

The decision and reasons of the Regulatory Assessor for the case of Mr Kenneth J Garvey FCCA and Garvey Moran referred to him by ACCA on 27 June 2024

Introduction

1. Garvey Moran is the partnership of ACCA member, Mr Kenneth J Garvey FCCA and Ms Aideen Moran FCA who does not hold an audit practising certificate. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Garvey'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. Mr Garvey has had four audit quality monitoring reviews;
 - b. Mr Garvey was a partner in the firm Cusack Garvey from 2002 until December 2021. During this period, the firm had three reviews.
 - c. The first monitoring review was carried out in August 2007. Two audit files were reviewed and found to be of a satisfactory standard. A report containing the findings of the review was sent to the firm in September 2007.
 - d. The second monitoring review was carried out in July 2013. Three audit files were reviewed and found to be of a satisfactory standard. A report containing the findings of the review was sent to the firm in September 2013. An action plan was provided by the firm in October 2013 and accepted by ACCA.
 - e. The third monitoring review was carried out in September 2019. Four audit files were reviewed. Three files were found to be of a satisfactory standard and one was unsatisfactory. A report containing the findings of the review was sent to the

firm in September 2019. An action plan was provided by the firm in October 2019, subsequently revised and accepted by ACCA in November 2019.

- f. The new partnership firm with Mr Garvey as the audit partner was registered in March 2022.
- g. The fourth monitoring review was carried out remotely between September and December 2023 and three files were reviewed. The compliance officer found that the firm had not introduced effective audit procedures. Its procedures were not sufficiently applied to ensure that it conducted all audits in accordance with the International Standards on Auditing (I) (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 the files examined the audit opinion was not adequately supported by the work performed and recorded. Consequently, all three files were deemed unsatisfactory and the new firm had failed to achieve a satisfactory outcome at its first review. Mr Garvey had failed to maintain a satisfactory standard of audit work despite the advice and warning given at previous reviews.
- h. In March 2024, the firm submitted to ACCA an action plan where it identified the root causes of the deficiencies and the action it was taking to eliminate these. This was accepted by ACCA in April 2024.
- i. Mr Garvey was referred to the Regulatory Assessor to make a decision about his conduct of audit work and continuing audit registration.

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 Garvey should be required to:
 - i. Be subject to an accelerated monitoring visit before 31 December 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 Garvey 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 Garvey 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 Garvey 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 Garvey and *his* firm by name.

David Sloggett FCCA
Regulatory Assessor
04 July 2024