

The decision and reasons of the Regulatory Assessor for the case of Mr Steven Lucey FCCA and Lucey & Associates referred to him by ACCA on 09 January 2024

Introduction

1. Lucey & Associates is the sole practice of ACCA member, Mr Steven Lucey FCCA. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Lucey'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 had three audit quality monitoring reviews;
 - b At its first monitoring review held in January 2013, the compliance officer informed the firm of deficiencies in audit work which had resulted in audit opinions not being adequately supported by the work performed and recorded. The report set out these deficiencies and was sent to the firm in February 2013. As this was the firm's first review, an action plan was requested from the firm. The firm acknowledged receipt of the report in a letter dated March 2013 and provided a detailed plan describing the action that the firm was taking. This included the implementation of a cold file review procedure to be undertaken by an external provider and making changes to the audit documentation templates. The action plan was accepted as satisfactory by ACCA.
 - c At the second monitoring review held in July 2019, the firm had improved its audit procedures and the audit work on the file reviewed supported the audit opinion issued. The report set out the remaining deficiencies and was sent to the firm in August 2019. The firm prepared an action plan to explain how it intended to address the deficiencies identified to further improve the standard of its audit work and ACCA considered it to be satisfactory.

- d At the third review which was carried out remotely between October 2023 and December 2023 the compliance officer found that the firm had not maintained the standard of its audit work. Its procedures were not sufficiently applied to ensure that it conducted all audits in accordance with the International Standards on Auditing (Ireland) (ISAs). The firm was using a standard audit programme on all audits, but it was not tailoring and applying this to ensure that it met the needs of the audit of each client. As a result, on all three files examined the audit opinion was not adequately supported by the work performed and recorded. The firm does not have adequate documented procedures to comply with ISQM 1. This standard requires firms to document their quality control policies and procedures. These should include leadership responsibilities for quality, compliance with the ethical requirements, engagement acceptance and continuance, human resources, engagement performance and monitoring. Although the firm had purchased a procedures manual for ISQM 1, it has not sufficiently completed the risk assessment process and tailored the template manual to the circumstances of the firm and it is not effective in ensuring compliance with ISQM 1, as reflected in the general standard of the firm's audit work on the files inspected.
- e Mr Lucey provided action plans following the previous reviews. but these action plans have not proven effective in sustaining a satisfactory standard of audit work.
- f The firm has failed to achieve a satisfactory outcome at a third review despite the advice and warnings given at the previous reviews.

The decision

- 4. On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f) and 7(3)(b) that Mr Lucey should be required to:
 - i. Be subject to an accelerated monitoring visit before April 2025 at a cost to the firm of £1,200 and £500 (plus VAT at the prevailing rate) for each additional audit qualified principal; and
 - ii. Note that 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.

Publicity

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

David Sloggett FCCA
Regulatory Assessor
04 March 2024