



**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 ("NZICA") held in private on 23 May 2012, in respect of a Member (name withheld), Associate Chartered Accountant, the Committee found that the following matters would otherwise warrant being referred to the Disciplinary Tribunal.

Being a member of the New Zealand Institute of Chartered Accountants, the Member:

- (1) Undertook the audit of Entity A's Trust when he was not eligible to do so in accordance with the Trust Deed, as he was not a chartered accountant with a Certificate of Public Practice, in breach of Rule 7 and/or Rule 9 of the Code of Ethics; and/or
- (2) Signed a Chartered Accountant Professional Attestation for an external agency as an "external independent chartered accountant", that was false and/or misleading in that he was a Retired Associate Chartered Accountant and was prohibited from signing the attestation by section 14(1)(b) of the New Zealand Institute of Chartered Accountants Act 1996 and/or section 199 of the Companies Act 1993, in breach of Rule 2 and/or the Fundamental Principle of Professional Behaviour of the Code of Ethics; and/or
- (3) Signed an audit report for Entity A's financial statements and/or its Trust when he failed to comply with applicable professional standards, including ISA(NZ)700 and/or SAE310 and/or ISA(NZ)315 and/or ISA(NZ)320 and/or ISA(NZ)240 and/or ISA(NZ)220 and/or ISA(NZ)560 and/or ISA(NZ)530 and/or ISA(NZ)580, in breach of Rule 7 and/or Rule 9 and/or Rule 11 of the Code of Ethics; and/or
- (4) Issued an unqualified audit report for the Trust on 25 February 2011 when the audit report should have been qualified in accordance with SAE3100 due to the Trustee being in breach of the Trust Deed, in breach of Rule 7 and/or Rule 9 and/or Rule 11 of the Code of Ethics.

With the written consent of the Member, the Professional Conduct Committee made the following orders, which shall be entered on the Member's record:

- (1) The Member be severely reprimanded in accordance with Rule 21.6(d)(v);
- (2) The Member pay costs to NZICA in the sum of \$1425 in accordance with Rule 21.6(d)(vii);

The Committee considered the matters would otherwise warrant referral to the Disciplinary Tribunal. However, the Member now had no involvement with the organisation for which he had undertaken the audit and they had appointed a new auditor. The Member wished to retire from his membership of the Institute. The Committee was concerned at the Member's actions in signing an audit report when he was not qualified to do so, and was concerned that the audits were of a poor standard. However, the Member's involvement in the audits appeared to be relatively limited and he had

undertaken the audit as a favour for a friend. Accordingly, the Committee was minded to offer the Member a consent order in conjunction with an undertaking to resign his membership of the Institute.

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* and on NZICA's website, without mention of the Member's name or locality.

D J Barker
Chairman
Professional Conduct Committee

7 June 2012