

## HEARING

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

#### REASONS FOR DECISION

**In the matter of:** Mr Rajnikant Chhotabhai Patel & Inger & Company

**Heard on:** Thursday, 12 October 2023

**Location:** Remote via Microsoft Teams

**Committee:** HH Suzan Matthews KC (Chair)  
Dr David Horne (Accountant)  
Mr Nigel Pilkington (Lay)

**Legal Adviser:** Mr Robin Havard

#### Persons present

**and capacity:** Ms Michelle Terry (ACCA Case Presenter)  
Ms Lauren Clayton (Hearings Officer)

1. The Admissions and Licensing Committee convened to consider the appropriate order to make following an unsatisfactory outcome of a sixth audit monitoring review in respect of Inger and Company (“the firm”), which is the sole incorporated practice of ACCA member, Mr Rajnikant Chhotabhai Patel.
2. The hearing was conducted remotely through Microsoft Teams.
3. Ms Terry appeared for ACCA. Mr Patel was neither present nor represented.

#### ACCA



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## **PRELIMINARY APPLICATIONS**

### **SERVICE OF PAPERS**

4. The Committee had considered the following documents: a Hearing bundle (pages 1 to 19); an Additional bundle (pages 1 to 25); an Additional bundle 2 (pages 1 to 5), and a Service bundle (pages 1 to 17). The Committee had also considered legal advice which it had accepted.
5. The Committee had read the letter dated 14 September 2023 containing the Notice of Proceedings, sent on the same day by ACCA by email to Mr Patel. It had noted the subsequent emails sent to Mr Patel with the necessary link and password to enable Mr Patel to gain access to the letter and the documents relating to this hearing.
6. The Committee was satisfied that such emails had been sent to his registered email address in accordance with regulation 11 of the Authorisation Regulations 2014 as amended ("AR"). The Committee had noted that the emails had been delivered successfully. The emails and the documents to which Mr Patel had access also contained the necessary information in accordance with AR6.
7. Consequently, the Committee decided that there had been effective service of proceedings on Mr Patel in accordance with the AR.

### **PROCEEDING IN ABSENCE**

8. Having found that Mr Patel had been effectively served with proceedings, the Committee went on to consider whether it was appropriate to proceed in his absence, recognising that it had a discretion to do so under AR6(7).
9. On 25 September 2023, in the absence of any response from Mr Patel to the email of 14 September 2023, ACCA sent an email to Mr Patel at the registered email address asking him to indicate whether he intended to attend the hearing or whether he was content for the hearing to proceed in his absence, reminding

him of the date of hearing and of his ability to join the hearing by telephone or video link. The email had been delivered successfully.

10. On 29 September 2023, Mr Patel sent an email to ACCA. He attached some documentation to that email which are contained in the Additional bundle, and said the following:

*"I am unable to attend the hearing on 12 October and confirm that I am content for the Admissions and Licencing Committee to proceed in my absence."*

11. On 11 October 2023, ACCA sent an email to Mr Patel stating that, if he changed his mind and decided to attend the hearing, he should join by using the Microsoft Teams link provided.
12. The Committee was satisfied that ACCA had done all that it could reasonably be expected to do to engage Mr Patel in the hearing. The Committee concluded that Mr Patel was aware of the hearing date and its importance but he had confirmed that he consented to the hearing proceeding in his absence. He had not requested an adjournment.
13. The Committee was also satisfied that, taking account of the seriousness of the findings in ACCA's report, it was in the public interest to proceed. The Committee did not consider that any benefit would be derived in adjourning the hearing and, as stated, no such application had been made.
14. Finally, the Committee considered that it was in a position to reach proper findings on the evidence presented to it by ACCA. It would also take into account the documents provided by Mr Patel sent to ACCA as attachments to his email of 29 September 2023.
15. The Committee ordered that the hearing should proceed in the absence of Mr Patel. In doing so, the Committee recognised that there was no obligation for Mr Patel to attend and it would not draw any adverse inferences from his non-attendance.

