

CONSENT ORDERS HEARING

CONSENT ORDERS CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	Mr Ray Wesley Williams
Meeting on:	Thursday, 7 August 2025
Location:	Held remotely by video conference
Chair:	Mr David Tyme
Legal Adviser:	Mr Andrew Granville Stafford
Outcome:	Consent order approved

INTRODUCTION

1. This matter has been referred to a Chair of the Disciplinary Committee of ACCA ('the Chair') pursuant to Regulation 8(8) of the Complaints and Disciplinary Regulations ('CDR') to determine on the basis of the evidence before him whether to approve the draft consent order. Under CDR 8(8), a consent order is made by a Chair of the Disciplinary Committee in the absence of the parties and without a hearing.
2. The Chair had before him a Consent Order Draft Agreement, an Evidence Bundle, a bundle of Emails and Relevant Correspondence with Member and two Costs Schedules.

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CONSENT ORDER DRAFT AGREEMENT

3. The Consent Order Draft Agreement was signed by Mr Williams on 18 July 2025 and by a representative of ACCA on 21 July 2025. It reads as follows.

'The Association of Chartered Certified Accountants (ACCA) and Mr Williams (the Parties), agree as follows:

1. *Mr Williams admits the following:*

Allegation 1

- a. *Mr Williams, on behalf of his firm [Company A], breached the ACCA's Fundamental Principle of Professional Competence and Due Care (2021) in that he: failed to act diligently and in accordance with applicable technical and professional standards when providing the audit opinion included in the Audit Report for his client, for the year ended 31 March 2020. Mr Williams failed to sufficiently reflect his understanding of the entity, and he failed to document sufficient appropriate audit evidence when assessing restricted funding received by his client, as required under the International Standards on Auditing (UK).*
- b. *Mr Williams, on behalf of his firm [Company A], breached the ACCA's Fundamental Principle of Professional Competence and Due Care (2021) in that he: failed to act diligently and in accordance with applicable technical and professional standards when providing the audit opinion included in the Audit Report for his client, for the year ended 31 March 2021. Mr Williams failed to sufficiently reflect his understanding of the entity, and he failed to document sufficient appropriate audit evidence when assessing restricted funding received by his client as required under the International Standards on Auditing (UK).*
- c. *Mr Williams, on behalf of his firm [Company A], breached the ACCA's Fundamental Principle of Professional Competence and Due Care (2022) in that he: failed to act diligently and in accordance with applicable technical and professional standards when providing the audit opinion included in the Audit Report for his client, for the year*

ended 31 March 2022. Mr Williams failed to sufficiently reflect his understanding of the entity, and he failed to document sufficient appropriate audit evidence when assessing restricted funding received by his client, as required under the International Standards on Auditing (UK).

d. Is, by virtue of the facts above, guilty of misconduct pursuant to bye-law 8(a)(i).

- 2. That Mr Williams shall be reprimanded and shall pay costs to ACCA in the sum of £3,200.'*
4. The relevant background and facts are set out in an appendix to the agreement which reads as follows.

'Relevant Facts, Failings and/or Breaches

The investigating officer has conducted their investigation into the allegations against Mr Williams in accordance with Regulation 8(1)(a) of the Complaints and Disciplinary Regulations (CDR) (2019) and is satisfied that:

- a. they have conducted the appropriate level of investigation as evidenced by the enclosed evidence bundle, and determined that there is a case to answer against Mr Williams and there is a real prospect of a reasonable tribunal finding the allegations proved; and*
- b. the proposed allegations would be unlikely to result in exclusion from membership.*
5. *The relevant facts, failings and/or breaches have been agreed between the parties and are set out in the detailed allegations above together with the proposed sanction and costs.*
6. *A summary of key facts is set out below:*

Background

- On 31 October 2023, a complaint was made to the ACCA. The complaint concerned the audit opinion issued by Mr Williams on behalf of his firm [Company A] for his client, [redacted] (hereafter 'Firm B'), for the years ended 31 March 2020, 31 March 2021 and 31 March 2022.*

