

OMURAZAKOVA, ASEL

Notice of Discipline Committee Decision and Order Case #1907-12

Following the receipt of a Formal Complaint made by the Professional Conduct Committee, the Discipline Committee held a hearing regarding the conduct of Asel Omurzakova, CPA, CMA (Omurzakova) on October 19, 2021. The Discipline Committee determined that Omurzakova was guilty of professional misconduct as defined in section 26 of *The Accounting Profession Act* ("the Act") in that her conduct breached Bylaws 200.1(a), 200.1(b) and 200.1(c) of the CPA Saskatchewan ("CPASK") Bylaws and Standards of Professional Conduct.

Rules of Professional Conduct 202.1 (integrity and due care components), 202.2 (objectivity), 204.1, 204.4(22), 204.4(23) (Independence), 206.1 and 206.2 (Compliance with Professional Standards) are relevant.

The context in which the Formal Complaint arose is that Omurzakova, as a registrant, provided audit engagement services to a not-for-profit organization over a period of two years. During the relevant years Omurzakova was a practice leader.

Specifically, the Discipline Committee found that Omurzakova, as the only licensed member and partner of a firm, in respect of services to an audit engagement client for two fiscal years:

- Did not ensure professional services were provided with competence and due care,
- Did not ensure professional services were provided in accordance with generally accepted standards of practice of the profession, and
- As a result, she caused, or contributed to, actual or potential harm to the public and the reputation of the profession.

The Discipline Committee issued the following Order:

- The registrant complete a minimum of ten (10) hours of verifiable continuing professional development in the following areas:
 - Independence and objectivity for Assurance Engagements; and
 - Communications with Assurance Clients, within one (1) year from the date of the Order.The registrant is responsible to report and declare the verifiable continuing professional development in the provided tool before the deadline. Proof of attendance at the verifiable continuing professional development is required.
- The firm engage an external monitor. The monitor must be a licensed member and the name of the monitor must be provided to the Institute prior to the monitoring engagement commencement. Twenty five percent (25%) of audit engagement files prepared by the firm, during the one-year period commencing on the date of the Order, shall be reviewed for compliance with standards of professional practice by the monitor prior to release of the auditor's report for each engagement. The registrant shall provide a monitoring report to the Institute within 90 days of the completion of the monitoring period;
- The registrant pay a fine in the amount of seventy five hundred (\$7,500.00) dollars;

- The registrant receives and acknowledges in writing a letter of reprimand signed by the discipline hearing panel chair; and
- A notice of the Decision and Order be published in the CPA Saskatchewan member and firm newsletters and posting on the Institute's website on a named basis in the form of a summary of the discipline hearing panel's decisions on the formal complaints and sanctions with a link to the Decision and Order;

With respect to costs and expenses, based on full joint submission, the Panel orders that no cost be assessed to the registrant.

The text of relevant bylaws and rules of professional conduct:

Bylaw

200.1 Practice of the profession or services provided as a Chartered Professional Accountant shall be performed within the context of the following standards of conduct:

- (a) integrity;
- (b) objectivity; and
- (c) competence

200.4 The Board adopts the Rules of Professional Conduct as established and amended from time to time, which shall apply to registrants and suspended registrants.

Rules of Professional Conduct

Integrity and Due Care

202.1 A member, student or firm shall perform professional services with integrity and due care.

Objectivity

202.2 A member or student shall perform professional services with an objective state of mind.

Independence

Assurance and Specified Auditing Procedures Engagements

204.1 A member or firm who engages or participates in an engagement:

- (a) to issue a written communication under the terms of an assurance engagement; or
- (b) to issue a report on the results of applying specified auditing procedures;

shall be and remain independent such that the member, firm and members of the firm shall be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or a member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or a member of the firm.

204.4 Relevant Sections

Performance of Management Functions

- (22) (a) A member or firm shall not perform an assurance engagement for an entity if, during the period covered by the assurance report or the engagement period, a member of the firm makes a management decision or performs a management function for the entity or a related entity, including:

- (i) authorizing, approving, executing or consummating a transaction;
- (ii) having or exercising authority on behalf of the entity;
- (iii) determining which recommendation of the member or firm will be implemented; or
- (iv) reporting in a management role to those charged with governance of the entity;

unless the management decision or management function is not related to the subject matter of the assurance engagement that is performed by the member or firm.

