

STEWART, DONALD JAMES

Following the receipt of a Formal Complaint made by the Professional Conduct Committee, the Discipline Committee held a hearing regarding the conduct of Donald James Stewart (Stewart) on June 21, 2017.

The Formal Complaint arose in the context of Stewart's audit of the 2006 financial statements of a not-for-profit corporation (the client).

The general nature of the formal complaint on which the Discipline Committee made a determination of discreditable conduct as defined in The Society of Management Accountants of Saskatchewan - Code of Ethics (CMA Code) relates to the following bylaws contained in the CMA Code:

Integrity and Due Care

- 3.02 Members shall perform their professional services with integrity and due care.

Retention of Working Papers

- 3.03 Without limiting the generality of item 301, members shall retain sufficient documentation and working papers to confirm the nature and extent of the work done in respect of any professional engagement.

Competency

- 3.04 Members shall sustain their professional competence by keeping themselves informed of, and complying with, developments in professional standards in all functions in which they practice or are relied upon because of their calling.

Reporting

- 3.08 In expressing an opinion on financial statements examined by them, members shall not:
1. fail to reveal any material fact known to them which is not disclosed in the financial statements, the omission of which renders the financial statements misleading; nor
 2. fail to report any material mis-statement known to them to be contained in the financial statements.
- 3.09 Members shall not express an opinion on financial statements examined by them:
1. if they fail to obtain sufficient information to warrant an expression of opinion
 2. if they have not complied in all material respects with the auditing standards of the profession; or
 3. if the exceptions or qualifications to the opinion are sufficiently material to nullify the value of such opinion.

Adherence to Standards

- 3.10 Subject to item (3) of rule 309, members shall not express an opinion on financial statements examined by them, which are not prepared in accordance with the accounting standards of the profession unless such opinion is suitably qualified.

- 3.11 Without limiting the generality of rule 309 in expressing an opinion on financial statements members shall adhere to the accounting standards of the CICA as they exist from time to time and as set out in the CICA Handbook.

Specifically:

1. Stewart failed to sustain his professional competence by keeping himself informed of and complying with developments in professional standards, as follows:
 - i. the documented evidence of audit planning was inadequate;
 - ii. the documented evidence of audit execution was inadequate; and
 - iii. the audit opinion expressed by Stewart was not substantiated by the documented audit evidence contained in Stewart's audit file;
2. Stewart did express an opinion without reservation or qualification on financial statements examined by him and in so doing failed:
 - i. to report any material fact known to him which is not disclosed in the financial statements;
 - ii. to report any material misstatement known to him contained in the financial statements;
 - iii. to appropriately qualify his audit opinion given that the financial statements contained material error and/or material deficiency in disclosures; and
3. Therefore, Stewart failed to perform professional services with integrity and due care.

With respect to sanction and recovery of costs, the Discipline Committee made the following order:

- (a) The Respondent receive and acknowledge a Letter of Reprimand issued by the Discipline Panel Chair;
- (b) The Respondent pay a fine to the Institute of \$10,000.00;
- (c) The Respondent complete professional development courses, acceptable to the Registrar which focus on public practice;
- (d) The Respondent pay costs related to the hearing of \$837.00; and
- (e) The foregoing determination and order be published in the Institute's internal newsletter and be posted on its website.

Authorized by:
William Hill, FCPA, FCA, CMA
Registrar
CPA Saskatchewan

September 7, 2017