- *The audit reports were signed by Mr Williams as follows;*
 - i. Audit report for the year ended 31 March 2020, signed on 04 February 2021*
 - ii. Audit report for the year ended 31 March 2021, signed on 19 November 2021*
 - iii. Audit report for the year ended 31 March 2022, signed on 31 October 2022.*
- *An engagement letter dated 15 May 2020 was issued by Mr Williams to Firm B confirming that [Firm A] would act as auditors. This engagement letter was signed by Firm B on 28 May 2020. This engagement letter was applicable for the audits of the years ended 31 March 2020 and 31 March 2021.*
- *Mr Williams disclosed in the engagement letter that the audit report would provide an opinion on whether the financial statements "give a true and fair view of the state of the society's affairs and of its income and expenditure for the period then ended; and have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014".*
- *The engagement letter further enclosed that the audit would comply with the International Standards on Auditing (UK) (hereafter, 'ISA') which are issued by the Financial Reporting Council (FRC).*
- *Mr Williams issued communication to his clients that [Firm A] was incorporating as [Company A] from 30 November 2020. The communication disclosed that all engagements would automatically transfer over to the company. Per Companies House, the incorporation date was 13 November 2020.*
- *A further engagement letter was issued by Mr Williams' to Firm B, dated 30 June 2022. The terms disclosed above, under the engagement letter dated 15 May 2020 were also incorporated within the engagement letter dated 30 June 2022. Firm B signed the engagement letter on 22 September 2022 therefore this engagement letter was applicable to the audit of the year ended 31 March 2022.*
- *All audit opinions relevant to this investigation were issued following the incorporation of [Company A]. Mr Williams was the sole director from the*

company's incorporation date (13 November 2020) until the date of this report. The company entered liquidation on 19 June 2024.

- [Firm A] and/or [Company A] held multiple Firms Auditing Certificates' with the ACCA. The relevant certificate to this investigation was held between 31 May 2019 to 23 November 2023.*
- Mr Williams became an ACCA member on 31 December 2004 and an FCCA on 31 December 2009. He held a 'Practising Certificate and Audit Qualification' during the audits under this investigation, from 22 January 2013 to 21 November 2023. From 23 November 2023, Mr Williams held a 'Practising Certificate'.*
- The final audit conducted by Mr Williams for Firm B was for the year ended 31 March 2022 (audit report signed on 31 October 2022), before the cessation of Mr William's 'Practising Certificate and Audit Qualification' with the ACCA on 21 November 2023.*
- The complainant under this investigation alleged that all three of Mr Williams audits of Firm B were deficient and did not meet the requirements of the applicable ISA's.*
- The complainant also informed the ACCA that connected allegations had also been raised to external firms and bodies. Such allegations included complaints against connected parties to Firm B.*
- At the date of this report, the ACCA were not aware of any other investigations conducted against Mr Williams' directly. The ACCA investigation was conducted into the matters which fell within the ACCA's jurisdiction only.*

Allegation 1a

Applicable laws and regulations

- The applicable ACCA Regulation is;*
 - i. The ACCA's Code of Ethics and Conduct (2021), Section 110, Subsection 113, the Fundamental Principle of Professional Competence and Due Care.*

- *The applicable Auditing Standards to this allegation are:*
 - i. *ISA (UK) 500 - Audit Evidence - effective for audits of financial statements for periods ending on or after 15 December 2019.*
 - ii. *ISA (UK) - 250 (Revised December 2017) - Section A - Consideration of Laws and Regulations in an Audit of Financial Statements - effective for audits of financial statements for periods commencing on or after 15 December 2017.*
 - iii. *ISA (UK) 570 (Revised June 2016) - Going Concern - effective for audits of financial statements for periods commencing on or after 17 June 2016.*
 - iv. *ISA (UK) 230 (Revised June 2016) - Audit Documentation - effective for audits of financial statements for periods commencing on or after 17 June 2016.*
 - v. *ISA (UK) 315 (Revised June 2016) - Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment - effective for audits of financial statements for periods commencing on or after 17 June 2016.*
- *The applicable legislation to this allegation is:*
 - i. *Co-operative and Community Benefit Societies Act 2014 - Part 7 (Accounts, audit and annual returns), Subsection 80 (Accounts and balance sheets to give a true and fair view). The specific requirements applicable to this allegation are: "(3) - A balance sheet of a registered society must give a true and fair view of the state of the society's affairs as at the date of the balance sheet."*
- *As a result of the above laws and regulations, the client (Firm B), was required to prepare a Balance Sheet in their accounts which showed a true and fair view of the state of the society's affairs, as documented under Co-operative and Community Benefit Societies Act 2014.*
- *Mr Williams as an ACCA member, was required to comply with the ACCA's Code of Ethics and Conduct (2021). As the auditor, Mr Williams was also required to comply with the applicable ISAs. Particularly under*

ISA (UK) 500, Mr Williams was required to obtain sufficient appropriate audit evidence to support his audit opinion and furthermore, to document it as required under ISA (UK) 230.

Summary of review

- *Mr Williams disclosed the following statements in his audit report for the year ended 31 March 2020:*

"In our opinion, the financial statements:"

i "give a true and fair view of the state of the Organisation's affairs as at 31 March 2020 and of its income and expenditure for the period ended; and"

ii. "have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Co-operative and Community Benefit Societies Act, 2014; and"

iii. "In our opinion the information given in the Management Committee Report is consistent with the financial statements."

