan Matthews KC (Chair)

Mr George Wood (Accountant)

Mr Andrew Skelton (Lay)

**Legal Adviser:** Mrs Fiona Barnett

**Persons present  
and capacity:** Mr Ben Jowett, (ACCA Case Presenter)

Miss Geraldine Murray, (ACCA Hearings Officer)

Ms Anna Packowska, (ACCA Hearings Officer)

Mrs Louise Carey, (ACCA member)

**Observer:** Mr Christian Patterson, (Financial Reporting Council)

1. The Committee reconvened to consider ACCA's application to withdraw Ms Carey's practising certificate with audit qualification (PCAQ), and the audit certificate of Louise Carey and Co, ("the Firm") where Ms Carey is a sole practitioner.
2. Ms Carey attended and was not represented.
3. On the day of the hearing, the Committee received a tabled additional bundle numbering pages 1 to 4, which contained a letter dated 18 October 2022 from Ms Carey's representative, Mr Dillon, seeking an adjournment of this hearing. Mr Dillon explained in his letter that whilst he was initially available to

represent Ms Carey at this hearing, he also has conduct of a serious criminal matter which has now unexpectedly been listed today. Mr Dillon explained that he had been unable to find alternative counsel to represent Ms Carey. He also explained, in an email dated 18 October 2022, that he had sought advice about his professional position, and was advised that his primary obligation is to attend the court hearing, given the gravity of the charges faced by his client in the criminal proceedings.

4. Ms Carey informed the Committee that this matter has been ongoing for some considerable time, and she would prefer to proceed today without representation, rather than seek an adjournment for Mr Dillon to attend. She confirmed, in answer to questions from the Chair, that she was content to waive her right to representation.

#### **BACKGROUND**

5. The background/chronology for this matter is as follows:
6. Ms Carey was admitted to membership of ACCA on 15 July 2003.

#### **FIRST MONITORING VISIT 09 AND 10 FEBRUARY 2010.**

7. The first monitoring visit took place on 09 and 10 February 2010. The Compliance Officer identified serious deficiencies in audit work which had resulted in the audit opinion on one of the two files inspected not being adequately supported by the work performed and recorded. The report setting out these deficiencies was sent to the Firm on 12 March 2010. The Firm subsequently stated that it was introducing more effective procedures including 'hot' and 'cold' file reviews to achieve a consistent satisfactory standard of audit work

#### **SECOND MONITORING VISIT 23 AND 24 SEPTEMBER 2015.**

8. By the time of the second visit, Ms Carey had set up another sole practice, Credit Union Audit Solutions, which was also registered for audit. At this visit it was found that Ms Carey had not made any improvements to her Firms' audit procedures, and the standard of audit work had deteriorated

significantly. On all four audit files inspected audit opinions were issued which were not adequately supported by the work performed and recorded. There was little indication that Ms Carey, as audit principal, had exercised appropriate supervision over the audits and the files inspected contained little evidence of any audit work. ACCA reported its findings to the Admissions and Licensing Committee, ("ALC").

#### **ADMISSIONS AND LICENSING COMMITTEE HEARING 05 OCTOBER 2016.**

9. The ALC convened on 05 October 2016 to consider ACCA's application to make a regulatory order following the second monitoring visit. The ALC adjourned the hearing part-heard, as Ms Carey contended that the audit files inspected by the Compliance Officer were not complete. The ALC made directions which included the following:

- File copies of the four audit files referred to in the report, and any ancillary documents, are to be submitted by Ms Carey to ACCA by 4 PM on Wednesday 12 October 2016;
- ACCA to serve any response to that material by 4 PM on 09 November 2016.

