

In some cases where a matter has been referred to a hearing, the Professional Conduct Committee offers to or accepts settlements from the investigated person. This process has evolved since 1993.

Both the Institute and investigated person benefit from these settlements in that there is quick closure of the issue, the costs to both are greatly reduced, the time of the investigated person, volunteers, public representatives, potential witnesses and staff are greatly reduced, and the investigated person has more input into the terms that are tailored to the specific practice of the member.

In determining the terms of a settlements, the Professional Conduct Committee strives to obtain an undertaking that complies with the following principles:

1. The public is protected from incompetent or unethical professionals,
2. The facts are known and agreed,
3. A hearing will not add further benefit,
4. The penalties agreed to are consistent with those ordered by hearing committees in similar cases,
5. Publication terms are either set by the bylaws or are consistent with those ordered by hearing committees in similar cases, and
6. The undertaking forms part of the member or student's discipline history.

All undertakings are strictly monitored, and failure to comply with the terms results in the member or student facing a hearing on the original charges as well as for its breach.



REFERENCE: 9305

FACTS: The CA took over a practice and client files in 1990. The client in question chose to remain with the CA for the 1991 year end. In late 1990, the client was preparing to sell a business, and requested an estimate of the amount of taxes owing on the sale. The eventual taxes were higher than the estimate, and interest was owed to Revenue Canada because the taxes were paid later than required. Apparently, delays in receiving information on the sale of the business led to delays in preparing the 1991 financial statements and tax returns, which were consequently filed on the due date without client review or signature.

The clients stated that there were also issues on which they were expecting advice and written instructions from the CA (e.g. bonuses payable, debit balances in shareholder loan accounts, dates for payment of related taxes) which they did not receive. The clients became aware of problems when another accountant examined the CA's work; he identified problems with remittance of tax on bonuses payable, and other problems with the year end work. It was also determined that benefits were not reported as taxable income and bonuses were not paid within the 180 day deadline. The CA did not supply information to his successor on a timely basis.

UNDERTAKING: The CA accepted and admonishment and agreed to:

1. complete the CICA Tax Update course;
2. have his practice reviewed, at his cost, by a tax practitioner acceptable to the Director of Professional Standards who would make recommendations regarding documentation of tax engagements, tax advice provided, reporting letters to clients and systems to ensure compliance with reporting requirements and the inclusiveness of relevant items in tax returns; and
3. implement the tax reviewer's recommendations and satisfy the Professional Conduct Committee that he has done so.

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9206

FACTS: The Practice Review Committee found continued documentation deficiencies in audit files and registered a complaint. The CA subsequently sold his practice and became employed in industry.

UNDERTAKING: The CA agreed to refrain from auditing until he completed the courses on Planning, Performing & Evaluating the Small Audit, Audit Testing and Audit of the Small Business; to perform audit engagements only under supervision until the Practice Review Committee was satisfied as to his competence in the preparation of working papers; and if he re-entered public practice he would have a Practice Review completed within 6 months.

PUBLICATION: None.



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 9237

FACTS: The CA practiced in another province. Another provincial institute cancelled his membership because he had issued an auditor's report on financial statements although he failed to comply with GAAS and had failed to comply with the requirements it had imposed on him to have his audit file reviewed by another member.

UNDERTAKING: The CA agreed that if he practiced public accounting he would

- 1) maintain the required professional liability insurance;
- 2) not refer to himself as a CA or display his Alberta member's certificate;
- 3) not perform any audit or review engagements;
- 4) allow a practice review as deemed necessary by the Alberta Practice Review Committee;

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9247

FACTS: The CA was a sole practitioner from 1985. The Practice Review Committee found deficiencies in several review engagements. The CA did not provide additional information requested by the Practice Review Committee and a complaint was lodged as the CA's audit and review files contained inadequate documentation.

UNDERTAKING: The CA accepted an admonishment, and agreed to complete the courses on Planning and Performing Small Audit and Review & Compilation Engagements, and to have a Practice Review within a year.

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9328

FACTS: In his capacity as Chief Financial Officer of a public company, the CA was disciplined by the Alberta Securities Commission, which he duly reported to ICAA as required by Rule 102. Although he was aware of problems with the company's interim financial statements and of a product not performing to expectations, he did not notify ASC or instruct the company to do so, nor did he notify them when he became aware that the company was no longer operating.

UNDERTAKING: The CA agreed to accept an admonishment and agreed to refrain from being a director of a public company for five years.

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9333

FACTS: The CA audited financial statements of a public company. A transaction to purchase rights to manufacture and market a product was reflected as goodwill. Although the transaction involved a related party, this was not disclosed in the financial statements. The Alberta Securities Commission questioned the recording of the purchase of rights as goodwill, a lack of disclosure of related party transactions, and a lack of disclosure regarding going concern. The Securities Commission noted that documentation standards might show a possible departure from generally accepted auditing principles. The CA's working papers did not support the valuation of the assets.

UNDERTAKING: The CA accepted an admonishment and agreed to have all working paper files and financial statements of public company audits reviewed prior to issuance by an experienced CA acceptable to the Professional Conduct Committee until it is satisfied that supervision is no longer required.

PUBLICATION: To the Alberta Securities Commission.



REFERENCE: 9358

FACTS: The CA was in public practice and acted as auditor for a public company that operated in the U.S., where a CPA performed most of the audit procedures. The Practice Review Committee had several concerns with the files regarding the 1990 audit of the company, in that files were deemed incomplete with respect to documentation of audit planning and audit procedures performed by the member's firm and its agent. The reviewer found insufficient audit evidence regarding the valuation and existence of major assets. There was also inadequate documentation of the audit plan, including use of an agent; knowledge of client's business; determination of materiality and audit risk assessment; error summary and evaluation of misstatements regarding materiality; intended reliance on internal control environment; determination of extent of transaction testing, analytical review procedures, or other procedures; determination of or assessment of Canadian vs. U.S. GAAP differences; and overall summary and conclusions regarding the results of the audit. The CA firm was not re-engaged to do the 1991 audit. The Practice Review Committee filed a complaint.

UNDERTAKING: The CA accepted an admonishment and agreed to refrain from auditing public companies until the following courses were completed: Internal Control; Materiality, Audit Risk & Extent of Audit Testing; and CICA Handbook Refresher.

PUBLICATION: None.

REFERENCE: 9434

FACTS: The CA was a sole practitioner and had performed audits for two businesses from their incorporation to 1992. The Practice Review Committee raised concerns that his files inadequately documented audit planning and procedures to obtain sufficient evidence to support his unqualified opinion. The CA admitted that his overall summary and conclusions regarding the audits were formed primarily through reliance on personal knowledge of the clients' situations.

