

## REPORT OF THE REGULATORY ASSESSOR

### FOLLOWING AN UNSATISFACTORY OUTCOME TO AN AUDIT MONITORING REVIEW (SIXTH REVIEW)

The decisions and reasons of the Regulatory Assessor for the case of Mr L H Agulian FCCA and Leon Haig & Co referred to me by ACCA on 31 October 2022

**Audit qualified principal****Firm**

Mr L H Agulian FCCA

Leon Haig & Co Ltd

The report to the Regulatory Assessor by the compliance officer of ACCA 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 L H Agulian FCCA

**Registered address:**

112 Princes Garden  
London  
United Kingdom  
W3 0LJ

**Membership Number**

4228371

**Firm Number**

8005953

## 1. INTRODUCTION

1.1 Leon Haig & Co Ltd is the sole practice of ACCA member, Mr L H Agulian FCCA. The firm was reviewed on 14 and 15 March 2022. The purpose of the sixth review was to monitor the conduct of the firm's audit work. The review also included considering the firm's eligibility for registered auditor status and monitoring compliance with The Chartered Certified Accountants' Global Practising Regulations 2003 (GPRs).

## 2. BASIS AND REASONS FOR DECISION

I have considered the compliance officer's report, including ACCA's recommendation, together with related correspondence and evidence, concerning Mr Agulian's conduct of audit work.

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

- a) The firm and its principal have had six monitoring reviews.
- b) At the first review, on 12 February 1996, the firm's work appeared to be of a reasonable standard and the firm's procedures to be appropriate to its circumstances and the nature and size of its audit clients. Some deficiencies were found and these were communicated to the firm on 6 March 1996 and acknowledged by the firm on 17 March 1996.
- c) At the second review, on 5 February 2002, the compliance officer found that the firm's audit work had deteriorated. There were serious deficiencies in two of the three audit files inspected which resulted in audit opinions not being supported by the work performed and recorded. The outcome of this review was unsatisfactory. A report setting out these deficiencies together with guidance on how these remedies might be remedied were communicated to the firm on 14 February 2002 and acknowledged by the firm on 7 March 2002.
- d) At the third review, on 22 August 2005, the compliance officer found that the firm's work had improved, and the outcome of the review was satisfactory. Some deficiencies were found, and these were communicated to the firm on 3 October 2005 and acknowledged by the firm on 14 October 2005.
- e) At the fourth review, on 28 February 2012, the compliance officer found that the firm had not maintained the improvements to its audit procedures. There were serious deficiencies in one of the three audit files inspected which resulted in audit opinions not being supported by the work performed and recorded. The outcome of this review was unsatisfactory. A report setting out the deficiencies was sent to the firm on 5 April 2012, together with a warning from the compliance officer that failure to maintain a satisfactory standard of audit work may jeopardise the firm's audit registration. Mr Agulian responded on 3 May 2012 outlining his proposed actions, which ACCA found to be reasonable and no further action was taken.
- f) At the fifth review, on 18 February 2016, the compliance officer found that the standard of the firm's audit work had improved and all files inspected were of a satisfactory standard. Some deficiencies were found, and these were communicated to the firm on 29 March 2016 and acknowledged by the firm on 24 March 2016, together with an action plan outlining the action the firm was taking.
- g) At the sixth review, carried out on 14 and 15 March 2022, the firm had six limited company audit clients. Three of the audit clients were selected for inspection. The compliance officer found there had been little effective improvement to the firm's audit procedures. The firm had failed to implement the action plan it had committed to at the previous review. Its procedures were not adequate to ensure that it conducts all its audits in compliance with the International Standards on Auditing (UK) (ISAs). In addition, on one file, the firm had not used an audit programme and therefore had no means of controlling the required level of audit work. As a result, on the three files inspected, the audit opinions not adequately supported by the work performed and recorded
- h) Although the firm had a documented system of quality control policies and procedures that appeared to comply with the International Standard on Quality

Control (ISQC1) in most respects, these were not always effective, particularly in the areas of engagement performance and monitoring, in ensuring the firm conducted its audit work in compliance with International Standards on Auditing (UK).

- i) Mr Agulian and his firm have breached PR(13(1) in that they have failed to comply with the International Standards on Auditing (UK), in the conduct of their audit work. There were deficiencies in the planning, control and recording of audit work and in all three cases examined, the audit opinions were not adequately supported by the work performed and recorded.
- j) The above matters, give rise to serious concerns about Mr Agulian's ability and willingness to maintain a satisfactory standard of work despite the advice and warnings given at previous reviews.
- k) Mr Agulian has relinquished his practising certificate with audit qualification and his firm's audit certificate and has been issued with a practising certificate.

### **3. THE DECISION**

I note, as stated above, that Mr Agulian has relinquished his practising certificate with audit qualification and his firm's auditing certificate.

On the basis of the above I have decided, under my powers in Authorisation Regulations 7(2)(f), and pursuant to Authorisation Regulations 7(3)(b) and 7(4) that any future re-application for audit registration by Mr Agulian or 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 submitted an action plan, which ACCA regards as satisfactory, setting out how Mr Agulian intends to prevent a recurrence of the previous deficiencies, and, after the date of this decision, has attended a practical audit course, approved by ACCA.

### **4. PUBLICITY**

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

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Peter Brown FCCA, DChA  
Regulatory Assessor  
2 November 2022