

Year 3

Index of Reasons for Decisions regarding hearings held during the year 1st November 2015 to 31st October 2016 and handled by Accountants National Complaint Services Limited

Key

ALC = Admissions and Licensing Committee

AC = Appeal Committee

DC = Disciplinary Committee

RC = Review Committee

<u>Name of Defendant</u>	<u>Date of order</u>	<u>Body</u>	<u>Type of hearing</u>	<u>Complaint/Issue</u>	<u>Outcome</u>
B	21 st September 2016	ACCA	DC	In June 2010, stole approximately £630 from his employer in respect of which he received a police caution in September 2010, which was a dishonest act.	Complaint admitted. Severely reprimanded, costs of £5000 (£8404 sought).
C	9 th November 2015	ACCA	DC	Complaint 1 – In November 2012 submitted misleading audit client information to the ACCA in support of an application for a practising certificate which was dishonest. Complaint 2 – In July 2013 provided misleading information regarding his audit clients during the course of a practice monitoring visit, which was dishonest. Complaint 3 – Failed to supply the ACCA with all necessary information to enable the ACCA to complete its monitoring process and quality assurance programme, efficiently.	Not proved. Not proved. Proved. Reprimanded. Costs £3518.
D	7 th March 2016	ACCA	ALC	Issue whether audit registration be withdrawn.	Audit registration be withdrawn

					from D and his firm. D issued with a general practising certificate.
	1 st April 2016	ACCA	DC	<p>Complaint 1 – Failed to undertake sufficient or any audit work prior to issuing audit reports, which was dishonest.</p> <p>Complaint 2 – Failed to disclose company A in respect of (i) his practising certificate renewal form 2013; (ii) his audit client information form dated February 2013; (iii) his practising certificate renewal form 2014; (iv) his audit client information form dated November 2013; (v) his practising certificate renewal form 2015; (vi) his audit client information form dated December 2014 and (vii) to the compliance officer during a monitoring visit in February 2015, which was dishonest.</p> <p>Complaint 3 – Failed adequately to supervise junior staff with regard to audit engagements.</p>	All complaints found proved. Sanction deferred.
	12 th July 2016	ACCA	DC	(As above).	Severe reprimand. Costs £5543.50.
G1	10 th November 2015	ICAEW	DC	Complaint 1 – Following a QAD visit in February 2007 confirmed that a new engagement letter would be sent to clients and one in specific terms (according to the Council	All complaints admitted. Severe reprimand, fine £6000, costs £3687.

for Licensed Conveyancers) would be sent to the relevant client, but at a subsequent QAD visit in September 2013, it was found that these engagement letters had not been sent.

Complaint 2 – Following a QAD visit in February 2007 confirmed that in respect of the Money Laundering Regulations, he would have the requisite proofs of identity held on file, but at a subsequent QAD visit in September 2013, it was found that evidence of identity had not been obtained.

Complaint 3 – Following a QAD visit in February 2007 confirmed that he had agreed with an alternate accountant that he was agreeable to being the joint signatory on client account and that an annual compliance review would be carried out shortly to review the Client Money Regulations, but at a subsequent QAD visit in September 2013, it was found that the appropriate documentation for the appointment of an alternate had not been effected and no annual compliance review had been carried out.

Complaint 4 – Following a QAD visit in February 2007 confirmed that he intended to register under

				the Data Protection Act, but at a subsequent QAD visit in September 2013, it was found that registration had not been obtained until August 2013.	
G2	2 nd December 2015, 4 th December 2015, 2 nd -3 rd March 2016, 5 th -8 th September 2016	ACCA	DC	<p>Complaint 1 – Instructed solicitors (A) to make payments to nominee companies, when the payments were to an individual as a nominee bank account did not exist and thereby acted dishonestly.</p> <p>Complaint 2 – Made inaccurate representations to third parties based on information provided to him by another, which was dishonest.</p> <p>Complaint 3 – In a letter addressed to solicitors (B) stated that a payment of £2.25m had been made to an individual into the bank account of a limited company, when in fact no bank account existed for that company, which was an act of dishonesty.</p>	Having considered the evidence, the Committee adjourned its decision on the findings (see 2016/17).
G3	2 nd December 2015	ACCA	AC	<p>Complaint 1 – Failing to comply with an order made by the ALC.</p> <p>Complaint 2 – Filing accounts with Companies House without carrying out any audit, when an audit was required in respect of three companies for two consecutive years.</p>	<p>DC imposed severe reprimand and fine of £3000 (see 2014/15). Appeal in relation to costs.</p> <p>Appeal Committee rescinded the DC's order for costs in the sum of £4553 and</p>