UNDERTAKING: The CA accepted an admonishment and agreed to refrain from performing audit and review engagements except under the supervision of a CA approved by the Practice Review Committee who must review all working paper files and financial statements prior to issuance until the Committee is satisfied that supervision is no longer required.

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9437

FACTS: The CA was a sole practitioner engaged by the company since the early 1980s to do all accounting and bookkeeping. A new accounting firm was engaged in 1993 and discovered an error in the retained earnings balance at May 31, 1991, which was different than the opening balance at April 30, 1991 by \$3,000. Errors were also discovered in GST payable at May 31, 1992 because of a substantial understatement and payment of GST liability, which resulted in \$51,000 in interest and penalties being assessed.

ADMISSION: The CA failed to perform services for a corporation between 1991 and 1993 with due care.

UNDERTAKING: The CA agreed to complete the following courses: CICA Handbook Refresher, The GST - Lest We Forget, Review & Compilation Engagements, and Quality Control In Your Practice by March 31, 1995.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.

REFERENCE: 9442

FACTS: The CA issued financial statements on a publicly traded company. The Alberta Securities Commission reviewed the statements and raised a number of concerns which were provided to the Institute. As a result of including \$2 million of subscriptions receivable, current assets and capital were materially overstated. A gain on sale of investments of approximately \$2.5 million was inappropriately recorded prior to closing and was reflected as operations rather than investment income. The working paper file contained no or insufficient documentation to support the existence and/or valuation of mining exploration expenditures, assets and operations of overseas farms, and assets exchanged for shares. Disclosure of accounting policies, investing activities and related party transactions were inadequate.

The CA resigned as auditor.

UNDERTAKING: The CA agreed to

- 1) refrain from auditing public companies until he has successfully completed Audit Refresher and Handbook Refresher courses; and
- 2) .have all working paper files and financial statements of public companies that he audit reviewed prior to issuance by an independent CA approved by the Professional Conduct Committee until the Practice Review Committee was satisfied such review was no longer required.

PUBLICATION: To advise Alberta Securities Commission.

REFERENCE: 9525

FACTS: The CA was in industry. From 1990 to 1993 he issued review engagement reports on the financial statements of a company in which his wife and son each held a 12.5% interest. He was not registered as a practicing office with ICAA. The file documentation was insufficient to support the plausibility of the financial statements.

ADMISSION: The CA issued review engagement reports on financial statements of a company for the years ended September 30, 1990 to 1993 inclusive although:

1. his wife and son each held a 12.5% interest in the company he was reporting on;
2. he failed to register his practicing office with ICAA for 1991-1994 inclusive as required by Bylaw 1200; and
3. he failed to carry professional liability insurance for 1991-1994 as required by Bylaw 1000.

UNDERTAKING: The CA agreed to refrain from practicing public accounting until he has:

- a) completed the CICA Handbook Refresher Course, Review & Compilation Engagements, and Ethics;
- b) registered his practicing office; and
- c) thoroughly reviewed the Member's Handbook; and

thereafter to refrain from performing audit and review engagements unless he has an independent review prior to issuance of the financial statements and working paper files by a CA acceptable to the Professional Conduct Chair and to comply with the recommendations of the reviewer until the Practice Review Committee is satisfied that supervision is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to inform anyone inquiring into the status of the member.



REFERENCE: 9527

FACTS: The CA's practice consisted mainly of review files. He had one public company audit from which he subsequently resigned. The ICAA received a complaint regarding the financial statements for the public company in that they contained significant departures from GAAP, although it was determined that a clean opinion was issued. The nature and extent of transactions with related parties were inadequately disclosed; a write down of an investment was improperly reflected as an extraordinary item; and the abandonment of a resource site was improperly reflected as an extraordinary item. The original audit report did not meet guidelines regarding reporting of comparative financial statements because the CA was unaware that the report should cover both the current year and a comparative period. The CA showed a lack of knowledge regarding the calculation of the ceiling test. Future site restoration and abandonment costs on property had not been considered.

UNDERTAKING: To refrain from auditing accounts of public companies until such time as he completes the CICA Handbook Refresher course and has an independent review of audit files of all public company clients by an experienced CA acceptable to the Practice Review Committee and complies with the recommendations of the reviewer until such time as the Practice Review Committee is satisfied external review is no longer required.

PUBLICATION: None.



REFERENCE: 9548

FACTS: The financial statements of two corporations audited by the CA revealed that a technology license was assigned to a related company in exchange for 1 million shares (held in escrow) and a promissory note. The financial statements did not disclose that the company had not obtained an independent valuation of the technology license. It appeared that the financial statements:

- 1) materially overstated the value of license and patent rights for a technology purchase;
- 2) failed to disclose that the value of license and patent rights for the technology purchase were not supported by an independent valuation;
- 3) materially overstated issued share capital rather than disclosing a contingency that shares would be recorded when released from escrow as cash was generated from use of the technology;
- 4) reflected a note payable to a related party at face value rather than at discounted value;
- 5) failed to disclose conditions surrounding the note payable to a related party; and
- 6) failed to disclose transactions with 3 companies as related party transactions.

UNDERTAKING: The CA agreed to

- 1) have an independent review of financial statements and audit working paper files of all audit clients prior to issuance; and
- 2) .have an independent review of financial statements and review working papers of review clients either prior to or post-issuance as determined by the supervisor by an experienced CA acceptable to the Practice Review Committee. The CA agreed to comply with the recommendations of the reviewer until such time as the Practice Review Committee is convinced the external review is no longer required.

PUBLICATION: None.



REFERENCE: 9612

FACTS: The CA was engaged by the client and his wife for several years to prepare financial statements and tax returns for a group of companies controlled by the family and to prepare their personal tax returns. A 1993 marriage breakup led the wife to engage a new accountant in 1994. The new accountant reviewed the previous financial statements of the companies and discovered several concerns with the financial statements, which showed departures from generally accepted accounting principles. The 1993 financial statements did not disclose the sale of a real property investment to a subsidiary nor a going concern note. As well, a 1991 tax reassessment was not recorded as a prior period adjustment. The CA was uncooperative, which led the successor accountant to file a complaint.

UNDERTAKING: The CA agreed to complete the Financial Statement Presentation and Disclosure course.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.