10. Following the hearing, ACCA received one file from Ms Carey.

#### **RECONVENED ADMISSIONS AND LICENSING COMMITTEE HEARING 06 DECEMBER 2016.**

11. At the reconvened hearing on 06 December 2016, the ALC made an order pursuant to Authorisation Regulation 6(15) that:

- i. Ms Carey's PCAQ and the firm's auditing certificate be withdrawn and she be issued with a practising certificate;
- ii. any future re-application for audit registration by Ms Carey, or by a firm in which she is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until she

has attended a practical audit course, approved by ACCA and, following the date of this order, passed paper P7, Advanced Audit and Assurance of ACCA's professional examinations.

### **MS CAREY'S APPEAL AGAINST DECISION OF 06 DECEMBER 2016**

12. Permission to appeal the ALC's decision of 06 December 2016 was granted and the appeal was heard over various dates in 2017 and 2018. Ms Carey supplied ACCA with two additional audit files, and further additional documentation which ACCA reviewed but maintained its previous assessment of the inadequacy of the audit files.
13. At the appeal hearing on 08 May 2018, the appeal was successful and the Appeal Committee made an order that Ms Louise Carey, Louise Carey & Co and Credit Union Audit Solutions be required to:
  - (i) Provide ACCA Governance – Practice Monitoring within 30 days of the date that this order is made with a list of all audit clients, current between 01 July 2016 and the current time, identifying any Public Interest Entity audits;
  - (ii) Provide against each client in the above list the year-end dates, for years ending after 01 July 2016, for which audits have been completed or are currently being conducted or are planned to be performed by Ms Carey or the firms, indicating the status of each audit and its likely completion date;
  - (iii) Notify ACCA of the identity of an ACCA approved training company within 14 days of the date that this order is made to Governance – Practice Monitoring who will at the member's expense review at least one audit file completed since 01 July 2016 for each audit client and write a report addressing the quality of the file and its compliance with the ISA's;
  - (iv) Submit all reports prepared by the approved training company to ACCA by 31 December 2018;

- (v) Be subject to an accelerated monitoring visit by ACCA to have occurred no later than 31 January 2020 at a total cost to Ms Carey and the firms of £1,000 and £400 for each additional audit qualified principal;
  - (vi) Not to take on any new audit clients until ACCA has conducted its accelerated monitoring visit and concluded that a monitoring visit has resulted in a satisfactory outcome.
14. Ms Carey provided the list of audit clients to ACCA on 15 May 2018, although Credit Union Audit Solutions ceased to hold audit registration in December 2017.

### **THIRD MONITORING VISIT 03 SEPTEMBER 2018**

15. In August 2018, ACCA confirmed a date of 03 and 04 September 2018 for the accelerated monitoring visit. However, on 03 September 2018, Ms Carey was not present in the office and her files were not available for inspection.
16. ACCA referred the failure to conduct a monitoring visit on 03 September 2018 to the ALC, which met on 30 November 2018.

### **ADMISSIONS AND LICENSING COMMITTEE HEARING 30 NOVEMBER 2018**

17. The ALC adjourned the case on 30 November 2018 for the Appeal Committee to clarify the order made in May 2018, specifically in relation to the timing of the follow-up monitoring visit.
18. On 10 December 2018, the Chair of the Appeal Committee wrote: *"It is the Chairman's view that the reason the Committee set the latest date of the end of January 2020 for the accelerated visit was to ensure that there would be a sufficient body of new work for ACCA to review and make judgements upon. If ACCA considers that there is enough new material to review earlier than the deadline, then that is a matter for ACCA. It is not for the Appeal Committee to determine whether such a visit is appropriate."*

**RECONVENED HEARING OF ADMISSIONS AND LICENSING COMMITTEE 18 MARCH 2019**

19. The ALC met on 18 March 2019 and, after taking note of the submissions, including the availability of 19 cold file reviews which had been completed in March 2019, it adjourned the hearing and made directions which included the following:
  - (i) Ms Carey is to co-operate with ACCA to allow a monitoring visit to take place prior to 01 June 2019.
20. The ALC then reconstituted itself as an Interim Orders Committee and ordered that Ms Carey's PCAQ, and the Firm's audit certificate be suspended on an interim basis.

