

APPLICATION ON PAPERS

CONSENT ORDERS CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	Mr Pravinkumar Shah
Considered on:	Monday, 04 November 2024
Location:	Remotely via Microsoft Teams
Chair:	Ms Kathryn Douglas
Legal Adviser:	Mr Ashraf Khan
Outcome:	Reprimand
Costs:	£3,116.00

INTRODUCTION

1. The Chair has considered a draft Consent Order, signed by a signatory on behalf of the ACCA on 28 October 2024, together with supporting documents in a bundle numbering pages 1-276.
2. When reaching her decision, the Chair has referred to the requirements of Regulation 8 of the Complaints and Disciplinary Regulations 2014 (as amended) (“CDR8”) and considered the ACCA’s documents entitled “Consent Orders Guidance” and “Consent Orders Guidance FAQs”.
3. The Chair was satisfied that Mr Shah was aware of the terms of the draft Consent Order and that it was being considered today. He had signed the Order on 25 October 2024.
4. The Chair was also satisfied that Mr Shah was aware that he could withdraw his agreement to the signed draft Consent Order by confirming the withdrawal in writing. No such withdrawal has been received.

APPLICATION ON PAPERS

5. The Investigating Officer had concluded an investigation into the allegation against Mr Shah in accordance with CDR8(1)(a) and was satisfied that:
 - They had conducted the appropriate level of investigation as evidenced by the enclosed evidence bundle and determined that there was a case to answer against Mr Shah, and that there was a real prospect of a reasonable tribunal finding the allegations proved; and
 - The proposed allegation was unlikely to result in exclusion from membership.
6. The relevant facts, failing and/or breaches have been agreed between the parties, together with the proposed sanction and costs.

ALLEGATION 1

Mr Pravinkumar Shah, an ACCA member admitted the following:

Between 9 December 2009 and 8 May 2022, Mr Pravinkumar Shah, an ACCA Fellow:

1. Failed to document Pravin Shah & Co's quality control policies and procedures as required by International Standard on Quality Control 1 (ISQC 1):
2. Failed to cooperate with ACCA in its monitoring and enforcement of compliance in accordance with Global Practising Regulation 14(3) and Global Practising Regulation 13(1) Annex 1, Appendix 1 insofar as he failed to address the matters as referred to in allegation 1 above.
3. By reason of his conduct, Mr Pravinkumar Shah is:
 - (a) guilty of misconduct pursuant to bye-law 8(a)(i) in respect of allegations 1 and 2 above; and/or

APPLICATION ON PAPERS

- (b) Liable to disciplinary action pursuant to bye-law 8(a)(iii) in respect of allegation 2 only.

BRIEF FACTS

7. A summary of the key facts is set out below:
- Mr Shah became a member of ACCA on 17 May 1979 and a Fellow of ACCA on 17 May 1984. He is the Sole Practitioner and Director of Pravin Shah & Co (“the firm”) and has held a Practising Certificate with Audit Qualification (“PCA”) from 1 January 1998 until 13 November 2000, and then from 30 December 2003 until 13 July 2022, when he moved to a General Practising Certificate (“PCG”). The firm held a firm’s auditing certificate from 1 October 1991 until 9 February 2001, when he surrendered it, and then again from 30 December 2003 until June 2022.
 - The firm is subject to audit monitoring visits by ACCA. ACCA conducted audit monitoring visits on the firm in 2009, 2015 and 2021. On each of these monitoring visits, it was found that the firm had not carried out a review of its procedures to ensure that they complied with the requirements of ISQC 1. If a firm holds an auditing certificate with ACCA, even if it does not hold audit appointments, there is a requirement for that firm to comply with ISQC 1 and have written procedures in place.
 - At the audit monitoring visit in 2009, it was confirmed that the firm did not hold any audit appointments and only had two solicitor clients on which the firm issued reports to the Solicitors Regulation Authority. The visit found that the firm had not carried out a review of its procedures to ensure that these complied with the requirements of ISQC 1 and that it should do so. An audit monitoring report was sent to Mr Shah on 26 January 2010, which stated that it expected the firm will have dealt with the matters set out in the report before the next monitoring visit. This included dealing with the requirements

APPLICATION ON PAPERS

set out on the ISQC1, which is for firms to document their quality control policies and procedures in relation to audit and assurance assignments.

- At the next audit monitoring visit held on 4 August 2015, it was confirmed that the firm did not hold any audit appointments, and only had one solicitor client on which the firm issued a report to the Solicitors Regulation Authority. However, despite the previous monitoring visit in 2009, the firm had still not documented its quality control policies and procedures in accordance with the requirements set out under ISQC1. The audit monitoring report sent to Mr Shah on 17 August 2015 stated that it was expected that the firm would have rectified the identified deficiencies before the next monitoring visit.
- On 17 November 2021, in an ACCA Compliance Review Questionnaire, Mr Shah confirmed that the firm had no written procedures in place that complied with ISQC 1.
- On 29 November 2021, the report to the firm on the findings of the Compliance Review directed that the firm should submit a copy of the firms ISQC 1 procedures or confirmation that the firm had surrendered its auditing certificate. The report also stated that notwithstanding that the firm did not hold any audit appointments, ISQC 1.8 requires that these quality control policies and procedures should be documented. The report stated that the firm had not yet documented its procedures in accordance with ISQC 1. The report advised Mr Shah that the firm was advised of this at the previous two monitoring visits.
- On 7 December 2021, the Compliance Officer in ACCA's Monitoring Department emailed Mr Shah a copy of the report summarising her findings which included reference to a lack of compliance of ISQC 1 and requested his response by 23 December 2021.
- On 21 January 2022, the Compliance Officer emailed Mr Shah and directed him to address outstanding matters, including providing a copy of the firm's

APPLICATION ON PAPERS

ISQC 1 procedures or confirmation that the firm had surrendered its auditing certificate by 4 February 2022.