- *A key source of evidence reviewed by Mr Williams was the Modular Management Agreement (hereafter, 'MMA'). Firm B, a Tenant Management Organisation (TMO), received funding from the Council (Firm C) to run specific services. The MMA documented the requirements and criterion placed upon Firm B when utilising such funds.*
- *The complainant alleged that Mr Williams failed to consider specific terms enclosed in the MMA in respect of the 'Reserve Fund' balance when providing his audit opinion. The complainant's allegation specifically concerned Firm B's failure to ringfence in the 'Reserve Fund', unused funding issued by Firm C, which Mr Williams then further failed to report on within his audit report.*
- *Per the MMA, the following condition was enclosed in respect of the balance to be held within the 'Reserve Fund': "anticipated costs in future years resulting from underspending on repairs and services".*
- *Furthermore, Firm B disclosed the following accounting policies within the accounts to explain the basis of the preparation of the accounts:*

i. *"2.13 Reserve fund - In accordance with the management agreement with the Council, the Reserve Fund has been established to meet the following potential liabilities: a) anticipated costs in future years resulting from under- spending on repairs and services; b) known commitments of future work; and c) a contingency against costs arising from unforeseen circumstances. The fund will be used to meet costs in enabling the Co-operative to exercise its management functions under the management agreement in relation to the above potential liabilities. If a credit balance remains in the Reserve Fund when the management agreement ends, the balance will be paid over to the Council."*

i. *"2.14 Restricted reserves - Funds paid to the Organisation for specific purposes are set aside in separate restricted reserves within the reserve Fund which are used solely for those purposes. The purposes of the funds are detailed in the notes to the financial statements."*

- *Mr Williams' working papers for the audit of the year ended 31 March 2020 did not include documentation to explain whether the expenditure he selected for testing was restricted or in accordance with any specific requirements of the funding allowance.*
- *Furthermore, no evidence was documented within the 'Reserves' working papers to explain whether expenditure movements were assessed to determine whether the allowances for repairs were utilised or in accordance with any specific requirements of the funding allowance.*
- *As a result of the omissions of evidence on the audit file, it is unclear whether Mr Williams appropriately assessed the requirements of the 'Reserve Fund', as documented in the MMA.*
- *Under ISA (UK) 315, Mr Williams as the auditor was required to obtain an understanding of the entity and its environment, including an understanding of the relevant regulations, the way the entity was structured and how it was financed to enable him to understand the disclosures in the financial statements.*
- *Under ISA (UK) 500, Mr Williams was also required to obtain 'sufficient appropriate audit evidence' to support his audit opinion. Mr Williams'*

audit opinion was based on whether the accounts prepared by Firm B, showed a 'true and fair view' of the state of their affairs, as required under the Co-operative and Community Benefit Societies Act, 2014.

- *ISA (UK) 250 further enclosed that consideration of applicable laws and regulations impacting the client constituted as sufficient appropriate audit evidence for the auditor. The MMA between Firm B and Firm C is deemed relevant as it directly impacted the state of the affairs of the society. The funding provided by Firm C was considered a key source of funding for Firm B's operations.*
- *The MMA clearly indicated a condition upon the 'Reserve Fund' balance in respect of unutilised funds and future anticipated costs. However, Mr Williams working papers failed to document his acknowledgment and consideration of such requirements. As a result, Mr Williams failed to demonstrate his understanding of the entity and its environment as required under ISA (UK) 315. He did not appropriately document his acknowledgement and consideration for applicable laws and regulations in his testing as required under ISA (UK) 250 and consequently did not obtain sufficient appropriate audit evidence on his audit file to support his audit opinion, in line with ISA (UK) 500.*
- *The complainant further alleged that because of the insufficient testing surrounding the 'Reserve Fund' balance and restrictions, the audit opinion on the conclusions of the going concern status was inappropriate.*
- *The going concern status disclosed in the 'Report of the Management Committee' (year ended 31 March 2020) was as follows:*
 - i. *"The Management Committee has a reasonable expectation that the organisation has adequate resources to continue in operation for foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements."*
- *The audit opinion on the going concern status was as follows:*

"Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- i. *the Management Committee' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or*
 - ii. *the Management Committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue."*
- *ISA (UK) 570 discloses the following responsibilities on the auditor in respect of going concern testing:*
 - i. *"The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern..."*
- *As discussed above, Mr Williams was expected to consider the requirements of the MMA given that this linked to the key source of funding for his client (Firm B). This source of funding was deemed a key factor in the going concern assessment.*
- *Mr Williams confirmed to the ACCA on 21 October 2024: "2020-2022 It was unclear as to whether or not..." Firm C "was asking for repayment of the Cyclical Communal and External repairs money, if this was to be repaid, would that be instalments or in one lump sum. For each year..." Firm C "had confirmed their funding commitment to the TMO, with the first quarter's funding being received, the going concern was not considered to be in question"*
- *As documented on the working papers prepared by Mr Williams, the testing carried out on going concern was in line with the comments above. The funding commitment by Firm C for the following year was obtained by Mr Williams.*