## **INTRODUCTION**

16. Inger & Company ("the firm") is the sole practice of ACCA member, Mr Rajnikant Chhotabhai Patel FCCA. On 15 May 2023, ACCA carried out a sixth monitoring visit of Mr Patel and his firm. The purpose of this sixth monitoring review was to monitor the conduct of the firm's audit work. 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). References to a Practising Regulation (PR) are to the regulations in Annex 1 to the GPRs.
17. The firm had sixteen limited company audit clients and two charity audit clients. Two company audit files and a charity file were inspected. Some significant deficiencies were found in the audit work as set out in the appendix of detailed findings.

## **SUMMARY OF EVENTS**

### **History of monitoring reviews**

#### **First Monitoring Visit – 22 July 1998**

18. The first visit to the firm was carried out on 22 July 1998. The outcome of this visit was unsatisfactory, and the compliance officer informed the firm of serious deficiencies in audit work on two of the four files reviewed which had resulted in audit opinions not being adequately supported by the work performed and recorded. The report on the review set out these deficiencies and was sent to the firm on 10 August 1998. The firm acknowledged receipt of the report in a letter dated 13 October 1998 and advised that it had started to put in place the recommendations made.

### **Second Monitoring Visit – 15 October 2002**

19. At the second monitoring visit on 15 October 2002, the Compliance Officer found that serious deficiencies remained in the firm's audit work such that on all three of the files reviewed, the audit opinions were not adequately supported by the work performed and recorded. The matter was referred to the Admissions and Licensing Committee.

### **Admissions and Licensing Committee hearing – 25 March 2003**

20. At its meeting on 25 March 2003, the Committee ordered the following:
  - i) That Mr Patel have six audit files subject to 'hot review' by a registered auditor with another firm or a training company, with the reviewer being subject to ACCA approval;
  - ii) Notify ACCA within six weeks of the date of written notification of this decision of the identity of the registered auditor or training company referred to above;
  - iii) Be subject to an accelerated monitoring visit before 31 March 2005 at a cost to the firm;
  - iv) Failure to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by that time would jeopardise his and his firm's continuing audit registration.

### **Third Monitoring Visit – 6 April 2005**

21. At the third monitoring review ordered by the Admission and Licensing Committee carried out on 6 April 2005, the firm's audit work had improved and the visit was deemed satisfactory although several deficiencies remained in the audit evidence recorded. The report on the review set out these deficiencies and was sent to the firm on 13 May 2005. A further letter was sent to the firm

on 14 July 2005 advising that as the visit was satisfactory, the firm would be released from the terms of the Committee's previous order on audit and regulated work.

#### **Fourth Monitoring Visit – 8 June 2011**

22. The fourth monitoring visit to the firm was carried out on 8 June 2011. The overall outcome of the review was satisfactory, with all three files reviewed being of a satisfactory standard. However, some deficiencies were found and reported to the firm on 4 July 2011. The firm acknowledged receipt of the report in a letter dated 9 August 2011 and provided a response on the recommended future action required to be taken by the firm.

#### **Fifth Monitoring Visit – 23 May 2017**

23. At its fifth monitoring visit on 23 May 2017, the Compliance Officer found that the firm had maintained the standard of its audit work and all three audit files were found to be of a satisfactory standard although some deficiencies remained in the performance and recording of the audit work. The report on the review set out these deficiencies and was sent to the firm on 26 May 2017. The firm provided an action plan on 26 June 2017 detailing the action that it intended to take in order to improve its work.

#### **Sixth Monitoring Visit – 15 May 2023**

##### **Summary of findings of current review**

24. At the sixth monitoring review completed on 15 May 2023, the Compliance Officer found that the firm's audit work had deteriorated. The firm had failed to implement the action plan it had committed to in response to the findings of the previous monitoring review and its procedures were not adequate to ensure that it conducted all audits in accordance with the International Standards on Auditing (UK) (ISAs). As a result, on two of the three files examined, the audit opinion was not adequately supported by the work performed and recorded.