**FOURTH (ACCELERATED) MONITORING VISIT 23 AND 24 MAY 2019**

21. The fourth monitoring visit took place on 23 and 24 May 2019. The Compliance Officer found that although the Firm had made some limited improvement to its procedures, the procedures were not adequate to ensure that it conducts all audits in accordance with the International Standards on Auditing (UK & Ireland) ("ISAs"). It is alleged that the Firm was using a standard audit programme on all audits but was not tailoring this appropriately to ensure that it met the needs of the audit for each client, and it had not adequately recorded any work which it may have carried out. As a result, on all four files examined the audit opinion was not adequately supported by the work performed and recorded.

**ADMISSIONS AND LICENSING COMMITTEE 18 MAY 2021**

22. The ALC reconvened on 18 May 2021 after the accelerated monitoring visit. The hearing was adjourned on the application of Ms Carey's representative as Ms Carey was unable to attend [Private]. The Committee gave directions, which included a requirement for Ms Carey to lodge with ACCA all documents on which she intended to rely, to include a detailed response to ACCA's report following the monitoring visit on 23 and 24 May 2019.

## **RECONVENED ADMISSIONS AND LICENSING COMMITTEE HEARING 05 AND 06 JULY 2022**

23. The ALC hearing was re-listed for 05 and 06 July 2022. In advance of that hearing, Ms Carey's representative made an application to postpone it on the basis that he had other professional commitments and was not able to represent her on those dates. That application was granted, and the ALC Chair gave additional directions which included the following:

- Not less than 28 days before the adjourned hearing Mr Dillon, [Ms Carey's representative] shall send to ACCA:
- A fully detailed written position statement setting out the basis of Ms Carey's case and how it will be advanced at the hearing in opposition to ACCA's case.
- A signed witness statement from Ms Carey, setting out her responses to the findings of the monitoring visit on 23 and 24 May 2019.
- Copies of any further documents Ms Carey will seek to rely on.
- Mr Dillon shall also, not less than 28 days before the hearing, set out proposals to ACCA for the contents of a core bundle for use at the resumed hearing.

### **EVIDENCE**

24. The Committee had before it a bundle of papers from ACCA numbering pages 1 to 55, a Regulatory Bundle numbering pages 1 to 123, and a Correspondence Bundle numbering pages 1 to 74. It was also provided with a Service Bundle numbering pages 1 to 12, tabled Additional Bundle 1 numbering pages 1 to 4, and tabled Additional Bundle 2, numbering pages 1 to 4. It was also provided by Ms Carey with an "index and sign-off" bundle, comprising 25 files which was sent by Ms Carey the night before the hearing. Ms Carey also provided oral evidence to the Committee, which is set out below.

### **ACCA'S POSITION**

25. Mr Jowett invited the Committee to withdraw Ms Carey's PCAQ and the Firm's audit certificate. He referred the Committee to the monitoring visits and their outcomes, and said it appeared that Ms Carey was incapable of producing satisfactory audit files. He said that ACCA could not be confident that Ms Carey has sufficient knowledge and competence to practise audit work, given her lengthy suspension and poor regulatory history. He reminded the Committee that all audits, whether in the UK or the Republic of Ireland, should be carried out to the same high standard.
26. Mr Jowett submitted that the Committee should withdraw the audit certificates and make an order requiring Ms Carey to pass an audit exam before any re-application for the return of her PCAQ.

