

NEW ZEALAND INSTITUTE OF CHARTERED ACCOUNTANTS ACT 1996

IN THE MATTER of the New Zealand Institute of Chartered Accountants Act 1996 and the Rules made thereunder

AND

IN THE MATTER of **WILLIAM WILKINSON**, Chartered Accountant, of Auckland

**DETERMINATION OF THE DISCIPLINARY TRIBUNAL OF THE NEW ZEALAND
INSTITUTE OF CHARTERED ACCOUNTANTS**

26 November 2010

Hearing: 26 November 2010

Tribunal: Mr RJO Hoare (Chairman), Prof D Macdonald, Mr P Scott and Ms Angela Hauk-Willis (lay member)

Legal Assessor: Mr B Corkill QC

Counsel: Mr T Sissons for the prosecution
Mr M Gilbert for Mr Wilkinson

The hearing was held in public.

The member and counsel were in attendance by teleconference. The member admitted the particulars and pleaded guilty to the charges.

The charges and particulars were as follows:

FIRST CHARGE

In performing the audit of the financial statements of X Limited for the six months ended 31 December 2007 you breached Rule 11 of the Code of Ethics by failing to comply with Auditing Standards which require you to document matters which are important in providing evidence to support the audit opinion.

Particular

In breach of paragraph 8 of AS-204 – *Documentation*, there was a lack of documentation on the audit file to support the conclusion that X Limited did not have to disclose in the final set of audited financial statements a maturity analysis of the expected maturity dates of both financial liabilities and financial assets, as required by paragraph E20 of Appendix E of NZIFRS - 7 – *Financial Instruments – Disclosures*.

SECOND CHARGE

In performing the audit of the financial statements of X Limited for the six months ended 31 December 2007 you breached Rule 11 of the Code of Ethics by failing to comply with Auditing Standards which require you to document matters which are important in providing evidence to support the audit opinion.

Particular

In breach of paragraph 8 of AS-204 – *Documentation*, there was a lack of documentation on the audit file to support the conclusion that the provision for credit impairment as disclosed in the final set of audited financial statements was adequate, when the audit work papers indicated that a substantially higher provision was, or might have been, warranted.

DECISION

In this case the Professional Conduct Committee and the member presented a brief summary of agreed facts and a jointly agreed proposal as to penalty, costs and publication.

It was not alleged that there was any substantive error in the audit or failing in the audit procedures or that the audit opinion was inappropriate. The charges solely relate to the lack of sufficient documentation.

In the absence of any evidence other than the abbreviated facts presented to the Tribunal we have no reason to vary the parties' joint recommendation of censure, full costs and publication with suppression of the identity of the audit client.

PENALTY

Pursuant to Rule 21.31 (k) of the Rules of the New Zealand Institute of Chartered Accountants the Disciplinary Tribunal ordered that **William Wilkinson** be censured.

COSTS

Pursuant to Rule 21.33 of the Rules of the New Zealand Institute of Chartered Accountants the Disciplinary Tribunal ordered that **William Wilkinson** pay to the Institute the sum of \$9,577 (plus GST if any) in respect of the costs and expenses of the hearing before the Disciplinary Tribunal and the investigation by the Professional Conduct Committee.

PUBLICATION

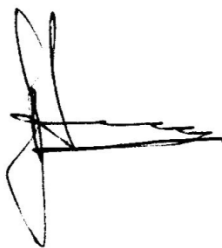
In accordance with Rule 21.35 of the Rules of the New Zealand Institute of Chartered Accountants the decision of the Disciplinary Tribunal shall be published on the Institute's website and in the Chartered Accountants Journal with mention of the member's name and locality.

Pursuant to Rule 21.52 (b) of the Rules of the New Zealand Institute of Chartered Accountants the Tribunal ordered the suppression of all details relating to the identity of the client.

RIGHT OF APPEAL

Pursuant to Rule 21.41 of the Rules of the New Zealand Institute of Chartered Accountants which were in force at the time of the original notice of complaint, the member may, not later than 14 days after the notification of this Tribunal to the member of the exercise of its powers, appeal in writing to the Appeals Council of the Institute against the decision.

No decision other than the direction as to publicity shall take effect while the member remains entitled to appeal, or while any such appeal by the member awaits determination by the Appeals Council.

A handwritten signature in black ink, appearing to read 'R J O Hoare', written in a cursive style.

R J O Hoare
Chairman
Disciplinary Tribunal