- *However, no documentation was reflected on the audit file which discussed potential clawbacks of funding by Firm C and repayments of underspend by Firm B, in accordance with the MMA requirements of the 'Reserve Fund'. Such clawbacks and repayments may have impacted the going concern status of the firm.*
- *Mr Williams was expected to consider the MMA requirements when assessing the going concern status under ISA (UK) 315 and to ensure he had obtained and documented sufficient appropriate audit evidence under ISA (UK) 500 and ISA (UK) 250. Mr Williams' failure to document such considerations was therefore a breach of the ISAs.*
- *Despite this, there was insufficient evidence to confirm that at the time the audit report was signed on 04 February 2021, Firm 3 were claiming back funding or offsetting unutilised funding against future repairs, and that Mr Williams was aware of this. Therefore, there was insufficient evidence to determine whether the going concern status of Firm B was inappropriate and thus, the audit opinion was inappropriate.*
- *In conclusion, Mr Williams was in breach of the ACCA's Fundamental Principle of Professional Competence and Due Care, requirement R113.1, as he failed to act diligently and in accordance with applicable technical and professional standards when issuing his audit opinion for Firm B, for the year ended 31 March 2020. Mr Williams failed to sufficiently reflect his understanding of the entity, and he failed to document within his audit file, sufficient appropriate audit evidence regarding the implications of the restrictions on the funding allowances and 'Reserve Fund', as documented in the MMA by Firm C.*

Allegation 1b

Applicable laws and regulations

- *The applicable ACCA Regulation is;*
 - i. *The ACCA's Code of Ethics and Conduct (2021), Section 110, Subsection 113, the Fundamental Principle of Professional Competence and Due Care.*
- *The applicable Auditing Standards to this allegation are:*

- i. *ISA (UK) 500 - Audit Evidence - effective for audits of financial statements for periods ending on or after 15 December 2019.*
- ii. *ISA (UK) - 250 (Revised November 2019) - Section A — Consideration of Laws and Regulations in an Audit of Financial Statements - effective for audits of financial statements for periods commencing on or after 15 December 2019.*
- iii. *ISA (UK) 570 (Revised September 2019) - Going Concern - effective for audits of financial statements for periods commencing on or after 15 December 2019.*
- iv. *ISA (UK) 230 (Revised June 2016) - Audit Documentation - effective for audits of financial statements for periods commencing on or after 15 December 2019.*
- v. *ISA (UK) 315 (Revised June 2016) - Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment - effective for audits of financial statements for periods commencing on or after 17 June 2016.*
- *The applicable legislation to this allegation is:*
 - i. *Co-operative and Community Benefit Societies Act 2014 - Part 7 (Accounts, audit and annual returns), Subsection 80 (Accounts and balance sheets to give a true and fair view). The specific requirements applicable to this allegation are: "(3) - A balance sheet of a registered society must give a true and fair view of the state of the society's affairs as at the date of the balance sheet."*
- *As a result of the above laws and regulations, the client (Firm B), was required to prepare a Balance Sheet in their accounts which showed a true and fair view of the state of the society's affairs, as documented under Co- operative and Community Benefit Societies Act 2014.*
- *Mr Williams as an ACCA member, was required to comply with the ACCA's Code of Ethics and Conduct (2021). As the auditor, Mr Williams was also required to comply with the applicable ISAs. Particularly under ISA (UK) 500. Mr Williams was required to obtain sufficient appropriate audit evidence to support his audit opinion and furthermore,*

to document it as required under ISA (UK) 230.

Summary of review

- *Mr Williams disclosed the following statements in his audit report for the year ended 31 March 2021:*

"In our opinion, the financial statements":