Preparation of Journal Entries and Source Documents

- (23) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, a member of the firm or a network firm:
- (i) prepares or changes a journal entry, determines or changes an account code or a classification for a transaction or prepares or changes another accounting record, for the entity or a related entity, that affects the financial statements subject to audit or review by the member or firm, without obtaining the approval of management of the entity; or
 - (ii) prepares a source document or originating data, or makes a change to such a document or data underlying such financial statements.

Compliance with Professional Standards

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.

206.2 A member who has responsibility for the preparation or approval of the general purpose financial statements of an entity shall ensure those financial statements are presented fairly in accordance with generally accepted accounting principles or such other accounting principles as may be required in the circumstances.

A copy of the Decision and Order dated November 2, 2021 is attached as Appendix A.

This notice is issued pursuant to Bylaw 49.1 and the terms of the Order.

Authorized by:
Leigha Hubick, CPA, CA
Registrar
CPA Saskatchewan

November 8, 2021

DECISION AND ORDER
Case #1907-12

IN THE MATTER OF *THE ACCOUNTING PROFESSION ACT*
OF THE PROVINCE OF SASKATCHEWAN

AND IN THE MATTER OF A HEARING BY THE DISCIPLINE COMMITTEE
OF THE INSTITUTE OF CHARTERED PROFESSIONAL ACCOUNTANTS
OF SASKATCHEWAN (THE INSTITUTE) CONCERNING FORMAL COMPLAINTS AGAINST
ASEL OMURZAKOVA, CPA, CMA, BEING A REGISTRANT OF THE INSTITUTE

BETWEEN:

THE PROFESSIONAL CONDUCT COMMITTEE,
established pursuant to *The Accounting Profession Act*

- and -

ASEL OMURZAKOVA, CPA, CMA AS THE RESPONDENT

This matter came before a discipline hearing panel of the Discipline Committee of The Institute (hereinafter referred to as the "Panel") for hearing on October 19, 2021. In this Decision and Order Ms. Omurzakova is referred to as the registrant in respect of this proceeding, and in respect of her conduct which is the subject of this proceeding.

The Panel's decisions with respect to this matter are:

DETERMINATION ON FORMAL COMPLAINTS¹:

Formal Complaint A: The Panel accepts the registrant's admission of professional misconduct as noted in the formal complaint made pursuant to *The Accounting Profession Act*:

That the registrant for the period beginning in or about August 2016 and ending in or about June 2018, as a practice leader of Priority Accounting Services CPA Prof. Corp. and while engaged to provide professional services to a not-for-profit sector client¹ (the "client"), is guilty of professional misconduct as defined in section 26 of the Act, in that she:

Failed to provide services with integrity and due care and therefore breached CPA Saskatchewan Bylaw 200.1(a) and CPA Saskatchewan Standards of Professional Conduct Rule 202.1, in that the registrant, while conducting the audit engagements for the client for the years ending December 31, 2016 and December 31, 2017, was aware of internal control deficiencies and her lack of independence but failed to communicate those matters to those charged with governance for the client.

¹ The Panel has adapted the Formal Complaints and related specific allegations for the purposes of protecting the confidentiality of client information.

Formal Complaint B: The Panel accepts the registrant's admission of professional misconduct as noted in the formal complaint made pursuant to *The Accounting Profession Act*:

That the registrant for the period beginning in or about August 2016 and ending in or about June 2018, as a practice leader of Priority Accounting Services CPA Prof. Corp. and while engaged to provide professional services to the client, is guilty of professional misconduct as defined in section 26 of the Act, in that she:

Failed to provide services objectively and with independence and therefore breached CPA Saskatchewan Bylaw 200.1(b) and CPA Saskatchewan Standards of Professional Conduct Rules 202.2, 204.1, 204.4(22) and 204.4(23), in that the registrant performed the audit engagements for the client for the years ending December 31, 2016 and December 31, 2017 while also providing professional services which are specifically prohibited.

