



SUMMARY OF SANCTION AGREEMENT MEMBER "A" - 0720

On the 28th day of March, 2008, the Complaints Inquiry Committee approved and accepted a sanction agreement pursuant to the provisions of s. 74 of the *Regulated Accounting Profession Act*, R.S.A. c. R-12

Member "A", a manager of an accounting firm, had responsibility for audits of public companies. By letter dated March 7, 2006 the Institute of Chartered Accountants of Alberta advised the accounting firm that their SRA auditor status was "conditional" and that this conditional status should be removed within 60 days from the date of the notification letter or prior to signing any audited financial statements for a public company, whichever comes first. Failure to remove the conditional status within the 60 day period may result in the Registration Committee revoking the firm's SRA status. After becoming aware of the conditional status and without the review and approval of the engagement partner, **Member "A"** authorized the release of audited financial statements for two public companies and a private company.

Under the sanction agreement, **Member "A"**, admitted that he was guilty of unprofessional conduct in having failed to maintain the good reputation of the profession between March 7, 2006 and May 26, 2006 in having

1. caused the issuance of the firm's unqualified auditors' report on the financial statements of Public company #1 for the years ended December 31, 2005 and 2004 although:
 - a) he had no authority to issue them as the financial statements and working paper files had not been reviewed and appropriately approved by a partner of the firm,
 - b) he knew or should have known that the firm was not approved to issue audit reports for a public company because its SRA auditor status was conditional,
2. caused the issuance of the firm's unqualified auditors' report on the financial statements of Public Company #2 for the years ended December 31, 2005 and 2004 although:
 - a) he had no authority to issue them as the financial statements and working paper files had not been reviewed and appropriately approved by a partner of the firm,
 - b) he knew or should have known that the firm was not approved to issue audit reports for a public company because its SRA auditor status was conditional,
3. caused the issuance of the firm's unqualified auditors' report on the financial statements of Private Company for the year ended December 31, 2005 when he had no authority to issue them as the financial statements had not been reviewed and appropriately approved by a partner of the firm.

Member "A" and the Complaints Inquiry Committee agreed that the sanction to be imposed in consequence thereof was that **Member "A"**:

1. receive a reprimand by the Chair of the Discipline Tribunal Roster Chair,
2. complete by December 31, 2008, the ICAA continuing professional course, Stay Out of Trouble; Professional Responsibilities and provide proof of attendance to the Discipline Tribunal Secretary,
3. complete by December 31, 2008 the course, Professional Ethics: the AICPA's Comprehensive Course and provide the marking key to the Discipline Tribunal Secretary
4. pay a fine of \$7,500 for each finding of unprofessional conduct,
5. pay costs of his portion of the investigation and hearing and compliance with the orders

In addition to this notice, publication was agreed upon as follows:

1. notification of a summary of the findings and orders be provided to all provincial institutes, the Institute of Chartered Accountants of Bermuda, the Canadian Public Accountability Board, Certified General Accountants Association of Alberta, the Delaware Society of Certified Public Accountants,
2. notification of the findings and orders be provided to all provincial institutes to which **Member "A"** applies for registration at any time following this order, and to any member of the public who directs an enquiry to the Institute about the discipline history of Member "A"
3. notification of the findings, the nature of the conduct and orders made in connection therewith be provided to the employer of **Member "A"**
4. publication of the nature of the findings and sanctions be made in the business section of the *Calgary Herald* and that further information can be obtained from the Institute of Chartered Accountants of Alberta

Discipline Tribunal Secretary
May 12, 2008