

Pursuant to the Crown Dependencies' Recognised Auditor Sanctions Procedure (CD RASP), and following an inspection by the Financial Reporting Council (FRC)'s Audit Quality Review (AQR) team, the FRC's Enforcement Committee (the Committee) determined on 24th June 2022 that Deloitte LLP (Deloitte) had failed to comply with the Regulatory Framework for Auditing in its audit of a listed company's 2018 financial statements.

The Committee found that four auditing standards had been breached by Deloitte in the 2018 audit. They included breaches in the areas of professional scepticism, a failure to obtain sufficient appropriate audit evidence, evaluation of the reasonableness of management estimates and significant assumptions, and the going concern basis of accounting.

The Committee considered that it was necessary to impose a Sanction to ensure that Deloitte's audit work is undertaken, supervised and managed effectively. The Sanction proposed by the Committee, and accepted by Deloitte, was a Regulatory Penalty of £440,000, adjusted by a discount of 25% for co-operation and mitigation, rounded down to £330,000. In addition, the Committee accepted written Undertakings proposed by Deloitte. The FRC's AQR team will monitor compliance with the Undertakings and report to the FRC's Supervision Committee and the relevant RSB as appropriate.