### **Quality control**

25. The firm had not put in place adequate policies and procedures designed to provide it with reasonable assurance that engagements were performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issued reports that were appropriate in the circumstances, as reflected in the findings of the audit file inspections.

### **Detailed findings on audit work**

26. The Committee had considered the details of the audit files examined and the deficiencies found as set out in an appendix attached to the report. The descriptions “satisfactory/unsatisfactory” were based on the evidence seen on the files at the review and was an assessment of whether or not the audit opinion was supported on each file inspected. The deficiencies highlighted in the appendix were discussed with Mr Patel at the end of the monitoring review.

### **Alleged breaches of the Global Practising Regulations**

27. ACCA alleged that, on the basis of its findings, Mr Patel and the firm had breached PR 13(1) in that they failed to comply with the International Standards on Auditing (UK) 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 opinions were not adequately supported by the work performed and recorded.

## **COMMITTEE'S ANALYSIS AND FINDINGS**

### **Detailed findings on audit work**

28. The Committee considered carefully the deficiencies found by the Lead Senior Compliance Officer who carried out the visit, Person A, on their review of audit files 1, 2 and 3 as particularised in the schedule attached to their report dated

16 June 2023. The Committee accepted Person A's evidence and found that the work undertaken on each file was deficient in the ways alleged. In relation to files 1 and 2, this led to an unsatisfactory outcome. In respect of file 3, notwithstanding that there were some deficiencies detected, Person A still considered the overall outcome to be satisfactory.

29. In his response to Person A's report, Mr Patel had made certain manuscript additions to the schedule and also added typed comments in respect of certain criticisms made in Person A's report.
30. However, Person A had considered the written submissions made by Mr Patel and confirmed that it did not alter the conclusions they had set out in their report.
31. Furthermore, in his document entitled, "Moving Ahead", Mr Patel stated, under the heading "Background":

*"Following the recent monitoring visit by the ACCA, it has become clear that we have been lacking in various areas – lacking in understanding, effective policies and procedures, robust internal controls, training and support to employees."*

32. Mr Patel then set out a plan to remedy those shortcomings, to include improvement in effective policies and procedures to ensure compliance with International Standards of Auditing ("ISA"), with reference in particular to ISAs 230, 300 and 500. The Committee had also noted the letter to Mr Patel from Professional Consulting for Professional Limited ("PCP") dated 11 September 2023 and the services and support proposed.
33. As stated, the Committee accepted the findings of Person A in respect of the shortcomings as set out in the schedule attached to their report regarding the audits of files 1, 2 and 3. Consequently, the Committee found that there had been non-compliance with ISAs 500, 210, 315, 300, 320, 530, 550, 560 and 570 for the reasons outlined in the schedule.



## **BREACHES OF THE GLOBAL PRACTISING REGULATIONS**

34. On the balance of probabilities, the Committee found that, in the circumstances, Mr Patel and the firm had breached PR 13(1) in that they failed to comply with the ISAs in the conduct of audit work. There were deficiencies in the planning, control and recording of audit work, and in files 1 and 2 of the three cases examined, the audit opinions were not adequately supported by the work performed and recorded. Indeed, in accepting the findings of Person A, the Committee found that Mr Patel and his firm had failed to meet the requirements of multiple ISAs.

## **SUMMARY OF FACTS**

35. In summary, ACCA submitted, and the Committee found, as follows:
- i) Mr Patel and the firm have had six monitoring visits;
  - ii) The first, second and sixth visits had unsatisfactory outcomes;
  - iii) The firm was referred to the Admissions and Licensing Committee following its second visit;
  - iv) Mr Patel provided an action plan following the fifth visit. This had not proven effective in sustaining a consistent satisfactory standard of audit work;
  - v) The firm had failed to achieve a satisfactory outcome at the sixth visit in spite of the advice and warnings given at the previous visits.
36. The Committee heard submissions from Ms Terry on behalf of ACCA. Ms Terry referred to Authorisation Regulations 5(2)(f). In the initial report, it was submitted that Mr Patel and his firm were guilty of material breaches of the International Standards on Auditing. The initial recommendation of ACCA was that the Committee should make an order withdrawing Mr Patel's audit

qualification and the firm's audit certificate and to require Mr Patel to undertake a test of competence prior to making any application for a new certificate.