- "give a true and fair view of the state of the Organisation's affairs as at 31 March 2021 and of its income and expenditure for the period ended; and"*
 - "have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Co-operative and Community Benefit Societies Act, 2014; and"*
 - "in our opinion the information given in the Management Committee Report is consistent with the financial statements."*
- *A key source of evidence reviewed by Mr Williams was the Modular Management Agreement (hereafter, 'MMA'). Firm B, a Tenant Management Organisation (TMO), received funding from the Council (Firm C) to run specific services. The MMA documented the requirements and criterion placed upon Firm B when utilising such funds.*
 - *The complainant alleged that Mr Williams failed to consider specific terms enclosed in the MMA in respect of the 'Reserve Fund' balance when providing his audit opinion. The complainant's allegation specifically concerned Firm B's failure to ringfence in the 'Reserve Fund', unused funding issued by Firm C which Mr Williams then further failed to report on within his audit report.*
 - *Per the MMA, the following condition was enclosed in respect of the balance to be held within the 'Reserve Fund': "anticipated costs in future years resulting from underspending on repairs and services".*
 - *Furthermore, Firm B disclosed the following accounting policies within the accounts to explain the basis of the preparation of the accounts: "2.13 Reserve fund -In accordance with the management agreement with the Council, the Reserve Fund has been established to meet the*

following potential liabilities: a) anticipated costs in future years resulting from under- spending on repairs and services; b) known commitments of future work; and c) a contingency against costs arising from unforeseen circumstances. The fund will be used to meet costs in enabling the Co-operative to exercise its management functions under the management agreement in relation to the above potential liabilities. If a credit balance remains in the Reserve Fund when the management agreement ends, the balance will be paid over to the Council."

i. "2.14 Restricted reserves - Funds paid to the Organisation for specific purposes are set aside in separate restricted reserves within the reserve Fund which are used solely for those purposes. The purposes of the funds are detailed in the notes to the financial statements."

- Mr Williams' working papers for the audit of the year ended 31 March 2021 did not include documentation to explain whether the expenditure he selected for testing was restricted or in accordance with any specific requirements of the funding allowance.*
- Furthermore, no evidence was documented within the 'Reserves' working papers to explain whether expenditure movements were assessed to determine whether the allowances for repairs were utilised or in accordance with any specific requirements of the funding allowance.*
- As a result of the omissions of evidence on the audit file, it is unclear whether Mr Williams appropriately assessed the requirements of the 'Reserve Fund', as documented in the MMA.*
- Under ISA (UK) 315, Mr Williams as the auditor was required to obtain an understanding of the entity and its environment, including an understanding of the relevant regulations, the way the entity was structured and how it was financed to enable him to understand the disclosures in the financial statements.*
- Under ISA (UK) 500, Mr Williams was also required to obtain 'sufficient appropriate audit evidence' to support his audit opinion. Mr Williams' audit opinion was based on whether the accounts prepared by Firm B, showed a 'true and fair view' of the state of their affairs, as required under the Co- operative and Community Benefit Societies Act, 2014.*

- *ISA (UK) 250 further enclosed that consideration of applicable laws and regulations impacting the client constituted as sufficient appropriate audit evidence for the auditor. The MMA between Firm B and Firm C is deemed relevant as it directly impacted the state of the affairs of the society. The funding provided by Firm C was considered a key source of funding for Firm B's operations.*
- *The MMA clearly indicated a condition upon the 'Reserve Fund' balance in respect of unutilised funds and future anticipated costs. However, Mr Williams' working papers failed to document his acknowledgment and consideration of such requirements. As a result, Mr Williams failed to demonstrate his understanding of the entity and its environment as required under ISA (UK) 315. He did not appropriately document his acknowledgement and consideration for applicable laws and regulations in his testing as required under ISA (UK) 250 and consequently did not obtain sufficient appropriate audit evidence on his audit file to support his audit opinion, in line with ISA (UK) 500.*
- *The complainant further alleged that because of the insufficient testing surrounding the 'Reserve Fund' balance and restrictions, the audit opinion on the conclusions of the going concern status was inappropriate.*
- *The going concern status disclosed in the 'Report of the Management Committee' (year ended 31 March 2022) was as follows:*
 - i. *"The Management Committee has a reasonable expectation that the organisation has adequate resources to continue in operation for foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements."*
- *The audit opinion on the going concern status was as follows:*

"Conclusions relating to going concern

In auditing the financial statements, we have concluded that the management committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or

collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the management committee's with respect to going concern are described in the relevant sections of this report."

- *ISA (UK) 570 discloses the following responsibilities on the auditor in respect of going concern testing:*
 - i. *"6-1. The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding and conclude on: Whether a material uncertainty related to going concern exists; and The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements."*
- *As discussed above, Mr Williams was expected to consider the requirements of the MMA given that this linked to the key source of funding for his client (Firm B). This source of funding was deemed a key factor in the going concern assessment.*
- *Mr Williams confirmed to the ACCA on 21 October 2024: "2020-2022 It was unclear as to whether or not..." Firm C "was asking for repayment of the Cyclical Communal and External repairs money, if this was to be repaid, would that be instalments or in one lump sum. For each year..." Firm C "had confirmed their funding commitment to the TMO, with the first quarter's funding being received, the going concern was not considered to be in question"*
- *As documented on the working papers prepared by Mr Williams, the testing carried out on going concern was in line with the comments above. The funding commitment by Firm C for the following year was obtained by Mr Williams.*
- *However, no documentation was reflected on the audit file which discussed potential clawbacks of funding by Firm C and repayments of underspend by Firm B, in accordance with the MMA requirements of the 'Reserve Fund'. Such clawbacks and repayments may have*

impacted the going concern status of the firm.

