

The decision and reasons of the Regulatory Assessor for the case of Mr J R Cobley FCCA and Mr A P Hasker FCCA and Cobley Desborough Limited referred to him by ACCA on 14 November 2023.

Introduction

1. Cobley Desborough Limited is the incorporated practice of ACCA members, Mr J R Cobley FCCA, Mr A P Hasker FCCA, Mr A S Dunkley FCCA and Mr T Cobley FCCA. Mr J R Cobley and Mr A P Hasker are the audit qualified principals of the firm. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr J R Cobley's and Mr Hasker's conduct of audit work.

Basis and reasons for the decision

2. I have considered all of the evidence in the booklet sent to me, including related correspondence and the action plan prepared and submitted by the firm since the monitoring visit.
3. In reaching my decision, I have made the following findings of fact:
 - a The firm has been the subject of nine audit quality monitoring reviews;
 - b At its first monitoring review held during January 1992, the firm was a partnership between Mr R K Cobley and Mr P Desborough FCCA. The Compliance Officer informed the firm of serious deficiencies in audit work which had resulted in audit opinions not being adequately supported by the work performed and recorded. As a result, the outcome of review was unsatisfactory. The report on the review set out these deficiencies and was sent to the firm in February 1992;
 - c At its second review held during October 1994, Mr Hasker had become a principal in the firm. The Compliance Officer found that on the files inspected whilst the overall compliance with auditing standard was satisfactory, some deficiencies were found in the performance and recording of the audit work. The report setting out the deficiencies found was sent to the firm in October 1994;
 - d At the third monitoring review held during March 2000, the Compliance Officer informed the firm of serious deficiencies in audit work which had resulted in the

audit opinions on two of the four files inspected not being adequately supported by the work performed and recorded. As a result, the outcome of review was unsatisfactory. The report on the review set out these deficiencies and was sent to the firm in April 2000;

- e At the fourth review held during October 2003, the principals of the firm were Mr R K Cobley, Mr A P Hasker and Mr A K Robins. The Compliance Officer found that the firm had made no effective improvement to its procedures. As a result, on two of the five files inspected the audit opinion was not adequately supported by the work performed and recorded. Following this review, the firm was referred to the Admissions and Licensing Committee;
- f At its meeting held during April 2004 the Admissions and Licensing Committee agreed to make an order pursuant to Authorisation Regulation 5(1)(f) that Messer Cobley, Hasker and Robins be required to:
 - i Have five audit clients, selected by the Monitoring Unit, and all other work in respect of reports to any regulatory body reviewed by a training company before reports are signed, such training company 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 in I above;
 - iii Be subject to an accelerated monitoring visit before 31 March 2006 at a cost to the firm of £700 and £250 for each additional audit qualified principal; and;
 - iv Note that a failure to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by that time will jeopardise his and his firm's continuing audit registration.
- g At the fifth review held during March 2006, the Compliance Officer found that the firm had significantly improved its audit procedures. Although some deficiencies remained in the audit work, overall, the outcome was satisfactory. The report was

sent to the firm in March 2006 releasing the firm from the terms of the Committee's order on audit work;

- h At its sixth review held during March 2010, the Compliance Officer found that on two audit files inspected whilst the overall compliance with auditing standards was satisfactory, some deficiencies were found in the performance and recording of the audit work. The report setting out the deficiencies found was sent to the firm in April 2010;
- i The seventh review held during February 2016 to the incorporated practice, Cobley Desborough Limited. Mr R K Cobley, Mr A P Hasker and Mr J R Cobley were the audit qualified principals of the firm. At this review, the Compliance Officer found the audit work was not of a consistent standard. Although the overall outcome of the visit was satisfactory, on one of the four files inspected, the opinion was not adequately supported by the work performed and recorded. The report set out deficiencies found and was sent to the firm in March 2016. In the concluding paragraph the Compliance Officer informed the firm that it was expected that the firm would have rectified the deficiencies before the next monitoring review and that failure to do so may jeopardise the firm's continuing audit registration. The firm acknowledged receipt of the report in April 2016 and provided an action plan dated May 2016 detailing the action that the firm intended to take in order to rectify the deficiencies found;
- j At its eighth review held during September 2018, the Compliance Officer informed the firm that on one of the three files inspected, the audit work was not of a satisfactory standard. As a result, the outcome of review was unsatisfactory. The report on the review set out these deficiencies and was sent to the firm in September 2018. In the concluding paragraph the Compliance Officer again warned the firm that it was expected that the firm would have rectified the deficiencies before the next monitoring review and that failure to do so may jeopardise the firm's continuing audit registration. The firm acknowledged receipt of the report in October 2018 and provided an action plan detailing the action that the firm intended to take in order to rectify the deficiencies found;
- k At its ninth review which was carried out during September and October 2023, the Compliance Officer found that the firm had not made any effective improvements

to its procedures. On two of the three files inspected there were serious deficiencies in the work recorded in the key areas resulting in the audit opinions not being adequately supported. As a result, on two of the three files examined, the audit opinion was not adequately supported by the work performed and recorded;

- l The firm has had nine monitoring reviews; Mr A P Hasker was an audit principal at eight monitoring reviews and Mr J R Cobley three;
- m Five out of nine monitoring reviews to the firm had unsatisfactory outcomes;
- n Of the five unsatisfactory monitoring reviews Mr Hasker was an audit principal for four and Mr Cobley two;
- o The firm provided an action plan following the seventh and eighth reviews: these action plans have not proven ineffective in the firm attaining and sustaining a satisfactory standard of audit work;
- p The firm and the principals had failed to achieve a satisfactory outcome in spite of the advice and warnings given at the previous reviews.

The decision

4. I note that Mr J R Cobley and Mr A P Hasker have relinquished their practising certificate with audit qualification and the firm's auditing certificate. On the basis of the above I have decided pursuant to Authorisation Regulations 7(3)(b) and 7(4) that any future re-application for audit registration by Mr J R Cobley or Mr A P Hasker or by a firm in which either is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until they have provided an action plan, which ACCA regards as satisfactory, setting out how Mr J R Cobley or Mr A P Hasker intends to prevent a recurrence of the previous deficiencies and attended a practical audit course, approved by ACCA and, following the date of this decision, passed paper P7 (or the equivalent advanced level audit paper) of ACCA's professional qualification.

Publicity

5. Authorisation Regulation 7(6) indicates that all conditions relating to the certificates of Mr J R Cobley and Mr A P Hasker and their firm made under Regulation 7(2) may be published as soon as practicable, subject to any directions given by me.

6. I have considered the submissions, if any, made by Mr J R Cobley and Mr A P Hasker 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 or the omission of the names of Mr J R Cobley and Mr A P Hasker and their firm from that publicity.

7. I therefore direct pursuant to Authorisation Regulation 7(6)(a), that a news release be issued to ACCA's website referring to Mr J R Cobley and Mr A P Hasker and their firm by name.

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David R Sloggett FCCA
Regulatory Assessor
12 January 2024