					substituted no order instead and made no order for costs on the appeal (ANCS Ltd not involved. D acted in person).
G4	22 nd March 2016	ACCA	DC	Complaint 1 – Knowing that A was subject to a disqualification order under the Company Directors Disqualification Act 1986, assisted A to be concerned in the management of companies in contravention of the disqualification order. Seven companies listed.	Admitted.
				Complaint 2 – Made or permitted payments to be made from companies (1 and 2) of which Mrs B was a director (a) to Mrs C and (b) to or for the benefit of companies controlled by himself or Mr A, namely Companies 3, 4, 5 and 6, without Mrs B's knowledge or agreement which conduct was dishonest.	Not proved. Exclusion. Fined £7500. Costs £5000 (amount sought £7455).
	19 th May 2016	ACCA	AC	Application for permission to appeal.	Application refused by chairman on all grounds.
	13 th September 2016	ACCA	AC	Application to reverse the chairman's decision not to grant permission to appeal.	Upheld. Permission granted. Appeal considered, but refused. Costs of £400.
G5	20 th April 2016	CIMA	DC	Complaint 1 – Held a	Allegations

				meeting with potential administrators, despite being instructed by a director of the company not to hold that meeting.	admitted.
				Complaint 2 – Terminated a service agreement with a client company and handed an invoice in respect of work done for that company to a director, despite the service agreement being with the company.	Suspended for a period of six months. Costs £1000 (£28,500 sought). ANCS Ltd acted for G on the first day of the hearing. G acted in person on days 2 and 3.
				Complaint 3 – Instructed a debt collection agency to collect fees from a director, despite the director not being liable for the debt.	
				Complaint 4 – Arranged for a debt recovery agency to write to a director of the company in an attempt to recover fees and enclosed an amended copy of the service agreement, which the amendments had not been agreed with the client.	
H	24 th October 2016	ICAS	DC	Complaint 1 – On or around 11 th September 2009 prepared and delivered to a client a financial reference addressed to mortgage lenders which incorrectly stated that the client had earned income of £60,000 per annum when he knew or ought to have known that the financial reference contained a materially false or misleading statement or a	Having considered the evidence, the Committee adjourned its decision on the findings (see 2016/17).

statement furnished recklessly or contained a statement that omitted or obscured information which caused the statement to be misleading in breach of sections of the ICAS Code of Ethics.

Complaint 2 – On or around 14th October 2009 prepared and delivered to a client three backdated payslips, to be used to support a mortgage application by the client, when he knew or ought to have known that the information in the client's gross salary payments contained in payslips was materially false or misleading and/or furnished recklessly and/or omitted or obscured information which caused the statement to be misleading in breach of sections of the ICAS Code of Ethics.

K1	15 th November 2015	ICAEW DC	In or around June 2013 when employed by a firm of chartered accountants as a trainee accountant, altered two internal review forms to enhance the assessments given to him by appraisers, without their knowledge or consent:- (i) On the review of work he completed for client A, amended scores and	Admitted. No order. Costs £5000.
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				(ii) deleted a paragraph; and On the review of work on client B, amended the score.	
K2	10 th March 2016	ACCA	DC	<p>Complaint 1 – Signed documents submitted to ACCA but failed to ensure that accurate information was disclosed on the firm’s auditing certificate renewal 2010 form, the practising certificate renewal 2011 form and the practising certificate renewal 2012 form, all of which was dishonest.</p> <p>Complaint 2 – Enabled an employee of a firm of accountants, of which he was director/ audit principal, to sign audit reports as set out in a schedule of 21 audit clients when not authorised to do so as the employee was not a registered auditor.</p> <p>Complaint 3 – Failed to issue a letter of engagement to some 17 clients.</p>	<p>First and second elements proved. Third element not proved. Dishonesty allegation not proved.</p> <p>Proved.</p> <p>Not proved.</p> <p>Severe reprimand, fine of £10,000, costs £9000 (£12,498.50 sought).</p>
L	31 st October 2016	ACCA	DC	Complaint 1 – (a) Provided a personal guarantee for deposit contracts identified in schedules, but failed to satisfy as at 18 th August 2015; (b) Provided a guarantee for deposit	Case adjourned sine die.

contracts identified in schedules on behalf of a firm of chartered certified accountants and failed to satisfy as at 18th August 2015.

L's conduct in respect of (a) and (b) was dishonest.

Complaint 2 – (a) Failed to account for client monies received in relation to contracts identified in schedules; (b) Failed to maintain accurate records and controls so as to show clearly client monies received, held and paid on account relating to contracts as per the schedules.

Complaint 3 – Failed to cooperate fully with the investigation of a complaint in that L failed to respond to 12 items of ACCA correspondence.

M

2nd September 2016/ 2nd December 2016 ACCA DC

Complaint 1 – Failed to comply with an assessor's decision dated April 2013 with regard to the signing of an audit report for client A for year ended July 2012 without having the same reviewed by an approved training company.

Complaints admitted. Sanction deferred.

