

HEARING

ADMISSIONS AND LICENSING COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	(1) Mr Milan Chandulal Pandya (2) Sterling Associates
Heard on:	Thursday, 21 November 2024
Location:	Remotely via MS Teams
Committee:	Mr Maurice Cohen (Chair) Mr Trevor Faulkner (Accountant) Ms Rachel O'Connell (Lay)
Legal Adviser:	Ms Chloe Hudson (Legal Adviser)
Persons present and Capacity:	Mr Matthew Kerruish-Jones (Case Presenter on behalf of ACCA) Miss Mary Okunowo (Hearings Officer) Mr Milan Pandya (Member) Mr James Pretsell (Counsel for Mr Pandya)
Observers:	Mr Michael Williams (Pupil Barrister)
Summary:	Withdrawal of Mr Pandya's practising certificate with audit qualification. Withdrawal of Sterling Associates' auditing certificate. Issue of practising certificate without audit qualification. Revocation of Interim Order.

ALLEGATION(S)/BRIEF BACKGROUND

1. The Committee convened to consider allegations against Mr Milan Chandulal Pandya FCCA and Sterling Associates. The hearing was conducted remotely by Microsoft Teams. The Committee considered the following documents:
 - Main bundle (546 pages);
 - An Excel spreadsheet entitled 'Summary of Findings';
 - Spreadsheet setting out detailed findings in respect of files examined (pp 42-55)
 - Outline submissions on behalf of ACCA dated 20 November 2024;
 - A document entitled "Mitigation advanced on behalf of Sterling Associates and Mr Milan Pandya at the hearing of the parties" ("the document") dated 9 July 2024;
 - A bundle containing the ACCA's response to mitigation advanced on behalf of Sterling Associates and Mr Mila Pandya dated 24 October 2024;
 - Regulations bundle (94 pages);
 - Correspondence bundle (72 pages).
2. ACCA was represented by Mr Matthew Kerruish-Jones. Mr Pandya attended the hearing and was represented by Mr James Pretsell (Counsel).
3. The Committee has also considered legal advice which it has accepted.
4. Mr Pandya has been a member of ACCA since 16 July 1992.
5. Sterling Associates ("the firm") is the partnership of ACCA members, Mr Milan Chandulal Pandya FCCA and Mr Syed Khuram Abbas FCCA.

6. On 07 and 08 December 2022, ACCA attended the office of Sterling Associates ('SA') to carry out a monitoring visit, concluded remotely on 24 January 2023. The purpose of this first review was to review the firm's audit work. The review also included confirming the firm's eligibility for registered auditor status and monitoring compliance with the Chartered Certified Accountants' Global Practising Regulations 2003 (GPRs) [References to a Practising Regulation (PR) are to the Regulations in Annex 1, Appendix 1 of the GPRs].
7. The firm has 11 limited company audit clients; four audit files were selected for inspection by ACCA.
8. During the review the compliance officer found that the firm had not introduced effective audit procedures.
9. Due to concerns following the visit, ACCA referred Mr Pandya and the firm to the Committee regarding the following matters:
 - 1) The firm was using a standard audit programme on all audits, but it was not tailoring this to ensure that it met the needs of the audit of each client;
 - 2) There was almost no record of audit work other than statements that testing has been carried out, such statements being written on the audit programme;
 - 3) The working papers comprised accounting schedules which contained no indication of any audit work.

As a result, on all the files examined the audit opinion was not adequately supported by the work performed and recorded.

10. ACCA has provided a summary of the audit files reviewed and details of the alleged deficiencies found which is set out in an Excel spreadsheet.
11. The Committee notes that in paragraph 4 of the mitigation document Mr Pandya accepts the findings of ACCA's review. This is further supported by paragraph 22 of the document that Mr Pandya consulted third-party advisors who

confirmed that “most of the deficiencies raised by ACCA are valid criticisms of the audit work he and his team completed.” He accepted that there were shortcomings in his own practices and that of his firm, such that their performance was below the required standards, having fallen out of step with the most recent ISA (UK) requirements.

12. The ACCA response to Mr Pandya’s mitigation statement did not accept some aspects of mitigation: (i) that the firm had an unblemished regulatory compliance record; and (ii) there were concerns over Mr Pandya’s fitness to practise (although there are no proved findings against him).
13. The ACCA proposed that:
 - a. Mr Pandya’s audit qualification is withdrawn;
 - b. Sterling Associates auditing certificate is withdrawn;
 - c. The Committee imposes a condition that Mr Pandya passes a test of competence and attends a suitable CPD course before making any future reapplication for audit certificates.
14. The Committee noted the position of Mr Pandya, as confirmed by his counsel in an email dated 14 November 2024 and in oral submissions made at the hearing, that the ACCA’s proposals and recommendations were accepted on Mr Pandya’s behalf.
15. The Committee concluded that given the breadth of deficiencies identified, Mr Pandya should pass the advanced audit and assurance paper of ACCA’s professional qualification and complete a suitable practical CPD course if he wished to re-apply for audit registration. Mr Pretsell took instructions from Mr Pandya and agreed that this was appropriate.
16. Having considered the matter the ALC made an order pursuant to Authorisation Regulations 6(16)(a)(ii) and 5(2)(f) that:
 - i Milan Chandulal Pandya’s practising certificate with audit qualification and Sterling Associates’ auditing certificate be withdrawn and Mr Pandya be issued with a practising certificate; and

- ii any future re-application for audit registration by Mr Milan Chandulal Pandya, or by a firm in which they are a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until Mr Milan Chandulal Pandya has passed the advanced audit and assurance paper of ACCA's professional qualification and completed a suitable practical CPD course.

PUBLICITY

17. The Committee has considered Regulation 6(14) and the provisions of SATCAR. There being no opposition to publication of the outcome of the hearing, the Committee confirms that the Order can be made public.

COSTS

18. The Committee has no power to order costs in this case. The ACCA does not seek costs arising from the Interim Order application and so no order for costs is made.

INTERIM ORDER

19. The Interim Order suspending Mr Pandya's practising certificate with audit qualification and suspending the audit certificate of the firm, Sterling Associates is revoked.

EFFECTIVE DATE OF ORDER

20. Pursuant to Regulation 9 of the Authorisation Regulations 2014, the Committee directs that the order takes immediate effect.

Mr Maurice Cohen
Chair
21 November 2024