REFERENCE: 9621

FACTS: The CA performed a review engagement on the client's 1993 and 1994 financial statements. The client changed accountants for fiscal 1995. Restated financial statements were prepared, which increased the loss from \$120,000 to \$260,000. The major differences were:

1. accounts payable cut-off errors resulted in approximately \$158,000 in increased costs;
2. discounts of \$21,000 were recorded as revenue instead of adjustments to work in progress; and
3. prepaid commissions, and consulting and design fees (\$38,000) were expensed instead of forming part of work in progress.

The client stated that the investors would not have provided funds if they had known the full extent of the operating losses. The company declared bankruptcy.

UNDERTAKING: The CA agreed to accept an admonishment and agreed to complete Review and Compilation Engagements and CICA Handbook Refresher courses.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.



REFERENCE: 9625

FACTS: The CA did not file a 1992 tax return for his client but on several occasions assured the client that it had been done and that a refund was coming. In February 1995, Revenue Canada contacted the client to inform him that they had not received the 1992 return. The CA assured the client it had been done and would send a copy. Numerous attempts to contact the CA failed, the return was never received, and no reply was forthcoming from the CA. The client was forced to gather duplicate information from his employer and financial institutions and have another accountant redo the return. The assessment included approximately \$1,200 in interest and penalties. The client filed a complaint. The CA had serious health problems.

ADMISSION: The CA failed to respond to the client's concerns from August 1993 to April 1995 and failed to provide copies of 1992 personal tax returns.

UNDERTAKING: The CA accepted an admonishment and agreed to

1. Complete the following Professional Development Courses by January 31, 1997: Tax Update, Review & Compilation, Audit Engagement Refresher, and CICA Handbook Accounting Refresher;
2. Be accessible by phone to clients and ICAA representatives;
3. Respond to clients on any matters required;
4. Maintain records supporting delivery of information and returns to clients;
5. Maintain a telephone answering service;
6. Notify ICAA immediately if engaged to perform any compilations, audits, or reviews.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.

REFERENCE: 9631

FACTS: The CA was responsible for a corporate rollover. He did not ensure that the clients' lawyer was provided with the proper instructions to complete the rollover. As a result a sister company rather than a holding company was formed. The CA had no checklist in his working paper files to ensure that the proper steps were carried out to facilitate the reorganization. The working paper files and personal tax returns had no follow-up procedures to ensure proper reporting. The CA did not file the election forms correctly, nor did he report the clients' personal capital gains associated with the reorganization. The member prepared amended personal returns for the clients but failed to file them or discuss the matter with the clients. The CA also failed to respond to enquiries by the successor accountants, who subsequently filed a complaint. The CA left public practice.

ADMISSION: The CA failed to perform professional services to two clients and their companies from 1993 to 1995 with due care by:

- 1) failing to communicate with the clients' lawyer regarding necessary rollover procedures to crystallize the capital gain and set up a holding company, or, in the alternative, associated himself with financial statements for the year ended March 31, 1994 which were false and misleading with respect to long term investments;
- 2) failing to file on a timely basis all necessary election forms;
- 3) failing to deal with filing errors with respect to the election forms;
- 4) failing to report capital gains on the 1995 personal income tax returns of the clients; and
- 5) failing to cooperate with the successor accountants.

UNDERTAKING: The CA agreed to

- 1) refrain from practicing tax unless under supervision of a CA approved by the Professional Conduct Committee until it is satisfied that supervision is no longer required;
- 2) complete the following Professional Development courses: Transfer of Property to a Corporation - Section 85, Corporate Reorganizations, and Growth and Maturation - Owner-Manager Tax Planning; and
- 3) respond within 5 working days to any communication from ICAA requesting a response.

The undertaking forms part of the member's discipline record.

PUBLICATION: In *Membership Activity Report*, and to anyone inquiring about the status of the member.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9636

FACTS: The unresolved break up of a partnership led to a series of complaints by both partners to ICAA. During the partnership, GST was collected from clients on the billings of the firm, but no GST returns were filed and no amounts remitted to the Receiver General on behalf of the firm.

ADMISSION: GST returns had not been filed nor GST remitted on behalf of the CA firm.

UNDERTAKING: The CA agreed to complete and file GST returns, pay GST owing and submit proof of filing return and remittance to ICAA.

PUBLICATION: None.



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 9643

FACTS: Another provincial Institute found the CA guilty of unprofessional conduct and had fined and suspended him for one year for his involvement in the improper payment of funds to another company, to himself, and to another employee. The CA maintained that his supervisor had ordered him to make the payments. Legal action by the corporation against the CA was dismissed with a comment from the Judge that the supervisor should have been facing the charges.

ADMISSION: The CA failed to maintain the good reputation of the profession.

UNDERTAKING: The CA agreed not to practice public accounting and not represent himself as a Chartered Accountant or CA anywhere in Canada for the period for which he was suspended from the other provincial Institute.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.

REFERENCE: 9646

FACTS: The Practice Review Committee found the following deficiencies in generally accepted auditing standards regarding an audit engagement: an extensive number of incidents of insufficient documentation of audit procedures, lack of schedules in working paper files to support certain balances in financial statements, and no confirmations sent regarding significant account balances of bank, accounts receivable, and accounts payable. Because of the nature and frequency of audit and procedural deficiencies by the CA office, the Committee filed a complaint.

ADMISSION: The CA failed to comply with generally accepted audit standards regarding the issuance in 1995 of an auditor's report on financial statements.

UNDERTAKING: The CA agreed to have an independent review, prior to issuance of the report, financial statements and working paper files of all audit and review engagement clients by an experienced CA acceptable to the Professional Conduct Committee Chair and to comply with the recommendations of the independent reviewer until such time as he has satisfied the Practice Review Committee that supervision is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires into the status of the member.



REFERENCE: 9647

FACTS: In an audit engagement file, the Practice Reviewer found that the following deficiencies existed: audit procedures involving material timing differences and related deferred income taxes were not adequately documented; non-recognition in the financial statements of income tax effects of timing differences and tax losses of \$614,000. There had been significant audit deficiencies in four practice reviews since 1990 and inadequate documentation relating to:

- 1) the nature and extent of audit procedures performed;
- 2) his knowledge of client business;
- 3) his understanding of control environment and control systems;  
and
- 4) his basis for assessment of control risk.

The Practice Review Committee filed a complaint.

ADMISSION: The CA failed to comply with generally accepted audit standards.

UNDERTAKING: The CA accepted an admonishment and agreed to have an independent review prior to issuance of the financial statements and working paper files of all audit engagement clients by a CA acceptable to the Professional Conduct Chair and to comply with the recommendations of the reviewer until the Practice Review Committee is satisfied that supervision is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.