Formal Complaint C: The Panel accepts the registrant's admission of professional misconduct as noted in the formal complaint made pursuant to *The Accounting Profession Act*:

That the registrant for the period beginning in or about August 2016 and ending in or about June 2018, as a practice leader for Priority Accounting Services CPA Prof. Corp. and while engaged to provide professional services to the client, is guilty of professional misconduct as defined in section 26 of the Act, in that she:

Failed to provide services competently and therefore breached CPA Saskatchewan Bylaw 200.1(c) and CPA Saskatchewan Standards of Professional Conduct Rule 206.1 and 206.2, in that the registrant failed to comply with one or more of the Standards of Professional Practice outlined in the CPA Canada Handbook for the audit engagements for the client for the years ending December 31, 2016 and December 31, 2017.

The Panel's reasons in support of its determination:

1. Consideration of evidence:

The Panel received and accepted a joint submission from the registrant and the Professional Conduct Committee (the parties) of as the evidence related to the registrant's conduct in this matter, and the harm caused.

Any reference to specific facts is based on evidence agreed by the parties and contained in a Submission of Agreed Facts. The following facts are relevant to each of the formal complaints:

- a) The registrant was, at all relevant times, a member of the Institute,
- b) The registrant was the licensed practice leader, of Priority Accounting Services CPA Prof. Corp. (the "Firm"), responsible for the professional services provided by the Firm to the client during the period from August 2016 to June 2018.
- c) The Firm conducted audit engagements on the annual financial statements of the client for fiscal years December 2016 and December 2017.

2. Consideration of allegations¹:

Formal Complaint A:

The facts provide clear and convincing evidence of or that:

- a) The registrant was aware of deficiencies in the client's internal controls as documented in the Firm's audit files,

- b) The registrant was aware that the Firm provided several non-audit services to the client and therefore was aware of the Firm's lack of independence, and
- c) The registrant did not communicate the matters noted in items a) and b) to those charged with governance of the client.

Formal Complaint B:

The facts provide clear and convincing evidence of or that:

- a) The Firm provided and charged fees for non-audit services to the client including preparing payroll and expenditure payments, journal entries and bookkeeping.
- b) The Firm and the registrant provided services to the client which are prohibited under Independence Standards while the Firm was engaged as auditor for the client, and
- c) The registrant's objectivity was impaired in respect to the audit engagement due to nature and extent of non-audit services provided by the Firm to the client.

Formal Complaint C:

The facts provide clear and convincing evidence of or that:

The registrant did not comply with Canadian Auditing Standards in the performance of the audit engagements for the client for fiscal years 2016 and 2017 in that the Firm's audit engagement files did not contain adequate documentation relating to:

- a) Acceptance and continuance of the engagement,
- b) Risks to independence and safeguards to mitigate identified risks,
- c) Risk assessment and understanding the entity and its environment including internal controls,
- d) Discussion with management regarding risk of fraud and error,
- e) Discussion with those charged with governance regarding oversight of management processes,
- f) References to audit evidence generally, and substantive procedures applied to certain material account balances and classes of transactions,
- g) Rationale for reducing risk of material misstatement of revenue, and
- h) Disposition of a significant misstatement in the recorded value of long-term investments.

Therefore, these specific allegations relating to the registrant's conduct and made in relation to the Formal Complaints are proven by the noted facts.

3. Consideration of Bylaws and Rules:

The facts which relate to the specific allegations establish that the registrant did breach Bylaws and Rules cited in the formal complaints:

- o Integrity – Bylaw 200.1(a), Rule 202.1
- o Objectivity – Bylaw 200.1(b), Rules 202.2, 204.1
- o Competence – Bylaw 200.1(c)
- o Independence – prohibitions Rule 204.4 clauses 22 and 23
- o Professional Standards – Rules 206.1 and 206.2.