- On 23 March 2022, the Compliance Officer once again emailed Mr Shah seeking the above confirmation by 30 March 2022 and reminding him of his obligation to cooperate with the monitoring process in accordance with Global Practising Regulation 14.
- Mr Shah responded on 11 April 2022, saying that he was dealing with the issues raised and highlighting that he had stopped auditing five years previously and had not renewed his auditing certificate in December 2021.
- On 28 April 2022, the Compliance Officer emailed Mr Shah and confirmed that he still appeared to hold a firm's auditing certificate and would need to have ISQC1 procedures in place.
- On 8 May 2022, Mr Shah confirmed that he had requested a downgrade to a PCG at the time of his 2022 renewal, thereby removing the requirement for his firm to have ISQC 1 procedures in place. The Authorisations Team have confirmed that Mr Shah requested to downgrade his PCA to PCG surrender his FAC in 2022, but this wasn't actioned until June 2022.
- On 10 June 2022, the Compliance Officer confirmed with Mr Shah that his ISQC 1 procedures were still outstanding but suggested that once ACCA had confirmation that he no longer had an auditing certificate, then this issue should be resolved. On 13 June 2022, Mr Shah's downgrade of his PC was processed and his FAC was surrendered at the same time.

DECISION ON ALLEGATIONS AND REASONS

8. In accordance with Regulation 8 of the CDR, the Chair has the power to approve or reject the draft Consent Order or to recommend amendments. The Chair can only reject a signed draft Consent Order if she is of the view that the admitted breaches would more likely than not result in exclusion from membership.

APPLICATION ON PAPERS

9. The Chair was satisfied that there was a case to answer and that it was appropriate to deal with the complaint by way of Consent Order. The Chair considered that the Investigating Officer had followed the correct procedure.
10. The Chair considered the bundle of evidence. Based on the documentary evidence, the findings of ACCA, together with the admission of the allegation by Mr Shah, the Chair found the allegations pursuant to bye-law 8(a)(vi) proved.

SANCTION AND REASONS

11. In deciding whether to approve the proposed sanction of a reprimand, the Chair considered the Guidance to Disciplinary Sanctions (“the Guidance”). This included the key principles relating to the public interest, namely: the protection of members of the public; the maintenance of public confidence in the profession and in ACCA, and the need to uphold proper standards of conduct and performance. The Chair also considered whether the proposed sanction was appropriate, proportionate, and sufficient.
12. In deciding that a reprimand was the most suitable sanction, paragraphs C3.1 to C3.5 of ACCA’s Guidance have been considered. The Chair concluded no lesser sanction is appropriate and agreed with the following aggravating and mitigating factors identified by ACCA:

Aggravating:

- The conduct which led to Mr Shah being referred by ACCA’s Monitoring Department to its Professional Conduct Department fell below the standards expected of a qualified ACCA member. As such his conduct has brought discredit upon himself, ACCA and the accountancy profession.
- The length of time during which the conduct occurred and the repeated reminders by the Monitoring Department for Mr Shah to put ISQC 1 procedures in place.

APPLICATION ON PAPERS

Mitigating

- At the time of the monitoring visits, Mr Shah had no audit clients and was not conducting any audit work (bar one or two solicitor clients up to 2015).
- Mr Shah has complied with the directions and advice provided by ACCA and no longer holds a PCA/FAC.
- The conduct is unlikely to be repeated and throughout his involvement with the Monitoring Department Mr Shah has engaged fully with them.
- Mr Shah has shown insight by making admissions in relation to his conduct.
- Mr Shah has acknowledged his failings and apologised for the events which led to the complaints soon after the complaints were brought to his attention, and further, he sought to put right the conduct complained of.
- The consequences of Mr Shah's conduct have not caused material distress, inconvenience or loss.
- There does not appear to be any continuing risk to the public. Mr Shah has relinquished his PCA in 2022 and he has not conducted any audits since nor issued any audit reports in the intervening period.
- There has been no or very little adverse consequence.
- At the time of the 2015 monitoring visit, ACCA did not point out this issue to Mr Shah in their follow-up correspondence, nor was it mentioned in the covering letter to Mr Shah following the monitoring visit in 2009. Therefore, the investigation has not found evidence suggesting Mr Shah's conduct was in deliberate disregard of his professional obligations.

APPLICATION ON PAPERS

13. The Chair considered that both the aggravating and mitigating factors identified by ACCA were supported by documentary evidence and were relevant.
14. In the Chair's view, the public interest would not be served by making no order or an admonishment. The Chair was satisfied that the sanction of reprimand was proportionate and sufficient. In the Chair's view, an order excluding Mr Shah from the Register of Members or for a severe reprimand would be disproportionate outcomes and therefore a Disciplinary Committee would be unlikely to make such orders.

COSTS AND REASONS

15. The Chair is satisfied Mr Shah is able to pay costs as agreed in the proposed Consent Order.
16. The ACCA is entitled to its costs in bringing these proceedings. The claim for costs in the sum of £3,116.00 which has been agreed by Mr Shah appears appropriate.

ORDER

17. The Chair approved the terms of the attached Consent Order. In summary:
 - **Mr Shah shall be reprimanded.**
 - **Mr Shah shall pay costs of £3,116.00 to ACCA.**

Ms Kathryn Douglas
Chair
04 November 2024