REFERENCE: 9648

FACTS: During a Practice Review it was discovered that the CA's non-resident client requested that the CA act as the second signatory for all cheques over \$5,000 for his company and others in the corporate group. The stated purpose was as a cross check on the client's management staff and to ensure that larger funds were not able to be misappropriated. The CA admits that he was signatory on various corporate review engagement files. The CA maintained he was "objective in fact". The Practice Review Committee made a complaint.

ADMISSION: The CA issued a Review Engagements Report on the financial statements of a client for which he was the second signing authority for cheques issued in excess of \$5,000.

UNDERTAKING: The CA accepted an admonishment and agreed to remove himself as signing authority on accounts of all clients for whom the firm issues review engagement reports or audit reports; and to refrain from issuing review engagement reports or audit reports for any client where a member of the firm acts as the signing authority for the client or its associates.

PUBLICATION: None.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9649

FACTS: The CA acted as director of a corporation and acknowledged a breach of the Alberta Securities Act in acquiescing to trading and distribution of securities without having filed a prospectus with the Alberta Securities Commission. Over \$200,000 was raised through the sale of subscription agreements to the investors. Although not involved directly, the CA was aware that these funds had been raised.

ADMISSION: The CA acquiesced to the trading of securities although a preliminary prospectus and prospectus were not filed with the Alberta Securities Commission, and investors had insufficient connection with the company for distributions to be exempt under the Alberta Securities Act.

UNDERTAKING: The CA accepted an admonishment and agreed to complete the course: "Going Public in Alberta" to update his knowledge of utilizing prospectus exemptions to raise funds in Alberta.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 9656

FACTS: The CA issued an auditor's report on financial statements although he failed to comply in all material respects with the generally accepted auditing standards of the profession either by:

- 1) failing to obtain sufficient appropriate audit evidence to afford a reasonable basis to support the contents of the reports or, in the alternative,
- 2) failing to document his auditing procedures to afford reasonable basis to support the contents of his reports.

ADMISSION: The CA failed to comply with generally accepted auditing standards.

UNDERTAKING: The CA accepted an admonishment and agreed to

- 1) complete CICA Handbook Accounting Refresher and Audit Engagement Refresher courses; and
- 2) have an independent review of financial statements and working papers prior to issuance of audit engagement clients by an experienced CA acceptable to the Professional Conduct Chair and to comply with recommendations until Practice Review Committee satisfied the review is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report* and to anyone inquiring into the status of the member.

REFERENCE: 9713

FACTS: In a follow up review, the Practice Reviewer found compilation engagements that were not completed with due care. In a non-review financial statement, a material sale of land was not reflected, which resulted in a material overstatement of the loss for the year. In another, a significant sale of an oil and gas property was reflected as a “forgiveness of debt” but no adjustment was made to the carrying value of the properties. A complaint was made by the Practice Review Committee. The CA had not registered his Practicing Office; this was quickly remedied. The Practice Review Committee made a complaint.

ADMISSION: The CA was associated with financial statements of a corporation for the year ended May 31, 1995 which were false or misleading.

UNDERTAKING: The CA agreed to:

- 1) have a supervisor review all working paper files and financial statements prior to issuance and follow recommendations regarding financial statement presentation, file documentation and performance of procedures until such time as he has a successful practice review and his supervisor determines that supervision is no longer required; and
- 2) complete the courses: CICA Handbook Accounting Refresher, Review & Compilation Engagements, and Audit Engagement Refresher.

The undertaking forms part of the member’s discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.



REFERENCE: 9714

FACTS: The CA was an auditor reporting on the financial statements for a public company listed on the Alberta Stock Exchange. The statements reflected a related party transaction, the purchase of property in exchange for two million shares. During this period the company was the subject of a cease trade order. The value of the transaction recorded by the CA was based on fair market value rather than the cost to the related party, resulting in a material misstatement of the financial statements. The Practice Review Committee made a complaint.

UNDERTAKING: The CA agreed to have a follow up practice review within one year; to engage a supervisor approved by Professional Conduct Committee for a minimum of one year to review audit and review engagement files and financial statements prior to issuance. The supervision will continue until such time as he has a successful practice review and his supervisor determines that supervision is no longer required. He also agreed to complete the handbook accounting refresher course.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.

REFERENCE: 9716

FACTS: The CA audited a group of companies from incorporation until the 1993 year end. The auditor for the 1996 year end discovered that gross wages in the client corporation were understated on the T4s and T4 summary information. This could have led to large penalties from Revenue Canada. The CA was aware of this discrepancy but did not resolve it with his client. The audit working paper files contained insufficient documentation. As well, generally accepted accounting principles were not followed as:

- a) financial statements were not prepared on a consolidated basis;
- b) investment in wholly owned subsidiary was reflected in cost basis with no explanation for failure to present consolidated financial statements;
- c) no disclosure was made of financial information of subsidiary;
- d) no disclosure was made as to why interest income earned by 2 other corporations and the subsidiary were included in the earnings of the client;
- e) no disclosure was made regarding rate of interest applicable to loan to subsidiary by client; and
- f) no disclosure was made of related party transactions

The new auditor filed the complaint. The old auditor sold his accounting practice.

ADMISSION: The CA issued unqualified auditor's reports on the financial statements of a client for the years ended March 31, 1991, 1992, and 1993 although:

- 1) Financial statements were not prepared in accordance with generally accepted accounting principles; and
- 2) He failed to comply in all material respects with generally accepted auditing standards.

UNDERTAKING: The CA agreed to refrain from practicing public accounting except as an employee of a registered practicing office.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

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REFERENCE: 9723

FACTS: The CA was scheduled for practice review in early 1995, but failed to respond to numerous letters and telephone calls from ICAA between December 1994 and September 1996. The Practice Review Committee filed a complaint.

UNDERTAKING: The CA accepted an admonishment for his failure to cooperate and agreed to arrange a practice review by January 31, 1997.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.

REFERENCE: 9731

FACTS: During a follow-up Practice Review, the reviewer found continuing review engagement procedural deficiencies and an apparent lack of progress in correcting them. He found that there was insufficient documentation to support the review of the financial statements, a failure to adequately document procedures to support findings to the Law Society on Form T Auditor's Reports for trust accounts, and a lack of proper financial statement disclosure. The Practice Review Committee filed a complaint.

ADMISSION: The CA failed to:

- 1) adequately document the enquiries, analytical procedures and discussions necessary to support the plausibility of the financial statements on which he performed a review; and
- 2) adequately document the procedures to support the findings reported on Form Ts issued in 1995.