37. However, the Committee noted that, in his email of 5 October 2023, Person A had revised their recommendation. They stated as follows:

*"I have reviewed the attachments provided by Mr Patel.*

*Attachments 2 and 3 do show intent from the firm to improve the quality of their audit work going forward. They are coming off the back of 3 satisfactory monitoring visits, but the regulatory guidance indicated a referral to ALC based on a previous unsatisfactory outcome.*

*Having reviewed the responses in attachment 4, which weren't presented in the closing meeting with the client where they accepted the points raised, the firm is only partially responding to the deficiencies raised on the two unsatisfactory files. The points are not enough that had they presented these during the visit, would have overturned the visit outcome from unsatisfactory.*

*We have had discussions considering time spent between unsatisfactory monitoring reviews, and noted the last unsatisfactory visit was in 2002. My direction to the Committee would be an accelerated monitoring visit." (sic)*

38. Ms Terry confirmed that, in accordance with Person A's submission, ACCA now recommended that Mr Patel and Inger & Co should be made the subject of an accelerated monitoring visit as opposed to the withdrawal of Mr Patel's audit qualification and Inger & Co's audit certificate.
39. This was based on the assurances provided by Mr Patel in his document entitled "Moving Ahead" and the training, mentoring and audit review proposed in the letter from PCP dated 11 September 2023.
40. Ms Terry stated that ACCA had also taken account of Mr Patel having obtained appropriate levels of professional indemnity. ACCA had also considered the lapse of time since the last unsatisfactory visit and the issues of fairness and

proportionality. Ms Terry considered that a condition requiring an accelerated visit would be sufficient to protect the public.

41. The Committee had considered carefully the submissions made by Ms Terry and the documents submitted by Mr Patel regarding the steps that he would now take to make sure that audit work undertaken by him and his firm was maintained at the required standard to ensure the protection of the public. The Committee agreed that an accelerated visit would be a proportionate response to the deficiencies identified. Nevertheless, the Committee considered it was necessary to include a condition attached to the order that ensured Mr Patel and Inger & Co received the level of support proposed by PCP in its letter of 11 September 2023.
42. Subject to such a condition being imposed, and for all of the above reasons, the Committee was satisfied that under AR5(2)(f) and AR6(16)(a)(iv), it was necessary and proportionate to make the following order.

### **ORDER**

43. The Committee made the following order pursuant to Authorisation Regulations 6(16)(a)(iv) and 5(2)(f) that Mr Rajnikant Chhotabhai Patel and Inger & Co be required to:
  - i) Submit to ACCA within 14 days of receiving this order a signed agreement between Mr Patel and Proactive Consulting for Professional Limited ("PCP") for the provision of the services and support as outlined in the letter from PCP dated 11 September 2023;
  - ii) Be subject to an accelerated monitoring visit before 15 May 2024 at a cost to the firm (plus VAT at the prevailing rate) of £1,200 and £500 for each additional audit qualified principal; and
  - iii) Note that failure to make the necessary improvements in the level of compliance with auditing standards by that time will jeopardise their and their firm's continuing audit registration.

## **PUBLICITY**

44. The Committee heard submissions from Ms Terry on behalf of ACCA. It had regard to the SATCAR regulations and to the Guidance on Publicity. The Committee could not identify any reason which would prevent it from ordering that the orders should be publicised in the usual way. The Committee determined that the public interest in publication of its decision and reasons outweighed Mr Patel's interests and therefore made no order restricting publicity.

## **EFFECTIVE DATE**

45. On the application of ACCA, the Committee was satisfied that, in order to comply with the rules, it was necessary and in the public interest for the Order to take immediate effect.

**HH Suzan Matthews KC**  
**Chair**  
**12 October 2023**