

The decision and reasons of the Regulatory Assessor for the case of Mr E Okai FCCA and Leroy Reid & Co referred to him by ACCA on 09 May 2024

Introduction

1. Leroy Reid & Co is the unincorporated partnership of ACCA members, Mr Ebenezer Okai FCCA and Mr Norman W Robinson FCCA. Mr Okai is the sole audit partner of the firm. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Okai'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. The firm has been the subject of nine audit quality monitoring reviews;
 - b. At the firm's first two reviews held in July 1993 and August 1996, Mr Okai was not a partner of the firm;
 - c. At the firm's third review held during December 1997, the compliance officer found that the standard of the audit work for the six files reviewed was satisfactory although there were some deficiencies in the audit evidence. The report on the review set out these deficiencies and this report was sent to the firm in January 1998;
 - d. At the firm's fourth review held in July 2003, the compliance officer found that the standard of the audit work for the four files reviewed was satisfactory although there were some deficiencies in the audit evidence, however the compliance officer identified serious deficiencies in the work carried out in relation to a solicitor's client money review, which had resulted in firm's opinion not being adequately supported by the work performed and recorded. The report on the review set out these deficiencies and this report was sent to the firm in August 2003. The firm acknowledged receipt of the report in January 2004;

- e. At the firm's fifth review held during March 2008, the compliance officer identified serious deficiencies in the audit work for one of the three files reviewed, which had resulted in the audit opinion not being adequately supported by the work performed and recorded. In addition, the compliance officer identified serious deficiencies in the work carried out in relation to a solicitor's client money review, which had resulted in firm's opinion not being adequately supported by the work performed and recorded. The compliance officer found that the standard of the audit work for two of the three files reviewed was satisfactory although there were some deficiencies in the audit evidence. The report on the review set out these deficiencies and this report was sent to the firm in April 2008;
- f. At the firm's sixth review held during July 2010, the compliance officer found that the standard of the audit work for the three files reviewed was satisfactory although there were some deficiencies in the audit evidence. The report on the review set out these deficiencies and this report was sent to the firm in August 2010. The firm acknowledged receipt of the report in December 2010;
- g. At the firm's seventh review held during December 2014, the compliance officer identified serious deficiencies in the audit work for one of the three files reviewed, which had resulted in the audit opinion not being adequately supported by the work performed and recorded. The compliance officer found that the standard of the audit work for two of the three files reviewed was satisfactory although there were some deficiencies in the audit evidence. In addition, the compliance officer found that the standard of work performed in relation to a solicitor's client money review was satisfactory although there were some deficiencies in the evidence recorded. The report on the review set out these deficiencies and this report was sent to the firm in January 2015. The firm acknowledged receipt of the report in February 2015 and provided a detailed plan in March 2015 describing the action that the firm was taking;
- h. At the firm's eighth review held during December 2018, the compliance officer identified serious deficiencies in the audit work for one of the four files reviewed, which had resulted in audit opinions not being adequately supported by the work performed and recorded. The compliance officer found that the standard of the audit work for three of the four files reviewed was satisfactory although there were some deficiencies in the audit evidence. The report on the review set out these deficiencies and this report was sent to the firm in December 2018. The firm

acknowledged receipt of the report in January 2019 and provided a detailed plan in February 2019 describing the action that the firm was taking.

- i. At the firm's ninth review which was carried out remotely between October 2023 and April 2024 the compliance officer identified serious deficiencies in the audit work for all three of the files reviewed, which had resulted in audit opinions not being adequately supported by the work performed and recorded. The compliance officer found that the firm had made little or no attempt to comply with auditing standards and the audit work on all three files reviewed was generally very poor;
- j. The action plans provided by the firm following the seventh and eight visits have not proven effective in the firm sustaining a satisfactory standard of audit work;
- k. The firm has failed to achieve a consistently satisfactory outcome in spite of the advice and warning 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 Okai should be required to:
 - i. be the subject of an accelerated monitoring visit before 30 April 2025 at a cost to the firm of £1,500 and £650 (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 by that time will jeopardise his and the firm's continuing audit registration.

Publicity

5. Authorisation Regulation 7(6) indicates that all conditions relating to the certificates of Mr Okai 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 Okai 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 and the omission of the names of Mr Okai and the 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 Okai and the firm by name.

David Sloggett FCCA
Regulatory Assessor
17 September 2024