UNDERTAKING: The CA agreed to have an independent review, prior to issuance of the report, of financial statements and working paper files of all audit and review engagement clients by an experienced CA acceptable to the Professional Conduct Committee Chair and to comply with the recommendations of the independent reviewer until such time as the Professional Conduct Committee is satisfied that supervision is no longer required. The admission of guilt and undertaking form part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone inquiring into the status of the member.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9744

FACTS: A Form T was issued to the Law Society that stated that the client's firm had no bank overdrafts, although there was one, and that a trust ledger existed, but the transactions were not recorded chronologically.

The CA was not registered as a practicing office, and admitted to having signed a blank Form T as a "consultant", and sent it to his client. He acknowledged that this was a mistake. He advised the client to have a qualified office complete the work and to return the form. The CA advised that the client told him that the form had been destroyed. The client completed the form and submitted it with the CA's signature to the Law Society. The Law Society filed a complaint.

The CA moved outside Canada and stated that he never intends to practice in Canada.

ADMISSION: The CA issued a Form T Accountant's Report for 1994 although he:

- 1) failed to perform professional services with due care in that he failed to obtain sufficient appropriate evidence to afford a reasonable basis to support the contents of his report; and
- 2) failed to register as a practicing office with ICAA as required by Bylaw 1200.

UNDERTAKING: The CA agreed to refrain from practicing public accounting in Alberta until he registers as a practicing office with ICAA.

The undertaking forms part of the member's discipline record.

PUBLICATION: To all provincial institutes and foreign accounting organizations to which he belongs or applies in the future, and to anyone inquiring about the status of the member. The CA's statement of defence will also be provided to those who inquire.

REFERENCE: 9745

FACTS: The CA provided services to a client and his corporations from 1992. In 1994 a Family Trust was set up with assurance from the CA that his skills were sufficient to deal with the Trust. The CA admitted to the investigator that he did not have the expertise to deal with the Trust. In mid-1995 the CA failed to attend meetings with the client and to return calls. Because the client realized that the CA was having personal problems, he remained with him until September 1996; he then changed accountants.

The new accountants discovered that financial statements had not been completed and tax returns were filed late or not at all. Late filing penalties and interest charges were assessed. The CA did not cooperate with the new accountants. The CA said he planned to decrease his client list and to be out of public practice quickly.

ADMISSION: The CA failed to:

- 1) perform professional services to the client's companies and Family Trust with due care;
- 2) complete financial statements and corporate tax returns for the companies for 1996;
- 3) complete the 1995 trust return;
- 4) respond to telephone calls from the client in a timely manner; and
- 5) attend meetings arranged at client's office and home.

UNDERTAKING: The CA agreed to

- 1) provide ICAA within 1 month with a plan to wind up his practice and advise as to who would supervise his professional engagements;
- 2) practice under the supervision of a CA approved by the Professional Conduct Committee Chair until his office ceased; and
- 3) withdraw from public practice until such time as the Professional Conduct Committee is satisfied that he is technically and emotionally capable to practice.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires about the status of the member.



REFERENCE: 9805

FACTS: The client engaged the CA for tax assistance to wind up a company. The client's repeated requests for information regarding perceived errors in the filing documents were unanswered. Because of the delay, lack of communication, and concern about the CA's competency, the client directed a complaint to the Institute.

The T5 reported actual dividends of \$300,000, which should have been \$240,000. It reported capital dividends of \$80,000 which should not have been included. The client also found errors in the Adjusted Cost Base of the land sold (terminal loss on the building not applied). A Capital Dividend Account Election was not filed. The CA issued a compilation report dated October 1995 on financial statements for the fiscal end December 31, 1995, although there were still monies in the bank and amounts owing to shareholders in October.

ADMISSION: The CA failed to perform tax services to the client with due care.

UNDERTAKING: The CA agreed to

- 1) provide a letter to the client advising how he planned to correct errors made;
- 2) correct the errors in the 1995 corporate income tax return at his cost;
- 3) correct the 1995 T5 return and supplementaries;
- 4) file Capital Dividends Account election, at his cost;
- 5) pay all penalties associated with filing errors;
- 6) complete the corporate tax refresher course; and
- 7) provide ICAA with copies of letters and returns to prove compliance.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.



REFERENCE: 9808

FACTS: The CA works full time in industry with a part time practice. He has no public corporations as clients, but only non-profit organizations with which he has a longstanding relationship or of which he is a member. The Practice Review Committee found insufficient documentation (audit objectives, planning documentation, analytical procedures documentation) in the three audit files reviewed to support that audit engagements were performed in adherence to generally accepted auditing standards. The Committee felt that the files did not address "general areas" such as materiality, knowledge of the business, and inherent control risk. There was also no evidence to show that several compliance documents had been filed with regards to union, non-profit and charitable organizations. Although the member has taken subsequent courses, because of the office's history of continuous audit procedural deficiencies and an apparent lack of progress regarding the same, the Committee made a complaint.

ADMISSION: The CA issued three auditor's reports from 1995 to 1996 although he failed to comply with generally accepted auditing standards.

UNDERTAKING: The CA agreed to refrain from performing audit and review engagements unless he has an independent review by an experienced CA acceptable to the Professional Conduct Chair of the financial statements and working paper files of all audit and review engagement clients prior to issuance of financial statements, and to comply with the recommendations of the independent reviewer until such time as he has satisfied the Professional Conduct Committee that supervision is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires about the status of the member.

REFERENCE: 9821

FACTS: The CA was engaged by a legal firm to complete a Form T Accountant's Report for 1995 and 1996 to be filed with the Law Society.

The Society's audit department found several exceptions which the CA had failed to report in the Form T Report related to unreported debit balances, a bank overdraft, and a trust reconciliation adjustment that was not clearly defined & explained.

The director of audit of the Society filed a complaint.

ADMISSION: The CA admitted he had:

- 1) signed Form T Accountant's Reports to the Law Society for 1995 and 1996 that he knew or ought to have known were false or misleading; and
- 2) failed to perform his engagements with integrity and due care.

UNDERTAKING: The CA accepted an admonishment and agreed to have an independent review by an experienced CA acceptable to the Professional Conduct Chair of the reports and working paper files of all engagements reporting on the results of applying specified audit procedures prior to issuance of reports (e.g. all trust account reports), and comply with the recommendations of the independent reviewer until such time as he has satisfied the Practice Review Committee that supervision is no longer required; and pay a fine of \$3,000 to ICAA.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires as to the status of the member, and on a no-names basis in *CA Monthly Statement*.



