

Deloitte fined £906,000 by watchdog over SIG accounts

The auditing watchdog has fined [Deloitte](#) £906,250 over failings in its accounting for building materials firm [SIG](#).

The Financial Reporting Council (FRC) first launched an investigation into the Big Four auditor in 2018 after it had been sacked by SIG when it admitted to irregularities in its accounts.

The regulator also handed a £36,250 sanction directly to Deloitte's audit engagement partner working on the account, Simon Manning, over his involvement in the breaches of auditing rules.

It related to breaches in the 2015 and 2016 audits for the Sheffield-based insulation and exteriors specialist.

Deloitte and Mr Manning admitted to two breaches related to the audit of supplier rebates – incentives paid to SIG by its suppliers – and cash.

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The FRC said that Deloitte and the partner “failed to obtain and document sufficient appropriate audit evidence in respect of the testing of rebate terms”.

It also said the firm and partner failed to obtain sufficient audit evidence of cheque payments around the year-end.

The sanctions were reduced by 27.5% from their original amounts after Deloitte and Mr Manning co-operated and admitted the breaches.

Jamie Symington, deputy executive counsel at the FRC, said: “These breaches concerned two discrete areas of the audit of a particular subsidiary of SIG plc.

“They involved contraventions of requirements which are fundamental to the role of the independent auditor and were associated with material mis-statements in SIG plc’s accounts which had to be corrected.

“The breaches in respect of supplier rebates were made all the more serious by the fact that the FRC had highlighted these complex supplier arrangements as requiring particular attention from auditors.”

A spokeswoman for Deloitte said: “We are disappointed that our work on the full-year 15 and full-year 16 SIG plc audits – relating to the audit of supplier rebates and cash – fell short of the high standards expected of us.

“We have learnt from the matters identified by the FRC and remain committed to audit quality and its continuous improvement.”