

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

### **REASONS FOR DECISION**

**In the matter of:** Mr RW Williams and Appleby & Wood (London) Limited

**Heard on:** Tuesday, 21 November 2023

**Location:** Remote via Microsoft Teams

**Committee:** Mr Martin Winter (Chair)  
Mrs Jo Royden-Turner (Accountant)  
Ms Yvonne Walsh (Lay)

**Legal Adviser:** Ms Helen Gower (Legal Adviser)

**Persons present  
and capacity:** Ms Michelle Terry (ACCA Case Presenter)  
Ms Anna Packowska (Hearings Officer)

**Observers:** Ms Emma Bohane (FRC)

**Summary:** Audit certificates withdrawn with restrictions on future  
applications for admission

1. The Admissions and Licensing Committee convened to consider the appropriate order to make following an unsatisfactory outcome of a second audit monitoring review in respect of Appleby & Wood (London) Limited (“the firm”), which is the sole incorporated practice of ACCA member, Mr Williams.

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2. The hearing was conducted remotely through Microsoft Teams.
3. Ms Terry appeared for ACCA. Mr Williams attended the hearing and represented himself.
4. The Committee had considered the following documents: a Hearing bundle (pages 1-17), and a service bundle (p 1-15).

### **BRIEF BACKGROUND**

5. The background was outlined in ACCA's report for the Committee. The firm has 100 audit clients which include six limited companies, six charities, five credit unions, one pension scheme and a number of housing associations. A first monitoring review took place remotely between 8 October and 9 November 2020. The compliance officer informed the firm of serious deficiencies on three of the four audit files inspected which had resulted in the audit opinions not being adequately supported by the work performed and recorded. As a result, the outcome of the monitoring review was unsatisfactory. The report on the review set out the deficiencies and was sent to the firm on 16 November 2020. The compliance officer warned the firm in the concluding paragraph of the report that failure to rectify the deficiencies and make the necessary improvements by the time of the next monitoring review was likely to jeopardise the firm's continuing audit registration. The firm acknowledged receipt of the report in an email dated 16 December 2020 and provided an action plan detailing the action that it intended to take to rectify the deficiencies.
6. Between 18 and 21 July 2023, ACCA carried out a second monitoring review to monitor the conduct of the firm's audit work. Four of the firm's audit files were selected for inspection. The second monitoring review identified serious deficiencies in the audit work on the inspected files. The review also included confirming the firm's eligibility for registered auditor status and monitoring compliance with the Chartered Certified Accountants' Global Practising Regulations 2003 (GPRs).

7. The compliance officer found that the firm had made little effective improvement to its procedures. The firm had failed to implement the action plan it had committed to in response to the findings of the first monitoring review and its procedures were not adequate to ensure that it conducts all audits in accordance with the International Standards on Auditing (UK)(ISAs). On all four files inspected the compliance officer identified serious deficiencies in the audit work which had resulted in audit opinions not being adequately supported by the work performed and recorded. The review also identified deficiencies in quality control with reference to the International Standard on Quality Control (ISQC1) and the International Standard on Quality Management (ISQM 1). As a result, the outcome of the monitoring visit was unsatisfactory. The deficiencies identified by the compliance officer were discussed in detail with Mr Williams at the end of the monitoring review.
8. Ms Terry submitted that Mr Williams and the firm had failed to comply with the International Standards on Auditing (UK) in the conduct of audit work. There were deficiencies in the control and recording of audit work, and the audit opinions were not adequately supported by the work performed and recorded.
9. Ms Terry referred to the relevant standards by which to judge Mr Williams' audit work for the Committee's consideration. This follows the approach set out in PS9.4 of the Regulatory Board Policy Statement ('PS') and paragraphs 6.3.3 and 6.3.4 of the Regulatory Guidance.
10. Ms Terry submitted that permitting Mr Williams to retain his audit certificates would not be in the public interest and contrary to the presumption of competence explained in PS3.
11. Ms Terry submitted that the Committee should withdraw Mr Williams' audit qualification and his firm's auditing certificate and impose conditions on Mr Williams requiring him to pass a test of competence and attend a suitable practical CPD course before making any future reapplication for audit registration.

