

**The decision and reasons of the Regulatory Assessor for the case of Mr Jonathan H C Spurling FCCA and Spurling Cannon Audit Limited referred to him by ACCA on 08 December 2023**

**Introduction**

1. Spurling Cannon Audit Limited is the incorporated practice of ACCA member, Mr Jonathan H C Spurling FCCA. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Spurling'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 This was the fifth monitoring review to Mr Spurling. The first four reviews were to his firm Spurling Cannon Limited where he was the audit-qualified principal with Mr M D Studham FCCA. The purpose of this fifth monitoring review to the principal was to monitor the conduct of his firm's audit work;
  - b At the first review in March 2008 the compliance officer informed the firm of the serious deficiencies found in the recording of audit work on one of the four files inspected which had resulted in the audit opinion not being adequately supported by the work performed and recorded. The report on the review was sent to the firm in April 2008 and set out these deficiencies and contained guidance on how the firm might remedy the deficiencies found and warned the firm that failure to make the improvements may jeopardise the firm's continuing audit registration. The firm acknowledged receipt of the report in a letter dated May 2008;
  - c At the second review in March 2010 the compliance officer found that the firm had made some significant improvements in its audit work. As a result, the audit files inspected were all of a satisfactory standard although some deficiencies remained. The report on the review was sent to the firm in March 2010 and set out all of the deficiencies found and contained guidance on how the firm might remedy the

deficiencies and again warned the firm that failure to maintain a satisfactory standard of audit work may jeopardise its continuing audit registration. The firm acknowledged receipt of the report in a letter dated April 2010;

- d The third review to the firm took place in August 2014. At the review the compliance officer found that the standard of the firm's work had seriously deteriorated. The firm's procedures were not adequate to ensure that it conducts all audits in accordance with the International Standards on Auditing (UK & Ireland) (ISAs). There were a number of serious deficiencies in the planning, controlling and recording of audit work, the sufficiency of audit evidence and the evaluation of the overall presentation of the financial statements. As a result, on all the audit files examined the audit opinion was not adequately supported by the work performed and recorded. The firm was informed that the outcome of the third review was to be referred to the Regulatory Assessor ("Assessor") in a letter dated July 2015, with a copy of a draft report to the Assessor enclosed. The firm acknowledged receipt and provided a revised action plan describing in detail the action that it was taking in July 2015. However, due to delays in referring the outcome of the review to the Assessor as a result of the revisions of the regulation surrounding the publicity of the Assessors' decisions taking place during that period and given the length of time that had passed since the review, ACCA decided that it was no longer considered appropriate to refer the review outcome to the Assessor. Instead, since the firm had completed a satisfactory action plan, ACCA decided to carry out an early review in 2017 in accordance with its normal procedures for firms that have unsatisfactory outcomes to monitoring reviews but are not referred for regulatory action. This was communicated to the firm in a letter dated October 2016;
- e At the fourth review in November 2017 the compliance officer found that the audit work was not of a consistent standard. Although the overall outcome of the review was satisfactory, on one of the three audit files inspected, the opinion was not adequately supported by the work performed and recorded. The report on the review set out deficiencies found and was sent to the firm in December 2017. The compliance officer warned the firm that failure to achieve and maintain a consistent satisfactory standard of audit work may jeopardise the firm's continuing audit registration. The firm acknowledged receipt of the report and provided a detailed action plan in August 2018;

- f The current review was to Mr Spurling's incorporated practice, Spurling Cannon Audit Limited. At this review, which was carried out remotely during November 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;
- g Three out of five monitoring reviews to the audit principal had unsatisfactory outcomes. There was some improvement to the standard of audit work at the second and fourth reviews, but many of deficiencies reported at the other reviews remained;
- h The firm provided an action plan following the fourth review: This action plan has not proven effective in the firm attaining and sustaining a satisfactory standard of audit work;
- i 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. On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f) and 7(3)(b) that Mr Spurling should be required to:
  - i. Be subject to an accelerated monitoring visit before November 2024 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 Spurling 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 Spurling 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 Spurling 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 Spurling and his firm by name.

**David Sloggett FCCA**  
**Regulatory Assessor**  
**04 March 2024**