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9836

FACTS: In 1992, the CA took over the client's account from a large firm. He visited the firm, reviewed the files, and took copies of working papers and income tax returns. In late 1996, the client contacted the original firm to re-engage them. In preparation of the subsequent year's tax returns, the firm realized that the tax returns had not been completed to the client's best interests. A partner of the firm filed a complaint.

The client had a complex corporate structure, designed to extract maximum income tax benefits involving, at the same time, 7 corporations and 6 related shareholders. The CA did not file election forms which deem companies not to be associated for income tax purposes. By failing to file the election, the client could have paid significantly more tax than necessary at the high corporate rate. Although the structure was complex, the member did not request assistance from the previous accountants (who offered assistance but were not utilized) or an independent tax practitioner.

ADMISSION: The CA failed to sustain professional competence by keeping himself informed of, and in compliance with, developments in income tax and accounting disclosure.

UNDERTAKING: The CA agreed to complete the Income Tax Refresher and CICA Handbook Accounting Refresher Courses.

The undertaking forms part of the member's discipline record.

PUBLICATION: None.



REFERENCE: 9837

FACTS: The CA provided review services for a holding company and retail company of a client since 1991. A key member of the CA's staff was his daughter, a technician, who performed initial file work on the complainant's files until fiscal 1995. In late 1996 the daughter left the CA's full time employment to open a business which was a competitor of the complainant. The complainant only became aware of the daughter's business after the member informed him in September 1997, but withheld disclosure of who the principals of the daughter's business were.

50% of the shares of the daughter's business were owned by a holding company of which the CA owns all of the voting shares. The CA's files did not appear to contain confidential information that the client feared had been compromised. The CA could reasonably be viewed by a reasonable observer as having a financial interest contrary to that of his client.

ADMISSION: The CA failed to advise the client and company on a timely basis that his daughter's company he controlled operated a similar business.

UNDERTAKING: The CA agreed to advise clients immediately of any business connections, affiliations, and any interests of which they might reasonably expect to be informed.

The undertaking forms part of the member's discipline record.

PUBLICATION: Conduct and terms to be published on a no-names basis in the *CA Monthly Statement*.

REFERENCE: 9909

FACTS: The staff CA participated in two audit engagements of junior capital pools (JCPs) his mother had invested in. The CA had a close relationship with his mother, managed some of her RRSP funds, had knowledge of her financial interests, and received a loan from her to assist in the purchase of his home. His mother realized in excess of 10 per cent of her income from the purchase and sale of shares in these two companies. After receiving the sale proceeds, the mother forgave the balance of the loan to her son. The CA then offered to pay the tax on the capital gains on his mother's 1997 personal tax return. He also deducted professional fees on his personal tax return even though his firm paid the fees.

ADMISSION: The CA admitted he had:

- participated in the audits of two companies despite knowing that his mother had financial interests in both companies.  
and
- deducted professional fees on his personal tax return even though his firm paid the fees.

UNDERTAKING: The CA accepted an admonishment and agreed to complete a course on Ethics and to pay a fine in the amount of \$1,000 to ICAA

The undertaking forms part of the member's discipline record.

PUBLICATION: On a no name basis in the *CA Monthly Statement*.

SEPTEMBER/99



REFERENCE: 9928

FACTS: The CA notified the Institute, making a voluntary disclosure on several of his files. He issued review engagement reports on financial statements for two related companies when adequate work had not been done to support his issued report. He also prepared draft compilation financial statements for the companies mentioned, prior to work being substantially completed. The financial records for the two companies contained significant bookkeeping errors that were not corrected and accounts were adjusted without sound reasons. The staff working under the member's supervision were not properly supervised when completing assignments. The CA cited poor health and stress as extenuating circumstances.

ADMISSION: The CA admitted he had issued two review engagement reports for the year 1997 on two different companies, although

- the financial statements were false and misleading,
- he failed to perform the procedures necessary to determine the plausibility of the financial statements,
- he failed to properly supervise staff and
- he did not correct significant bookkeeping errors.

He also admitted that he had released draft financial statements although the necessary work to issue the financial statements was not completed.

UNDERTAKING: The CA agreed to

- 1) have a mentor, approved by the Chair of the Professional Conduct Committee, review all working papers, financial statements and reports prepared for clients, until such time as the Professional Conduct Committee is satisfied supervision is no longer necessary;
- 2) ensure all staff are being properly supervised and are adequately completing the tasks required of them; and
- 3) complete the following professional development courses:  
CICA Handbook Accounting Refresher; Raising Your Resilience; Practical Skills for Review of an Audit File or a similar course approved by the Director, Professional Standards.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires as to the status of the limitation of his practice.

JANUARY/99



REFERENCE: 9932

FACTS: The CA has been in public practice for three years. He had opened a practice after being terminated from a permanent position with the government, due to cutbacks, and unable to obtain another position. Two practice reviews were conducted. The Practice Review Committee determined that in each case there were significant deficiencies in the areas of assurance and non-assurance work. The CA, on his own, had registered for a number of Institute professional development courses.

The Practice Review Committee filed the complaint.

ADMISSION: The CA admitted he had

- failed to comply with generally accepted auditing standards for an audit engagement in that he failed to adequately document the audit procedures performed and the financial statements failed to make all of the necessary disclosures and
- he failed to comply with generally accepted review standards for two review engagements in that he failed to adequately document the review procedures performed and the financial statements failed to make all the necessary disclosures.

UNDERTAKING: The CA agreed to:

- refrain from performing audit and review engagements unless an independent review by an experienced CA acceptable to the Professional Conduct Chair was conducted on the financial statements and working paper files of all audit and review engagement clients prior to issuance
- to comply with the recommendations of the independent reviewer until such time as he has successfully completed a practice review and has satisfied the Professional Conduct Committee that supervision is no longer required, and
- complete the following courses: Auditing Refresher; CICA Handbook Accounting Refresher; Review and Compilation Engagements; and Financial Statement Presentation and Disclosure.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the *Membership Activity Report*, and to anyone who inquires about the status of the limitation in the scope of practice.

MARCH/99



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 9952

**FACTS:** The CA had left his previous firm. A client of the CA complained to the old firm about a goods and services tax return prepared which indicated a refund of approximately \$75,000. Revenue Canada, determined the return was incorrect and on assessment the refund was reduced to approximately \$7,000. The client sued the old firm, seeking damages and loss of profits as the company alleged that it incurred expenses and borrowed funds on the basis that the refund was to be received. A partner of the old firm made a complaint to the Institute. Staff had prepared the return, but the CA had not reviewed it before it was filed.

