

HORIZONS NOTICE

Notice of Discipline Committee Decision and Order Case #09-15

The Discipline Committee conducted a hearing on January 31, 2014 into a complaint of the Professional Conduct Committee ("the PCC").

The general nature of the complaint was that the member, Ronald Williams, did not perform audit services with due care. Further that:

- the member did not perform audit engagements in accordance with the professional practice standards for audit of financial statements applicable at the time;
- the member did not prepare and retain adequate documentation to support the member's audit work with respect to the audit engagements;
- the member did not adequately identify and document threats to his independence and available safeguards, if any, in connection with the audit engagements; and
- the significant deficiencies in the audit work performed and the documentation of that work during the audit engagements indicate that the member did not maintain his knowledge of professional practice standards and competence in performing assurance engagements.

The allegation was that the member breached bylaws 202.1, 203.1, 204.2, 204.3 and 206.1 which state:

- 202.1 A member, student or firm shall perform professional services with integrity and due care.
- 203.1 A member shall sustain professional competence by keeping informed of, and complying with, developments in professional standards in all functions in which the member practises or is relied upon because of the member's calling.
- 204.2 A member or firm who is required to be independent pursuant to rule 204.1 shall, in respect of the particular engagement, identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to reduce the threats to an acceptable level. Where safeguards are not available to reduce the threat or threats to an acceptable level, the member or firm shall eliminate the activity, interest or relationship creating the threat or threats, or refuse to accept or continue the engagement.
- 204.3 A member or firm who, in accordance with rule 204.2, has identified a threat that is not clearly insignificant, shall document a decision to accept or continue the particular engagement. The documentation shall include the following information:
 - (a) a description of the nature of the engagement;
 - (b) the threat identified;

(c) the safeguard or safeguards identified and applied to eliminate the threat or reduce it to an acceptable level; and
an explanation of how, in the member's or firm's professional judgment, the safeguards eliminate the threat or reduce it to an acceptable level

- 206.1 A member or firm engaged in the practice of public accounting shall perform professional services in accordance with generally accepted standards of practice of the profession.

The Discipline Committee found that the member did violate bylaws 202.1, 203.1, 204.2, 204.3 and 206.1 and therefore issued a sanction Order.

The member appealed the Order of the Discipline Committee. The member and the PCC jointly prepared a Joint Submission on this appeal which was presented to an appeal panel (members of Council) on August 21, 2014.

At the appeal hearing, Council accepted and agreed with the Joint Submission and Minutes of Settlement and therefore issued the following Order:

- The member receive and acknowledge in writing a letter of reprimand
- The member pay a fine of \$3,650
- The member be permanently restricted from performing Assurance Engagements
- The member pay actual costs of the hearing in the amount of \$2,250

Further, Council also ordered that a notice of this decision and Order be published in the Institute newsletter and posted on the Institute's website on a named basis.