#### **MS CAREY'S EVIDENCE**

27. Ms Carey told the Committee that she had a monitoring visit in 2016 which had a good outcome, (she subsequently accepted the visit was in 2015). She said she had a lot of clients at that time. She explained that at the second monitoring visit, she [Private]. She accepted that that visit was "*a complete disaster*" and she was unable to meet her professional obligations.
28. Ms Carey said she was still [Private] at the third monitoring visit, (the Committee understood this to be the visit in May 2019) but the files uploaded for the visit were not properly scanned. Her view was that if the files had been properly scanned, she may have met the required standard. (Ms Carey provided an undated letter from her colleague who confirmed that he was working at the Firm in May 2019 and that he had downloaded audit documents from the wrong file).
29. Ms Carey said that since the last visit, she has taken an ACCA audit qualification, subscribed to Omnipro and Mercia, and has taken banking exams. She explained that she has done a lot of hard work since the last monitoring visit and accepted that the last visit was not as good as it should have been. Her view was that she would be able to complete an audit file satisfactorily now.

30. Ms Carey said that the criteria for audits in Ireland were different, and that the Companies to which the files related would not have required an audit in the UK.
31. Ms Carey told the Committee that she would like to be in a position to carry out an audit if an emergency occurred and one of her clients required one.
32. Mr Jowett asked Ms Carey some questions. She confirmed that all four of the audit files inspected would not have required an audit in the UK but required one in Ireland because the companies had submitted their accounts late. This meant they were required to have their accounts for the following year audited. She explained that one of the companies was wholly owned by one individual, and the owner had submitted his accounts late due to ill health. Ms Carey said this was the type of instance in which she anticipated carrying out an audit in future. She accepted that all audits must be carried out to the same high standards.
33. Ms Carey said she has now sent ACCA an audit file for one of the clients whose file was inspected at the last monitoring visit, (Company A), and that this file would have met the standards if it had been downloaded properly. Ms Carey accepted that it was her responsibility to make sure the files were properly downloaded, and that she had fallen down in that respect. She said she told the Monitoring Officer on the second day of the inspection that the files were not properly downloaded. She told the Committee that the Monitoring Officer said it was too late. Ms Carey maintained that if all the four files inspected had been properly downloaded, she would have met the required standard.
34. Ms Carey said she had last carried out an audit in March 2019 but had studied auditing "*non-stop*" since then. Her position was that at the last monitoring visit, the standard of the files had improved. She told the Committee that she would be prepared to accept any conditions on her PCAQ.
35. In response to Committee questions, Ms Carey said going forward, she can double check her work with Omnipro or Mercia and revert to the Companies Act if she is still unsure.

36. Ms Carey was referred to sections A, B and C of the appendix to the Monitoring Officer's report and said that the Monitoring Officer would not have made these findings if the files had been downloaded properly.

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

37. The Committee accepted the advice of the Legal Adviser and took into account the relevant guidance.
38. The Committee first considered, in accordance with Authorisation Regulation 5(2)(f) Authorisation Regulations 2014, ("AR"), whether there was a material breach of any regulations, rules, or codes of practice to which Ms Carey and the Firm were subject in the conduct of audit work.
39. The Committee had regard to the Compliance Officer's report. The Compliance Officer provided a comprehensive report which set out in detail the rationale for their findings. They concluded that the four files examined were all unsatisfactory and that numerous breaches of the ISAs had occurred. These findings were set out in the Appendix which was provided to the Committee.
40. The Committee also had regard to Ms Carey's evidence. She maintained that the full audit files had not been provided to the Monitoring Officer and that if they had been, they would have been found to be satisfactory. Ms Carey contended that she had raised this issue with the Monitoring Officer at the time, and with ACCA subsequently. However, there was no supporting evidence before the Committee to demonstrate that this was the case.
41. The night before the hearing Ms Carey submitted an audit file for Company A, which she said was the full audit file for that client. Ms Carey did not however provide any independent evidence to demonstrate that this file was satisfactory. Further, the Committee found that she did not provide any credible evidence to contradict any of the findings and conclusions of the Compliance Officer, relying only on her unsupported assertion that the Compliance Officer had not reviewed complete files.
42. Having received no credible evidence to contradict the findings and conclusions of the Compliance Officer, the Committee accepted their report in

its entirety. Given the nature and number of the breaches of ISAs identified by the Compliance Officer, and the breach of Ethical Standards, the Committee was satisfied, on the balance of probabilities, that Ms Carey and the Firm had committed a material breach of Global Practising Regulation 13(1) of the Global Practising Regulations 2003, amended 01 January 2022, (“GPR”), which required Ms Carey and the Firm to comply with auditing standards. The ISAs breached were: 230, 500, 210, 220.16, 220.17, 315, 330, 300, 240, 505, 530, 550, 520, 560, 570, 330.24, 710, 580, 450, 260, 265, 700, 705, 706.