12. Ms Terry submitted that in the absence of sufficient, reliable and credible evidence to the contrary, the Committee should rely on the findings set out in ACCA's report as establishing, on the balance of probabilities, non-compliance with auditing standards, and determine the appropriate course of action in accordance with the PS and Regulatory Guidance.
13. Ms Terry reminded the Committee that PS 9.6 and paragraphs 7.2.2. and 7.23 of the Regulatory Guidance provide 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 reapplication.
14. Mr Williams provided the Committee with additional background on his involvement in the firm. He became principal of the firm in June 2019, and the firm then became a limited company in November 2020. Mr Williams accepted the non-compliance findings of the compliance officer and did not suggest that the proposed withdrawal of the auditing certificate would be inappropriate.

## **DECISION AND REASONS**

15. The Committee accepted the advice from the Legal Adviser. The panel were reminded that the burden of proving matters rests on ACCA and the burden is the civil standard of the balance of probabilities.
16. The Committee noted the relevant provisions of the Authorisation Regulations (AR) which set out the Committee's powers in a case such as this. AR5(2) provides that the Committee may, if in its absolute discretion it thinks fit, withdraw suspend or impose conditions upon a certificate on grounds including that "it is notified or becomes aware that a holder of a certificate or any of its partners, members, directors or controllers has committed a material breach of any of these regulations or any other rules and regulations or codes of practice to which they are subject (or were subject prior to 1 January 2014) in the carrying on of the activities to which the certificate relates or authorises;" AR 5(3) further provides that, in determining whether to exercise its powers

under AR5(2), the Committee shall have regard to such matters as it considers relevant.

17. Having adopted the above approach, the Committee found that Mr Williams and the firm have had two monitoring reviews and that both reviews had unsatisfactory outcomes. The Committee noted that there was no evidence provided of effective improvement in the firm's audit work following the first review. The Committee was satisfied that despite Mr Williams providing an action plan following the first review this had not proven effective in his reaching and sustaining a satisfactory standard of audit work. The Committee was satisfied that the firm has failed to achieve a satisfactory outcome at a second review in spite of the advice and warning given at the previous review.
18. The Committee considered that the regulatory risk was high. Mr Williams and the firm had ample time between the two monitoring reviews to ensure that the standard of audit work was sufficient and the lack of improvement between the two monitoring reviews indicated a lack of insight in respect of the deficiencies. The Committee was concerned that in the second monitoring report all four of files reviewed were assessed to be deficient which appeared to be a deterioration from the first monitoring review when one of the four files reviewed had met the requirements.
19. The primary focus of the Committee is the public interest, and this includes both protecting those who access audit services as well as the maintenance of proper professional standards of competence. The Committee was satisfied on the balance of probabilities that the findings set out in ACCA's report as establishing non-compliance with the requirements of relevant auditing standards have been made out. Therefore, Mr Williams and the firm had breached PR13(1) in that they failed to comply with the International Standards of Auditing (UK) in the conduct of audit work. In the absence of exceptional circumstances, the only appropriate and proportionate outcome was to withdraw the audit certificates, with conditions imposed on future reapplication.
20. The Committee therefore made an order pursuant to the Authorisation Regulations 6(16)(a)(ii) and 5(2)(f) that:

- i. Mr Williams' practising certificate with audit qualification and the firm's auditing certificate be withdrawn and they be issued with a practising certificate; and
- ii. Any future re-application for audit registration by Mr Williams, 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 Williams 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**

21. The Committee decided that the above order take place with immediate effect. Any other decision would be inconsistent with the Committee's finding that Mr Williams and the firm have been deemed not competent to carry out audit work.

#### **PUBLICITY**

22. The Committee noted the submissions made by Ms Terry including those concerning the Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR), which were not opposed by Mr Williams. The Committee noted that AR 6(14)(c)(i) indicates that all orders, suspensions and conditions relating to the certificate of the relevant person made by the Committee pursuant to 6(16)(a)(ii) to (iv) shall be published, together with the reasons for the Committee's decisions and the name of the relevant person, as soon as practicable. The Committee had regard to SATCAR regulations and to the Guidance on Publicity. The Committee decided that it was in the public interest for its decision to be published.

## **CONTINUITY**

23. Mr Williams informed the Committee that audit work for clients of the firm was ongoing and in various stages of progression. Mr Williams informed the Committee that his continuity nominee was Person A t/a Appleby and Wood.
24. In these circumstances, the Committee decided to exercise its discretion to make a further order pursuant to AR 6(18) that:
  - i. Mr Williams should request his continuity nominee to take responsibility for his practice that requires an audit qualification.

**Mr Martin Winter**  
**Chair**  
**21 November 2023**