

The Decision and Reasons of the Regulatory Assessor for the case of Mr David Flanagan FCCA and Flanagan & Company referred to him by ACCA on 11 June 2025

Introduction

1. Flanagan & Company is the unincorporated sole practice of ACCA member, Mr David Flanagan FCCA. I have considered a report, including ACCA's recommendation, together with related correspondence, concerning Mr Flanagan'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 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 five audit quality monitoring visits;
 - b At the firm's first review, held during March 2010 the Compliance Officer found that the firm had not established quality control policies, and its procedures were not adequate to ensure that it conducted audits in accordance with the International Standards on Auditing (UK & Ireland) (ISAs). In addition, there were serious deficiencies in its work on the report to the Law Society of Ireland on its solicitor client. It did not appear that the firm had attempted to carry out its audit and regulatory work in accordance with the requirements. Therefore, although a firm's first visit is usually treated as advisory, in this case it seemed appropriate to refer the findings to the Regulatory Assessor to consider taking regulatory action;
 - c In June 2010 the Regulator Assessor made a decision pursuant to Authorisation Regulations 6(2)(f) and 6(3)(b) that Mr Flanagan be required to:
 - i. Have all future audit work on four clients, selected by the Practice Monitoring Department, and all other work in respect of reports to any regulatory body, reviewed by a training company before reports are signed, such training company being subject to ACCA approval.

- II. Notify ACCA within six weeks of the date of written notification of this decision of the identity of the training company referred to in i above.
 - III. Be subject to an accelerated monitoring visit before 30 June 2012 at a cost to the firm of £900 and £250 for each additional audit qualified principal, and
 - IV. 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.
- d The firm's second monitoring review, as imposed by the Regulatory Assessor, took place during June 2012. The Compliance Officer found that the firm had made improvements in the performance and recording of its audit work, although some deficiencies remained which were not significant. The outcome of that review was, therefore, satisfactory. As a result, the firm was released from the terms of the Regulatory order. The report on the review setting out the deficiencies found was sent to the firm in July 2012. The firm acknowledged receipt of the report and provided an action plan, describing the remedial action that the firm was taking, in August 2012.
- e At the third and fourth review held during October 2014 and January 2019 respectively, the Compliance Officer found that the firm had maintained its standard of audit work although some deficiencies were found in the performance and recording of the audit work. As a result, the overall outcome of the reviews was satisfactory. The reports on the reviews set out the deficiencies found and was sent to the firm in November 2014 and April 2019. The firm acknowledged receipt of the report and provided an action plan describing the remedial action that the firm was taking in December 2014 and May 2019 respectively.
- f At the fifth review carried out during January 2025, the Compliance Officer found that the standard of the firm's audit work had significantly deteriorated. On the two files inspected there were serious deficiencies in the work recorded in the key areas resulting in the audit opinions not being adequately supported. As a result, on the files examined the audit opinion was not adequately supported by the work performed and recorded.

- g The firm has failed to achieve a consistently satisfactory outcome in spite of the advice and warning given at the previous reviews and by the Regulatory Assessor.
- h The firm has subsequently relinquished its auditing certificate, and Mr Flanagan has relinquished his status as a responsible individual.

The Decision

- 4. I note that Mr Flanagan has relinquished his practising certificate with audit qualification and his firm's auditing certificate. On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f), 7(3)(b) and 7(4) that any future re-application for audit registration by Mr Flanagan, 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:
 - A. He has provided an action plan, including appropriate audit related CPD, which ACCA regards as satisfactory, setting out how Mr Flanagan intends to prevent a recurrence of the previous deficiencies and,
 - B. following the date of this decision, passed the advanced audit and assurance paper of ACCA's professional qualification.

Publicity

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

David Sloggett FCCA
Regulatory Assessor
07 July 2025