

HEARING

ADMISSIONS AND LICENSING COMMITTEE OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	Mr Francis Folorunsho and Francis King & Co
Heard on:	Tuesday, 28 January and Wednesday, 29 January 2025
Location:	Held Remotely via Microsoft Teams
Committee:	Ms Kathryn Douglas (Chair) Ms Joanne Royden-Turner (Accountant) Ms Caroline Robertson (Lay)
Legal Adviser:	Mr Ashraf Khan (Legal Adviser)
Persons present and Capacity:	Ms Michelle Terry (ACCA Case Presenter) Miss Mary Okunowo (Hearings Officer)
Summary:	Mr Folorunsho's responsible individual status with audit qualification and the firm's auditing certificate be withdrawn with immediate effect; Conditions upon re-application imposed.
Costs:	Not applicable.

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INTRODUCTION

1. The Admissions and Licensing Committee (“the Committee”) convened to hear allegations against Mr Francis Folorunsho and his firm, Francis King & Co. Mr Folorunsho attended but was not represented. ACCA was represented by Ms Michelle Terry.
2. The papers before the Committee consisted of a service bundle of 15 pages, booklet of 24 pages, additional bundle of 17 pages, a further additional bundle of 11 pages and a witness statement from Mr Christopher Benson of 7 pages.

PRELIMINARY APPLICATIONS

3. None.

BRIEF BACKGROUND

4. Francis King & Co (“the firm”) is the sole unincorporated practice of Mr Francis Folorunsho. The firm was reviewed remotely between 09 September 2024 and 07 October 2024 by Mr Christopher Benson, a senior Compliance Officer at ACCA.
5. Mr Benson held an initial planning discussion with Mr Folorunsho by telephone on 14 May 2024, during which a date for the audit monitoring review was agreed as 12 August 2024.
6. Mr Folorunsho was sent an email confirming the arrangements and Mr Benson requested the documentation required to complete the review. A follow up email was sent on 08 August 2024 to remind Mr Folorunsho of the upcoming review and the requirement for him to upload and send necessary documents. Mr Folorunsho responded on 09 August to ask for an extension as he was unwell. This was granted and a new date for the review was set as being 02 September 2024, with a closing meeting on 17 September. Mr Folorunsho confirmed via text message that he accepted the new dates.
7. A chaser email was sent on 02 September as no documents had been uploaded to the SharePoint link and the files, (which were due to be couriered),

had not arrived at ACCA. Mr Folorunsho responded on 10 September via email, the email had what was described as the audit file included.

8. On 17 September a Teams call was held with Mr Folorunsho, this was due to be the closing meeting, Mr Benson explained there were a number of documents for the review that had not been provided which meant that the review process could not be completed. Mr Folorunsho committed to uploading them by Monday, 07 October 2024. An email was sent to Mr Folorunsho confirming the documents required and including the SharePoint link.
9. Mr Folorunsho sent through several documents via email ahead of the closing meeting on 07 October 2024. The closing meeting went ahead via Teams.
10. The firm had one audit client which was a charity. This one audit file was selected for inspection. ACCA allege the file evidenced no credible attempt to carry out audit work. ACCA state Mr Benson requested Mr Folorunsho to provide all the documentation in his possession which related to any audit work he may have performed on the audit client. The Compliance Officer reviewed the information and concluded that the documents provided were primarily accounting schedules with no evidence of any genuine attempt at significant audit work having been undertaken.
11. ACCA allege that during the firm's audit monitoring review, Mr Benson found that the firm's procedures were not adequate to ensure that it conducts all audits in accordance with the International Standards on Auditing (UK) ("ISAs"). The firm was not using a standard audit programme on its audit. The working papers comprised accounting schedules which contained no indication of audit work. Any ticks against figures on accounting schedules were unexplained. As a result, on the file examined the audit opinion was not adequately supported by the work performed and recorded.
12. ACCA allege the firm had not implemented the requirements of the International Standard on Quality Management (United Kingdom) 1 ("ISQM (UK) 1"). ISQM (UK) 1 requires firms to establish a system of quality management (SOQM) designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances. ISQM (UK) 1 requires that the SOQM be

- documented and communicated to the firm's personnel. The firm had not documented its procedures in accordance with ISQM (UK) 1.
13. Mr Benson prepared a summary of the audit file reviewed and details of the deficiencies found. The description "*unsatisfactory*" is based on the evidence seen on the file during the review and this is an assessment of whether or not the audit opinion was supported on the one file inspected. The deficiencies identified were discussed in detail with Mr Folorunsho at the end of the monitoring review.
 14. ACCA allege the lack of audit work on the file inspected raises significant concerns regarding Mr Folorunsho 's fitness and propriety to hold a practising certificate with audit qualification under Global Practising Regulations ("GPR") 8(2)(d). He has failed to supply ACCA with all the information necessary to enable it to complete its monitoring process and quality assurance programme efficiently, in breach of GPR 14(2) and has issued an audit report which contains a statement that the audit was carried out in compliance with auditing standards without any meaningful evidence to support that statement. This indicates a failure to comply with the fundamental principles as set out in Code of Ethics R111.2 and R113(1)(b) and Practising Regulation 13(1).
 15. ACCA further allege Mr Folorunsho and the firm have breached PR 13(1) in that they failed to comply with the International Standards on Auditing (UK) in the conduct of audit work. There were deficiencies in the planning, control and recording of audit work, and in the one file examined the audit opinion was not adequately supported by the work performed and recorded.