43. The threshold was therefore reached for the Committee to consider making a regulatory order pursuant to AR 5(2)(f).

### **DECISION ON REGULATORY ORDER**

44. In reaching its decision as to what order to impose, if any, the Committee took account of ACCA’s document: Guidance for Regulatory Orders, eligibility for certificates or licences and unsatisfactory outcomes to monitoring visits, updated May 2018.
45. The Committee accepted the Legal Adviser’s advice. It bore in mind that in determining what order to impose, if any, it must act proportionately, balancing Ms Carey’s interests and those of the Firm against the purpose of a regulatory order. The purpose of a regulatory order is to protect the public, maintain public confidence in the profession, and uphold proper professional standards.
46. The Committee first considered whether to dismiss the application and take no action on the auditing certificates. It was mindful that there was a lengthy history of sub-standard auditing by Ms Carey and the Firm and concluded that taking no action would not meet the purpose of a regulatory order.
47. The Committee then considered whether it would be appropriate and proportionate to impose conditions on Ms Carey’s PCAQ and on the Firm’s audit certificate to address the risks.
48. In considering whether the imposition of conditions would be sufficient, it bore in mind the evidence of Ms Carey about the steps she has taken to improve her audit work. These include: Continuing Professional Development,

subscriptions to Omnipro and Mercia, studying, changing software due to problems with Sage, and continually implementing Systems Quality Management.

49. However, Ms Carey provided very limited supporting evidence to demonstrate that she had taken the steps outlined, or that she had learned from them in a way which would improve her audit practice in future. She provided a one-page computer screenshot, which appeared to relate to online audit learning; the front page of "*External Auditing and Assurance*", third edition, and two pages of material with the heading, "*contents of forms and templates*".
50. The Committee reminded itself of Ms Carey's poor monitoring history over a considerable number of years. Over this period, she has not been able to demonstrate that she has met and sustained a safe and satisfactory standard of auditing. The Committee's view was that the steps she says she has taken to improve her auditing are not adequately evidenced and do not demonstrate an improvement which would be sufficient to ensure that the public would be protected, even if conditions were imposed on her PCAQ and the Firm's audit certificate.
51. Furthermore, Ms Carey's level of engagement with ACCA has fluctuated over time and been inconsistent. The Committee had no confidence from the history that she would engage effectively with ACCA during any period in which conditions might be in place, despite her assurance that she is willing to work with conditions on her certificate. Her interaction and compliance with ACCA throughout the withdrawal application proceedings has been inadequate.
52. The Committee therefore concluded that the standard of Ms Carey's auditing poses an ongoing risk to the public, and that imposing conditions on her PCAQ and the Firm's audit certificate would be insufficient to manage that risk.
53. The Committee next considered whether to suspend Ms Carey's PCAQ and the Firm's audit certificate. Suspension would protect the public in the short term. However, given Ms Carey's poor audit history and the significant deficiencies identified at the May 2019 monitoring visit, the Committee was not satisfied that Ms Carey's audit work will improve to a satisfactory standard within an acceptable period of time and that the improvements will be

sustained in future. It therefore concluded that suspension would serve no useful purpose and was not an appropriate or proportionate regulatory order in the circumstances.

54. The Committee therefore decided that the only appropriate and proportionate course of action was to withdraw Ms Carey's PCAQ and the Firm's audit certificate. Ms Carey's PCAQ will be replaced with a practising certificate. Ms Carey will also be required to undergo training and pass a test of competence before being permitted to make an application to the ALC, with a view to undertaking further audit work in future.