- *Mr Williams was expected to consider the MMA requirements when assessing the going concern status under ISA (UK) 315 and to ensure he had obtained and documented sufficient appropriate audit evidence under ISA (UK) 500 and ISA (UK) 250. Mr Williams' failure to document such considerations was therefore a breach of the ISAs.*
- *Despite this, there was insufficient evidence to confirm that at the time the audit report was signed on 19 November 2021, Firm 3 were claiming back funding or offsetting unutilised funding against future repairs, and Mr Williams was aware of this. Therefore, there was insufficient evidence to determine whether the going concern status of Firm B was inappropriate and thus, the audit opinion was inappropriate.*
- *In conclusion, Mr Williams was in breach of the ACCA's Fundamental Principle of Professional Competence and Due Care, requirement R113.1, as he failed to act diligently and in accordance with applicable technical and professional standards when issuing his audit opinion for Firm B, for the year ended 31 March 2021. Mr Williams failed to document within his audit file, sufficient appropriate audit evidence regarding the implications of the restrictions on the funding allowances and 'Reserve Fund', as documented in the MMA by Firm C.*

Allegation 1c

Applicable laws and regulations

- *The applicable ACCA Regulation is;*
 - i. *The ACCA's Code of Ethics and Conduct (2022), Section 110, Subsection 113, the Fundamental Principle of Professional Competence and Due Care.*
- *The applicable Auditing Standards to this allegation are:*
 - i. *ISA (UK) 500 - Audit Evidence - effective for audits of financial statements for periods ending on or after 15 December 2019.*
 - ii. *ISA (UK) - 250 (Revised November 2019) - Section A — Consideration of Laws and Regulations in an Audit of Financial*

Statements - effective for audits of financial statements for periods commencing on or after 15 December 2019.

iii. ISA (UK) 570 (Revised September 2019) - Going Concern - effective for audits of financial statements for periods commencing on or after 15 December 2019.

iv. ISA (UK) 230 (Revised June 2016) - Audit audits of financial statements for periods commencing on or after 15 December 2019.

v. ISA (UK) 315 (Revised June 2016) - Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its environment - effective for audits of financial statements for periods commencing on or after 17 June 2016.

- *The applicable legislation to this allegation is:*
 - i. Co-operative and Community Benefit Societies Act 2014 - Part 7 (Accounts, audit and annual returns), Subsection 80 (Accounts and balance sheets to give a true and fair view). The specific requirements applicable to this allegation are: "(3) - A balance sheet of a registered society must give a true and fair view of the state of the society's affairs as at the date of the balance sheet."*
- *As a result of the above laws and regulations, the client (Firm B), was required to prepare a Balance Sheet in their accounts which showed a true and fair view of the state of the society's affairs, as documented under Co- operative and Community Benefit Societies Act 2014.*
- *Mr Williams as an ACCA member, was required to comply with the ACCA's Code of Ethics and Conduct (2022). As the auditor, Mr Williams was also required to comply with the applicable ISAs. Particularly under ISA (UK) 500, Mr Williams was required to obtain sufficient appropriate audit evidence to support his audit opinion and furthermore, to document it as appropriate as required under ISA (UK) 230.*

Summary of review

- *Mr Williams disclosed the following statements in his audit report for the year ended 31 March 2022:*

"In our opinion, the financial statements:

- i. *"give a true and fair view of the state of the Organisation's affairs as at 31 March 2022 and of its income and expenditure for the period ended; and"*
 - ii. *"have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014".*
- *A key source of evidence reviewed by Mr Williams was the Modular Management Agreement (hereafter, 'MMA'). Firm B, a Tenant Management Organisation (TMO), received funding from the Council (Firm C) to run specific services. The MMA documented the requirements and criterion placed upon Firm B when utilising such funds.*
 - *The complainant alleged that Mr Williams failed to consider specific terms enclosed in the MMA in respect of the 'Reserve Fund' balance when providing his audit opinion. The complainant's allegation specifically concerned Firm B's failure to ringfence in the 'Reserve Fund', unused funding issued by Firm C which Mr Williams then further failed to report on within his audit report.*
 - *Per the MMA, the following condition was enclosed in respect of the balance to be held within the 'Reserve Fund': "anticipated costs in future years resulting from underspending on repairs and services".*
 - *Furthermore, Firm B disclosed the following accounting policies within the accounts to explain the basis of the preparation of the accounts:*
 - i. *"2.13 Reserve fund -In accordance with the management agreement with the Council, the Reserve Fund has been established to meet the following potential liabilities: a) anticipated costs in future years resulting from under- spending on repairs and services; b) known commitments of future work; and c) a contingency against costs arising from unforeseen circumstances. The fund will be used to meet costs in enabling the Co-operative to exercise its management functions under the management agreement in relation to the above potential liabilities. If a credit balance remains in the Reserve Fund when the management agreement ends, the balance will be paid over to the*