DECISION AND REASONS

16. The Committee considered all the evidence presented and noted the evidence of Mr Folorunsho. The Committee accepted the advice of the Legal Adviser and bore in mind that it was for ACCA to prove its case on the balance of probabilities.
17. The Committee noted the relevant provisions of the Authorisation Regulations ("AR"), which sets out the Committee's powers. AR 5(2) provides that the Committee may, if in its absolute discretion it thinks fit, withdraw, suspend or impose conditions upon a certificate on seven different grounds. The Committee determined that grounds AR 5(2)(f) and (g) are engaged in this

case, which state that the Committee may withdraw, suspend or impose conditions upon a certificate if:

“it is notified or becomes aware that a holder of a certificate or any of its partners, members, directors or controllers has committed a material breach of any of these regulations or any other rules and regulations or codes of practice to which he or they are subject in the carrying on of the activities to which the certificate relates or authorises”; or

“the holder of the certificate is not a fit and proper person to hold the certificate in question within the meaning of the Practising Regulations.”

18. The Committee also noted AR 5(3) which provides that, in determining whether to exercise its powers under AR 5(2), it shall have regard to such matters as it considers relevant. AR 5(3) also provides that, without limitation, in determining whether the holder of a certificate is a fit and proper person, the Committee shall have regard to all or any of the matters referred to in the Practising Regulations.
19. GPR 14(2) requires that *“members must supply the Association with all the information necessary to enable the Association to complete its monitoring process and quality assurance programme efficiently.”* The Committee was satisfied that Mr Folorunsho had failed to provide Mr Benson with documents required to undertake a compliance review of his audit work. It accepted the account given by Mr Benson that despite various requests the documentation provided was inadequate. In failing to provide the requested documents to allow the monitoring review to be conducted efficiently, Mr Folorunsho has committed a breach of GPR 14(2). The Committee considered this to be a material breach as it undermines ACCA’s ability to ensure compliance with the rules and regulations and potentially exposes the public to serious risk of harm.
20. The Committee also determined that Mr Folorunsho issued an audit report for his charity client without any credible attempt to carry out an audit in line with relevant standards. The Committee noted and agreed with the ACCA view that the documentation provided to Mr Benson to conduct the audit review was inadequate. Mr Folorunsho had signed off the audit report which stated that his firm had carried out the audit in accordance with the International Standards on Auditing. However, the Committee was satisfied there was limited evidence of any significant audit work having been undertaken. Having considered the

evidence of Mr Folorunsho, the Committee noted his good intentions in assessing the risks the client faced and deemed his actions did not lack integrity. However, it concluded he lacked competence to carry out the audit work as he was not clear himself as to what the relevant requirements and his obligations were.

21. Having taken all the circumstances into account, the Committee was satisfied on the balance of probabilities that Mr Folorunsho is not a fit and proper person under GPR 8(2)(d) and there had been non-compliance with the requirements of relevant auditing standards. The Committee considered the breaches were individually and collectively material as Mr Folorunsho lacked understanding of his obligations and his actions undermined ACCA's ability to conduct compliance reviews of audit work and potentially placed the public at risk of harm through his lack of competence. As a result, Mr Folorunsho and the Firm had breached PR13(1) in that they failed to comply with the International Standards of Auditing (UK) in the conduct of audit work.
22. The Committee next considered what if any order to impose in light of its findings. ACCA's Regulatory Board Policy Statement and Regulatory Guidance, titled "*Audit monitoring and ACCA's approach to non-compliance with auditing standards*" makes clear that the purpose of any order, if one is to be imposed, is to protect the public, maintain public confidence in the profession and maintain proper standards of conduct.
23. The Committee considered all order options, taking into consideration that the issues in the report relate only to Mr Folorunsho's conduct of audit work and competence as an auditor. Given the Committee's factual findings, the Committee concluded that permitting Mr Folorunsho to retain his audit certificate would not be in the public interest and contrary to the presumption of competence.
24. The Committee make an order pursuant to Authorisation Regulations 6(16)(a)(ii) and 5(2)(f) that:
 - (i) Mr Folorunsho's responsible individual status with audit qualification and the firm's auditing certificate be withdrawn; and
 - (ii) any future re-application for audit registration by Mr Folorunsho, or by a firm in which he is a principal, must be referred to the Admissions and

Licensing Committee, which will not consider the application until Mr Folorunsho and his firm have provided an action plan, including appropriate audit related CPD, which ACCA regards as satisfactory, setting out how Mr Folorunsho intends to prevent a recurrence of the previous deficiencies and, following the date of this order, passed ACCA's advanced audit and assurance examination required by the relevant jurisdiction."

25. The Committee considered that as Mr Folorunsho only had one audit client, such an order was unlikely to disproportionately affect his practice.

EFFECTIVE DATE

26. The Committee noted ACCA's submissions on the immediacy of the order and determined it was appropriate that the order should take immediate effect given the risk identified and public interest concerns arising from Mr Folorunsho and the Firm's audit practice. The Committee noted that Mr Folorunsho did not oppose the application.

PUBLICITY

27. The Committee noted the submissions made by Ms Terry including those concerning the Statutory Auditors and Third Country Auditors Regulations 2016. The Committee noted that AR 6(14)(c)(i) states that all orders relating to the certificate of the relevant person made by the Committee pursuant to AR 6(16)(a)(ii) to (iv) shall be published, together with the reasons for the Committee's decisions, in whole or in summary form, and the name of the relevant person, as soon as practicable. Mr Folorunsho raised no objection to publication. Accordingly, taking account of its substantive decision and the Regulatory Board Policy Statement and Regulatory Guidance, the Committee determined that the outcome of this hearing be published in the usual way.

Ms Kathryn Douglas
Chair
29 January 2025