### **ORDER**

55. The Committee made an order pursuant to Authorisation Regulations 6(16)(a)(ii) and 5(2)(f) that:

- i. Ms Carey's practising certificate with audit qualification and the Firm's auditing certificate be withdrawn and she be issued with a practising certificate; and
- ii. any future re-application for audit registration by Ms Carey, or by a firm in which she is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until she has provided an action plan, which ACCA regards as satisfactory, setting out how Ms Carey 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.

56. The Committee was mindful of the principle of proportionality, and it bore in mind that a regulatory order must be the minimum necessary to protect the public interest. It was also mindful that this order will impact upon Ms Carey's ability to work as an auditor. However, having balanced Ms Carey's interests with the public interest, the Committee was satisfied that withdrawal of Ms Carey's PCAQ and the Firm's audit certificate was the only order which would ensure that the public was protected, that confidence in the profession is maintained, and that proper audit standards are upheld.

57. Ms Carey's auditing standards fell far below the standards expected of a competent auditor at the fourth monitoring visit. Prior to this there has been a lengthy history of poor audit performance, no evidence of sustained improvements over a long period of time, and fluctuating engagement with ACCA. This order provides Ms Carey with an opportunity to undertake full audit training, and then demonstrate that she is capable of undertaking further audit work competently.
58. The Committee did not consider it necessary to direct that no future application for an audit certificate will be entertained for a specified period.

#### **EFFECTIVE DATE OF ORDER**

59. In accordance with Regulation 9(3) AR, this order shall not take effect until one of the following conditions has been met:
- (i) the period for making an appeal has expired without such an appeal having been made;
  - (ii) the appeal has taken place and the order to withdraw the relevant person's certificate has been confirmed; or
  - (iii) the appeal has been withdrawn.

#### **INTERIM ORDER**

60. Given that this order will not come into effect immediately, Mr Jowett invited the Committee to exercise its powers to re-constitute itself as an Interim Orders Committee, and to suspend Ms Carey's PCAQ and the Firm's audit certificate until the substantive order comes into effect.
61. Mr Jowett explained that there is currently an Interim Order in place, but it is due to expire within three days. He invited the Committee to rescind that order.

62. The Committee re-constituted itself as an Interim Orders Committee in accordance with AR 5(5). It rescinded the Interim Order which is currently in place.
63. The Committee was satisfied that an Interim Order is necessary to protect the public, given its findings set out above. The Committee decided that an order imposing conditions on the certificates would be insufficient to protect the public and would be inconsistent with its earlier findings.
64. The Committee decided that an Interim Order suspending Ms Carey's PCAQ and the Firm's audit certificates is proportionate and is the only order which will ensure the public is protected until the substantive order comes into effect.
65. This Interim Order will automatically expire after 18 months, unless, before that time,
  - (i) the period for making an appeal has expired without such an appeal having been made;
  - (ii) the appeal has taken place and the order to withdraw the relevant person's certificate has been confirmed; or
  - (iii) the appeal has been withdrawn.

## **PUBLICITY**

66. Ms Carey told the Committee that she did not wish to be named in any publicity. She explained that [Private].
67. The Committee had regard to ACCA's Guidance on Publicity, dated 01 January 2021, section 5: "statutory auditors practising and/or operating in Ireland". It was mindful that the default position is that ACCA's decisions will be published, and that there is a high threshold to justify not naming a member in any publicity.
68. Ms Carey had provided no evidence to support her submission. The Committee was not therefore persuaded that she had met any of the criteria

set out in paragraph 59 of the Guidance on Publicity, which would justify not naming her in any publicity.

69. The Committee therefore ordered that Ms Carey be named in any publicity in both the decision of this ALC, and in the decision of Interim Orders Committee.

**Mrs Suzan Matthews KC**  
**Chair**  
**19 October 2022**