Council."

ii. "2.14 Restricted reserves - Funds paid to the Organisation for specific purposes are set aside in separate restricted reserves within the reserve Fund which are used solely for those purposes. The purposes of the funds are detailed in the notes to the financial statements."

- Mr Williams' working papers for the audit of the year ended 31 March 2022 did not include documentation to explain whether the expenditure he selected for testing was restricted or in accordance with any specific requirements of the funding allowance.*
- Furthermore, no evidence was documented within the 'Reserves' working papers to explain whether expenditure movements were assessed to determine whether the allowances for repairs were utilised or in accordance with any specific requirements of the funding allowance.*
- As a result of the omissions of evidence on the audit file, it is unclear whether Mr Williams appropriately assessed the requirements of the 'Reserve Fund', as documented in the MMA.*
- Under ISA (UK) 315, Mr Williams as the auditor was required to obtain an understanding of the entity and its environment, including an understanding of the relevant regulations, the way the entity was structured and how it was financed to enable him to understand the disclosures in the financial statements.*
- Under ISA (UK) 500, Mr Williams was also required to obtain 'sufficient appropriate audit evidence' to support his audit opinion. Mr Williams' audit opinion was based on whether the accounts prepared by Firm B, showed a 'true and fair view' of the state of their affairs, as required under the Co-operative and Community Benefit Societies Act, 2014.*
- ISA (UK) 250 further enclosed that consideration of applicable laws and regulations impacting the client constituted as sufficient appropriate audit evidence for the auditor. The MMA between Firm B and Firm C is deemed relevant as it directly impacted the state of the affairs of the society. The funding provided by Firm C was considered a key source*

of funding for Firm B's operations.

- *The MMA clearly indicated a condition upon the 'Reserve Fund' balance in respect of unutilised funds and future anticipated costs. However, Mr Williams working papers failed to document his acknowledgment and consideration of such requirements. As a result, Mr Williams failed to demonstrate his understanding of the entity and its environment as required under ISA (UK) 315. He did not appropriately document his acknowledgement and consideration for applicable laws and regulations in his testing as required under ISA (UK) 250 and consequently did not obtain sufficient appropriate audit evidence on his audit file to support his audit opinion, in line with ISA (UK) 500.*
- *The complainant further alleged that because of the insufficient testing surrounding the 'Reserve Fund' balance and restrictions, the audit opinion on the conclusions of the going concern status was inappropriate.*
- *The going concern status disclosed in the 'Report of the Management Committee' (year ended 31 March 2021) was as follows:*
 - i. *"The Management Committee has reasonable expectation that the organisation has adequate resources to continue in operation for foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements"*
- *The audit opinion on the going concern status was as follows:*

"Conclusions relating to going concern

In auditing the financial statements, we have concluded that the management committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the management committee's with respect to going concern are described in the relevant sections of this report."

- *ISA (UK) 570 discloses the following responsibilities on the auditor in respect of going concern testing:*
 - i. *"6-1. The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding and conclude on: Whether a material uncertainty related to going concern exists; and The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements."*
- *As discussed above, Mr Williams was expected to consider the requirements of the MMA given that this linked to the key source of funding for his client (Firm B). This source of funding was deemed a key factor in the going concern assessment.*
- *Mr Williams confirmed to the ACCA on 21 October 2024: "2020-2022 It was unclear as to whether or not..." Firm C "was asking for repayment of the Cyclical Communal and External repairs money, if this was to be repaid, would that be instalments or in one lump sum. For each year..." Firm C "had confirmed their funding commitment to the TMO, with the first quarter's funding being received, the going concern was not considered to be in question."*
- *As documented on the working papers prepared by Mr Williams, the testing carried out on going concern was in line with the comments above. The funding commitment by Firm C for the following year was obtained by Mr Williams.*
- *However, no documentation was reflected on the audit file which discussed potential clawbacks of funding by Firm C and repayments of underspend by Firm B, in accordance with the MMA requirements of the 'Reserve Fund'. Such clawbacks and repayments may have impacted the going concern status of the firm.*
- *Mr Williams was expected to consider the MMA requirements when assessing the going concern status under ISA (UK) 315 and to ensure*

he had obtained and documented sufficient appropriate audit evidence under ISA (UK) 500 and ISA (UK) 250. Mr Williams' failure to document such considerations was therefore a breach of the ISAs.