Complaint 2 – Failed to ensure his nominee with whom he had entered into a continuity arrangement, had an equivalent qualification, namely a firm's auditing certificate.

O1	21 st December 2015	ACCA	DC	<p>Complaint 1 – Held himself out to be in public practice by virtue of records held at Companies House, an unsigned letter of engagement and on his website.</p> <p>Complaint 2 – Being a director of a firm holding out to be in public practice, but he having no practising certificate.</p> <p>Complaint 3 – Being the principal of a firm holding out to be in public practice, but he having no practising certificate.</p>	Complaints admitted. Severe reprimand, costs of £9091.
O2	12 th August 2016	ACCA	DC	<p>Complaint 1 – Was sole director of a firm which issued audit reports for a client in respect of three consecutive years, at a time when the firm did not hold an auditing certificate.</p> <p>Complaint 2 – Placed online advertisements in February 2011 describing the firm as auditors and/or held the firm out as being available to accept appointment as an auditor, when the firm did not hold an auditing certificate, which O knew, such conduct being dishonest.</p> <p>Complaint 3 – Was a director of a firm that in February 2011 by way of advertisements online held itself out as available to accept appointment as an auditor, when the firm</p>	Not proved.
					Not proved.
					Proved.

				did not hold a firm's auditing certificate.	
				Complaint 4 – In a letter dated March 2011 to an ACCA investigations officer knowingly made a false statement that it was only after December 2008 that it was arranged that another person would take over the audit of a client from his firm, which was dishonest.	Not proved. Admonished. No order for costs (£7151 sought).
P	5 th April 2016	ACCA	ALC	Whether P should hold a practising certificate and audit qualification, following an order made by the Disciplinary Committee on 31 st July 2015 which related to misconduct concerning audit irregularities. ALC advised that P no longer required audit qualification.	Ordered that P was fit and proper to hold a practising certificate.
S1	11th March 2016	CIMA	DC	Complaint 1 – Failed to act impartially as between the interests of the company and its directors and as between the interests of the two directors. Complaint 2 – Acted in connection with the personal affairs of one director of the company, to the detriment of its other director. Complaint 3 – Communicated with Companies House to effect the termination of one director's appointment as director and company secretary,	Not proved. Proved. Proved.

				without the director's knowledge or consent.	
				Complaint 4 – Failed to comply with directions from a director to provide her with copies of the accounts of the company and of a directors' loan schedule.	Proved.
				Complaint 5 – Engaged in unprofessional discussions about the company and its future and possible liquidation and about the personal affairs of the directors.	Proved. Severe reprimand. Fine £2000. Costs £111,000.
	16 th June 2016	CIMA	AC	Appeal against finding and order.	Appeal Committee upheld one ground of the appeal concerning a finding of fact by the Disciplinary Committee. In other respects the appeal was dismissed. The severe reprimand was upheld, but the fine reduced from £2000 to £1750. Costs order of the DC upheld.
	6 th July 2016	CIMA	AC	Issue as to whether costs should be payable on the appeal.	No order for costs.
S2	19 th July 2016	ACCA	DC	Complaint 1 – Failed to act diligently when providing professional services to a client.	Proved. Reprimand. Costs £10,457.50 (amount sought £23,993.10).

				Complaint 2 – Engaged in undue preference by recommending X Ltd to a client, contrary to the fundamental principles of objectivity.	Not proved.
U	6 th September 2016	ICAEW	DC	Failed to provide by 5 th February 2016 all of the information, explanations and documents requested in a letter from the Institute dated 20 th January 2016.	Severe reprimand, fine £3000, costs £3362.
Y	6 th September 2016	ICAEW	DC	<p>Complaint 1 – Between May 2014 and June 2015 failed to provide a response in writing to issues notified in February 2014 following a QAD visit, namely no procedures in place to carry out client due diligence on all clients, PII insurer details not disclosed to new clients and not all clients notified in writing of the basis of fees or complaints procedures.</p> <p>Complaint 2 – Between November 2008 and July 2010 engaged in public practice without holding a practising certificate.</p> <p>Complaint 3 – Between November 2008 and April 2010 engaged in public practice without professional indemnity insurance.</p> <p>Complaint 4 – Between November 2008 and June 2015 failed to carry out and document customer due diligence and risk</p>	Complaints admitted. Severe reprimand, fine £2800, costs £2000.

assessments on all clients.

Complaint 5 – Between December 2009 and June 2015 failed to provide new clients with contact details of his insurer and details of the territorial cover for the insurance.

Complaint 6 – Between November 2008 and June 2015 failed to ensure that all new clients were informed in writing of the name of the principal to be contacted if they wished to make a complaint and the client's right to complain to the ICAEW.

Complaint 7 – Between November 2008 and June 2015 failed to notify clients in writing of the basis upon which fees would be rendered.

(19 cases concluded)