



**NEW ZEALAND INSTITUTE OF CHARTERED ACCOUNTANTS
NOTICE OF DECISION AND ORDER OF THE PROFESSIONAL CONDUCT
COMMITTEE**

At a meeting of the Professional Conduct Committee of the New Zealand Institute of Chartered Accountants held in private on **3 December 2013**, in respect of **Paul Mervyn Collins**, a Chartered Accountant of **Auckland** the Committee found that the following matters would otherwise warrant being referred to the Disciplinary Tribunal,

THAT

In his role as a Chartered Accountant in public practice, Mr Collins:

- (1) Acted as the audit engagement partner and/or signed an audit opinion for Company Y, a listed company, for the year ended 31 March 2011, in contravention of a direction issued by the Practice Review Board pursuant to Rule 20.6(d) on 17 December 2009 prohibiting him from undertaking any future audits of issuers or financial institutions, without undertaking further training or appointing a mentor acceptable to the Board, in breach of the Fundamental Principle of Professional Behaviour.

With the consent of Mr Collins the Committee made the following orders, which shall be entered on his membership record:

- (1) He be severely reprimanded, in accordance with Rule 21.6(d)(v);
- (2) He pay to the Institute a sum of \$12,500 in accordance with Rule 21.6(d)(vi);
- (3) He pay costs to the Institute in the sum of \$2,550 in accordance with Rule 21.6(d)(vii);
- (4) The Committee accept, in accordance with Rule 21.54A(b) Mr Collins' written undertaking dated 11 December 2013 that he will not complete or participate in any assurance engagements of issuers or financial institutions, including acting as engagement quality reviewer.

The Committee was very concerned by Mr Collins' conduct and considered that the particular was unequivocally established and that Mr Collins had demonstrated a complete disregard for the directions of the Practice Review Board (what is now the Practice Review Advisory Group). This was significant because the restriction had been put in place to address earlier shortcomings identified in his performance of audit work for issuers.

While it noted that Mr Collins had signed off the audit in his partner's absence, that absence was planned. The Committee was particularly concerned that there had been no partner involvement or review of the file prior to Mr Collins signing it off and that he had not turned his mind to contacting the Institute for direction. The Committee considered Mr Collins' behaviour amounted to a significant departure from the Code of Ethics and the standard of professionalism expected of members.

The Committee was of the view that the complaint was serious enough to warrant referral to the Disciplinary Tribunal, however it was satisfied that there were mitigating circumstances such that making an order by consent under Rule 21.6(d) was an appropriate outcome. In particular the Committee took into consideration that Mr Collins had admitted the complaint from the commencement of its investigation and had been candid with Practice Review about the breach. It appeared the matter was an isolated incident. The Committee also accepted that Mr Collins was genuinely remorseful and that since the Practice Review, his firm had put in place improved engagement quality control review processes to ensure the situation would not recur. The Committee also considered that the interests of the profession and the public could be adequately served by obtaining Mr Collins' undertaking not to perform assurance work of issuers in the future. In the Committee's opinion, any breach of this undertaking would result in a charge before the Disciplinary Tribunal.

In ordering payment of the sum of \$12,500 to the Institute the Committee considered that a significant penalty sum was appropriate to reflect the seriousness with which they viewed the Member's breach of the Code of Ethics.

The Committee considered it was in the public interest to direct publication of its decision and the orders made. In accordance with Rule 21.6B, the Committee's orders will be published in the *Chartered Accountants' Journal*, on the Institute's website, and in the *New Zealand Herald* with mention of Mr Collins' name and locality.

David Barker FCA
Chairman
Professional Conduct Committee

16 December 2013