DETERMINATION ON SANCTION:

Sanctions:

Having considered and accepted the joint submissions of the registrant and the Professional Conduct Committee on sanction, the following Orders of Sanction and Costs are made:

- a) The registrant complete a minimum of ten (10) hours of verifiable continuing professional development in the following areas:
 - a. Independence and objectivity for Assurance Engagements; and
 - b. Communications with Assurance Clients,within one (1) year from the date of the Order.

The registrant is responsible to report and declare the verifiable continuing professional development in the provided tool before the deadline. Proof of attendance at the verifiable continuing professional development is required.
- b) The firm engage an external monitor. The monitor must be a licensed member and the name of the monitor must be provided to the Institute prior to the monitoring engagement commencement. Twenty five percent (25%) of audit engagement files prepared by the firm, during the one-year period commencing on the date of the Order, shall be reviewed for compliance with standards of professional practice by the monitor prior to release of the auditor's report for each engagement. The registrant shall provide a monitoring report to the Institute within 90 days of the completion of the monitoring period;
- c) The registrant pay a fine in the amount of seven thousand five hundred (\$7,500.00) dollars;
- d) The registrant receives and acknowledges in writing a letter of reprimand signed by the discipline hearing panel chair; and
- e) A notice of the Decision and Order be published in the CPA Saskatchewan member and firm newsletters and posting on the Institute's website on a named basis in the form of a summary of the discipline hearing panel's decisions on the formal complaints and sanctions with a link to the Decision and Order;

With respect to costs and expenses, based on full joint submission, i.e. matters uncontested at the hearing - the Panel orders that no cost be assessed to the registrant.

Additional conditions to the Decision and Order:

- A. Failure to comply with all aspects of the Order within sixty (60) days of receipt of the Order shall result in [the respondent's registration rights being suspended, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis.
- B. The respondent's registration rights shall be reinstated provided within a further sixty (60) days, the registrant complies with all aspects of the Order and pays a reinstatement fee of \$325, plus the cost of publishing the suspension notice referred to in additional condition A.
- C. Failure to comply with all aspects of the Order within one hundred twenty (120) days of receipt of the Order shall result in the respondent being expelled, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis.
- D. Where a sanction component includes an action to be taken by the Institute, for purposes of that sanction component, the period noted in additional conditions A and C commences on the date the said action is taken as ordered, and the registrant informed, by the Registrar or a regulatory committee.

The Panel's rationale for sanction:

The Panel received and accepted the joint submission of the parties.

The Panel agrees that the following sanction objectives are relevant to the case:

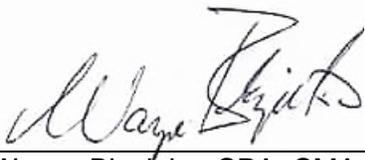
- a) rehabilitation;
- b) specific deterrence; and
- c) general deterrence.

Further, the Panel agrees the following mitigating and aggravating factors, which are in evidence, are considered indicators of the degree of actual harm, probable potential harm and/or the risk of future harm, to the public or the reputation of the profession. Therefore, they are relevant in the determination of the nature and quantum of the appropriate sanction:

1. Mitigating factors:
 - a) The registrant cooperated with investigators, provided a submission to CPA Saskatchewan admitting her actions, and identified actions she is willing to take to address the concerns; and
 - b) The engagements occurred during the period following the sudden passing of both the registrant's former employer and the Executive Director of the client.

2. Primary aggravating factors respecting harm to the public:
 - a) Repeated occurrence of conduct: The registrant's misconduct in this matter relates to two consecutive years for the same client; and
 - b) Public money: The audit entity was a professional association funded substantially by its registrants.

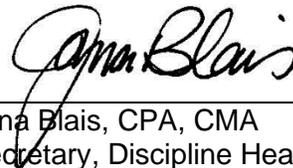
3. Aggravating factors respecting harm to the reputation of the profession:
 - a) Standards of Professional Practice: The registrant was careless in her consideration, application and documentation of standards of professional practice; and
 - b) Public trust: The client may lose confidence in the qualifications of Licensed CPAs.



Wayne Blazefko, CPA, CMA
Chair, Discipline Hearing Panel

November 2, 2021

Date



Jana Blais, CPA, CMA
Secretary, Discipline Hearing Panel

November 2, 2021

Date