**ADMISSION:** The CA failed to perform his professional services with due care when preparing and filing a goods and services tax return.

**UNDERTAKING:** The CA agreed to:

- have a mentor, approved by the Chair of the Professional Conduct Committee, review, prior to issuance, all working papers, general services tax returns and income tax returns prepared for and tax advice provided to all of his clients.
- comply with all recommendations of the mentor until the Professional Conduct Committee is satisfied supervision is no longer necessary,
- ensure all staff are properly supervised and are adequately performing their assigned tasks, and
- complete the following professional development courses, Raising Your Resilience and Practical Skills for Review of an Audit File.

The undertaking forms part of the member's discipline record.

**PUBLICATION:** In the *Membership Activity Report* and to anyone who inquires about the status of the limitation of the practice.

SEPTEMBER/99



**SUMMARY OF FINDINGS OF  
UNPROFESSIONAL CONDUCT  
SETTLEMENTS**

REFERENCE: 9957

FACTS: The CA was asked to arbitrate a dispute between two parties. The member had no formal education regarding arbitrations. The member issued his report and award in 1996. Within a month one of the parties appealed the arbitration award. Soon after issuing his arbitration award, the member purchased a business in which a party to the arbitration became a 25 per cent owner.

The arbitration award was overturned on appeal. The Court found a reasonable apprehension of bias because of the subsequent business relationship between the arbitrator and one of the parties.

ADMISSION: The CA failed to exercise his services with due care in performing the arbitration.

UNDERTAKING: The CA agreed to complete a course on arbitration suitable to the Director, Professional Standards, prior to acting as an arbitrator in the future.

The undertaking forms part of the member's discipline record.

PUBLICATION: On a no names basis, in the *CA Monthly Statement*

APRIL/00



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 0048

FACTS: The CA was a partner in charge of a local office of a CA firm. The firm had engaged non-CAs through a related function business to market the firm's services. A salesman called on prospective clients and provided them with a brochure setting out the services the CA firm offered. If the client signed a contract, the salesman collected the fees in advance and received a commission. The local office was advised of the work to be performed and received an accounts receivable credit for the monies collected. There were two brochures offered, one for businesses, one for farmers. A salesman called on a business, and after being advised that the company had a satisfactory relationship with a CA firm, continued soliciting and provided a brochure.

The brochures contained statements regarding the firm which could not be substantiated.

Two complaints were received, and the managing partner of the local office was charged. He was also a shareholder of the related function business.

ADMISSION: The CA admitted that:

- he failed to ensure that the sales representative complied with the Rules of Professional Conduct,
- the sales representative solicited an accounting engagement that was entrusted to another CA in a manner that brought disrepute to the profession, and
- brochures distributed by the salesman contained information which could not be substantiated.

UNDERTAKING: The CA accepted an admonishment and agreed that the firm would stop using the related function business or any other third party for the purpose of obtaining or attracting clients. The CA undertook to obtain the prior consent of the Institute for any future marketing initiatives by third parties. The CA agreed to pay a fine of \$3,000.00.

PUBLICATION: On a no name basis in the *CA Monthly Statement*.

NOVEMBER/00



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

### Section F

REFERENCE: 0051

**FACTS:** The CA, a sole practitioner, had been in practice for 21 years. Only a small portion of his practice involved audit and review engagements. Deficiencies in auditing standards were noted in a practice review. A follow up review was completed in October, with continued pervasive deficiencies. The complaint received from Practice Review Committee was referred to a hearing by the Professional Conduct Committee. The CA advised he had transferred all audit responsibilities to other firms and he wished to resign as a CA.

**ADMISSION:** The CA admitted that with two audit engagements he failed to gather sufficient appropriate audit evidence to support the content of his report and failed to retain documentation to evidence the nature and extent of the work he performed.

**UNDERTAKING:** The CA agreed to

- resign as a Chartered Accountant,
- not apply to the Institute for re-registration for at least two years, however, if re-registered, the CA agrees to have a supervisor approved by the Chair of the Professional Conduct Committee, review all audit and working paper files prior to issuance, and comply with the recommendations of the supervisor until such time as he has satisfied the Practice Review Committee that supervision is not required,
- not perform any audits and/or review engagements while not a chartered accountant, and
- advise all clients, in a manner approved by the Institute, that he has resigned as a Chartered Accountant and can no longer perform audit or review engagements.

The undertaking forms part of the member's discipline record.

**PUBLICATION:** In the *Membership Activity Report*, and to anyone who inquires about the discipline history of the circumstances surrounding the resignation.

JANUARY/01

REFERENCE: 0052

FACTS: The CA, a sole practitioner, had been in public practice for 18 years. At the initial and two follow up practice reviews, deficiencies were noted. Financial statement presentation and accounting issues were identified by the second follow up review. The CA had attended numerous continuing education courses.

The Practice Review Committee filed the complaint.

ADMISSION: The CA issued unqualified review engagements reports, although the financial statements failed to comply with generally accepted accounting principles.

UNDERTAKING: The CA agreed to engage a supervisor, approved by the Chair of the Professional Conduct Committee to review his audit and review files and financial statements prior to issuance. He agreed to follow all recommendations of the supervisor until he has had a successful practice review and he has satisfied the Professional Conduct Committee that supervision is no longer required.

The undertaking forms part of the member's discipline record.

PUBLICATION: In the Membership Activity Report, advise anyone who inquires about the CA's status about the limitation in the scope of the practice, and, on a no name basis in the *CA Monthly Statement*.

SEPTEMBER/00



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 0054 and 0055

FACTS: The CAs were employed by a management corporation which solely serviced a law firm and its clients. They prepared financial statements and tax returns for the law firm clients. The CAs provided services which constituted the practice of public accounting. They did not carry liability insurance, and did not maintain appropriate reporting or documentation standards. They did not obtain engagement letters or attach any communication to the financial statements which set out their involvement. They did not use checklists and did not document procedures followed with regard to the preparation of financial statements.

ADMISSION: The CAs admitted they had

- performed non-review engagements for clients of a law firm and failed to
  - attach any communication to the financial statements setting out their involvement,
  - obtain engagement letters which clearly set out the terms of the engagements; and
  - document in working paper files, the work performed to support the financial statements or use checklists to document such work;
- practiced public accounting without carrying liability insurance; and
- associated themselves with a corporation engaged in the practice of public accounting.