- Despite this, there was insufficient evidence to confirm that at the time the audit report was signed on 31 October 2022, Firm 3 were claiming back funding or offsetting unutilised funding against future repairs, and Mr Williams was aware of this. Therefore, there was insufficient evidence to determine whether the going concern status of Firm B was inappropriate and thus, the audit opinion was inappropriate.*
- In conclusion, Mr Williams was in breach of the ACCA's Fundamental Principle of Professional Competence and Due Care, requirement R113.1, as he failed to act diligently and in accordance with applicable technical and professional standards when issuing his audit opinion for Firm B, for the year ended 31 March 2022. Mr Williams failed to document within his audit file, sufficient appropriate audit evidence regarding the implications of the restrictions on the funding allowances and 'Reserve Fund', as documented in the MMA by Firm C.*

Sanction

- 7. The appropriate sanction is **reprimand**.*
- 8. In considering this to be the most appropriate sanction, ACCA's Guidance for Disciplinary Sanctions (Guidance) has been considered and particularly the key principles. One of the key principles is that of the public interest, which includes the following:*
 - Protection of members of the public;*
 - Maintenance of public confidence in the profession and in ACCA; and*
 - Declaring and upholding proper standards of conduct and performance.*
- 9. Another key principle is that of proportionality, that is, balancing the member's own interests against the public interest. Further the aggravating and mitigating features of the case have been considered.*

REPRIMAND

10. *The aggravating factors are considered to be as follows:*

- *The conduct which led to Mr Williams being the subject of action by the ACCA, occurred during multiple audits carried out by Mr Williams.*

11. *In deciding that a reprimand is the most suitable sanction paragraphs C3.1 to C3.5 of ACCA's Guidance have been considered and the following **mitigating factors** have been noted:*

- *Mr Williams has complied with ACCA's directions provided by ACCA.*
- *Mr Williams considered the key sources of funding in place but failed to appropriately audit this in line with the funding agreement.*
- *There was inconclusive evidence to prove Mr Williams' audit opinion was inappropriate.*
- *Mr Williams no longer holds an Auditing Practising Certificate with the ACCA (at the date of this report), therefore the risk to future audits has been mitigated.*
- *The investigation has not found evidence suggesting Mr Williams' conduct was in deliberate disregard of his professional obligations.*
- *Mr Williams has no previous disciplinary from the ACCA within the last 5 years.*

12. *ACCA has considered the other available sanctions and is of the view that they are not appropriate. A **reprimand** proportionately reflects Mr Williams' conduct and the public policy considerations which ACCA must consider in deciding on the appropriate sanction.'*

DECISION

13. The powers available to the Chair are to:

- (a) approve the draft consent order, in which case the findings on the allegations and the orders contained in it become formal findings and orders (CDR 8(11) and 8(14));
- (b) reject the draft consent order, which he may only do if he is of the view that the admitted breaches would more likely than not result in exclusion

from membership (CDR 8(12));

- (c) recommend amendments to the draft consent order, if he is satisfied it is appropriate to deal with the complaint by way of consent but wishes the terms of the draft order to be amended (CDR 8(13)).
- 14. The Chair was satisfied it was appropriate to make a consent order in the terms agreed between the parties.
 - 15. The Chair noted that Mr Williams had made full admissions to the matters alleged against him and was satisfied, on the basis of the evidence contained in the bundle, that those admissions had been properly made.
 - 16. The Chair considered that a sufficiently full and thorough investigation had been carried out and that there clearly was, if the case proceeded to a hearing, a real prospect that the allegations would be found proved.
 - 17. The Chair noted the contents of paragraphs 9 and 10 of the agreed background and considered that they accurately and appropriately set out the aggravating and mitigating features in this matter. The Chair did not consider that exclusion was a likely sanction if the matter proceeded to a hearing before the Disciplinary Committee; and further was satisfied that the proposed sanction of a reprimand was appropriate and proportionate in the circumstances of the case. The Chair noted in particular that Mr Williams no longer holds audit registration, which mitigates any ongoing risk to the public.
 - 18. Therefore, the Chair approved the draft consent order.

ORDER

- 19. The Chair made the following order:
 - i. The draft consent order is approved.
 - ii. Allegations 1(a), 1(b) and 1(c) are proved by admission.
 - iii. Mr Williams is reprimanded.
 - iv. Mr Williams is ordered to pay costs to ACCA in the sum of £3,200.
- 20. Under CDR 8(17) there is no right of appeal against this order. Therefore, this order comes into effect immediately.

Mr David Tyme
Chair
07August 2025