UNDERTAKING: Each CA agreed to pay a fine of \$4,000.00

PUBLICATION: On a no name basis in the *CA Monthly Statement*

JULY AUGUST/2000

REFERENCE: 0115

FACTS: The CA had a history of personal financial difficulties, and was an undischarged bankrupt since 1994. He was being monitored for compliance with a previous order of a Hearing Committee when it came to the attention of the Institute that his professional liability insurance policy had lapsed. The CA failed to respond to correspondence from the Institute despite repeated requests to do so. During this time he was advised that his registration was suspended for non payment of dues and that he could not use the designation.

ADMISSION: The CA admitted guilt in breaching Rule 104 of the Rules of Professional Conduct, and ICAA Bylaw 1000, in having

- failed to carry professional liability insurance,
- failed to have his professional liability insurance reinstated when it was brought to his attention that it had lapsed,
- failed to respond in writing as required in correspondence from the Institute,
- practiced as a chartered accountant although his registration was suspended, and
- failed to be discharged as a bankrupt since his assignment in 1994.

UNDERTAKING: The CA agreed:

- that his registration be suspended,
- not to apply to have the suspension vacated until he has given proof:
  - that he has been discharged as a bankrupt, and
  - that he has complied with the Bylaws concerning professional liability insurance,
- that he will meet any terms set by the Registration Committee before his suspension is vacated.

The CA further agreed that the Institute would cancel his registration if

- he failed to comply with professional liability insurance requirements,
- he failed to meet the mandatory continuing professional education requirements, and
- he failed to cooperate in a practice review.

PUBLICATION: To all provincial institutes, on a named basis in the *CA Monthly Statement*, one daily newspaper, and one weekly newspaper.

July 2001



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 0141

FACTS: The CA brought his own conduct to the attention of the Institute. The CA was temporarily suspended pending a discipline hearing.

ADMISSION: The CA admitted to having failed to maintain the good reputation of the profession:

- as treasurer of a sports league by
  - misappropriating funds
  - removing and concealing bank statements and financial records,
  - failing to keep or maintain proper accounting records,
  - making false and misleading statements to officers of the league, regarding the financial status of the league;
- by making unauthorized withdrawals from an inactive trust account of a lawyer with whom he shared premises;
- by failing to properly maintain the accounting records of his firm and the trust account of the lawyer with whom he shared premises.

The CA repaid the sports league and the lawyer's trust account.

UNDERTAKING: The CA agreed that he would:

- resign,
- pay to the Institute the costs of the investigation,
- not make an application for readmission to the Institute until August 14, 2006,
- provide to the Institute the name and address of his employer, and
- provide to the Institute the names and addresses of his clients.

PUBLICATION: Resignation in the face of discipline to all provincial institutes, to all chartered accountants, to anyone who inquires about his discipline history, to his ex-clients and to his employer, and published on a named basis in the *CA Monthly Statement*, two daily newspapers, one weekly newspaper and the Membership Activity Report.

AUGUST 2001



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 0210

FACTS: The CA had a complaint filed against him by the Practice Review Committee for issuing an audit report on a public company when the CA was not registered with the Institute as a Securities Regulatory Authority (SRA) Auditor.

ADMISSION: The CA admitted to issuing an auditor's report on financial statements of a public company although:

- he was not registered as an SRA Auditor,
- he failed to maintain his competence in all areas in which he practiced in that the financial statements were false and misleading as a result of his failure to adhere to generally accepted accounting principles with respect to the accounting for an investment in oil and gas properties, and
- he failed to maintain the appearance of objectivity in that he performed an audit engagement although there was outstanding fees owed to him and although he audited the accounting services that he had performed.

UNDERTAKING: The CA agreed that he would:

- accept a reprimand from the CIC Chair,
- refrain from performing audit engagements unless he has an independent review by an experienced chartered accountant acceptable to the CIC Chair of the financial statements and working paper files of all audit engagement clients prior to the issuance of the financial statements, and that he would comply with the recommendations of the independent reviewer until such time as he has satisfied the CIC that the supervision is no longer required, and
- complete the course, "Staying Out of Trouble" at the next available offering.

PUBLICATION: Practice restriction published in the *Membership Activity Report* and to anyone who inquires about his status or discipline history.

DECEMBER 2001

REFERENCE: 0211

FACTS: The CA had his real estate licence suspended by the Real Estate Council pending an investigation concerning several unauthorized transfers from trust funds. After investigation the Real Estate Council accepted his application for a permanent life time withdrawal from the industry. These events were then investigated by the Institute

ADMISSION: The CA admitted that he was guilty of unprofessional conduct in having made unauthorized withdrawals from the trust bank account of his company.

UNDERTAKING: The CA agreed that:

- he would not handle trust funds except as trustee or executor for his immediate family and their estates until such time as the CIC was satisfied that this restriction be lifted;
- his registration would be suspended for a period of two years commencing July 31, 2002;
- he would provide the Institute the names and addresses of his business clients; and
- his undertaking would form part of his disciplinary record.

PUBLICATION: To all provincial Institutes and to those institutes to which the CA applies for membership at any time in the future, notice of suspension to all CAs by inclusion in the general mailing from the Institute, notice to clients in a letter mailed by the Institute advising of his suspension, and on a named basis on the ICAA website.

JULY 2002



## SUMMARY OF FINDINGS OF UNPROFESSIONAL CONDUCT SETTLEMENTS

REFERENCE: 0213

**FACTS:** The CA had undertaken to the Institute, in 1996, to subject all working papers and financial statements to a supervisor's review prior to issuance. The CA submitted annual declarations stating that all working papers and financial statements had been reviewed prior to issuance. When asked to submit a similar declaration for the years 1999 and 2000 the CA advised that he had not had all of his files reviewed during those two years.

**ADMISSION:** The CA admitted that he unilaterally varied his undertaking of December 1996, by failing to have all of his working paper files and financial statements reviewed prior to issuance for the years 1999 and 2000.

The CA confirmed that he ceased public practice as of August 2001.

**UNDERTAKING:** The CA agreed that:

- he would restrict his association with financial statements and income tax returns to those personal and close friend situations in which he already had personal or executor responsibilities;
- he would submit a list of all current engagements to the Institute and will accept no new engagements; and
- his undertaking would form part of his disciplinary record.

**PUBLICATION:** Notice of the CA's retirement from public practice to all provincial Institutes and to those institutes to which the CA applies for membership at any time in the future, to all CAs by inclusion in the general mailing from the Institute, and to anyone who inquires about his status or discipline history.

AUGUST 2003