



## Professional Conduct Committee – 28 March 2019

### Breach of independence requirements– Member A

At a meeting of the Professional Conduct Committee (the Committee) of Chartered Accountants Australia and New Zealand (CA ANZ) held in private on 28 March 2019 in Sydney, Australia in respect of Member A the Committee decided that:

1. The Member was disqualified by the Australian Securities and Investments Commission (ASIC) from holding a registration as an SMSF auditor, as a result of his breach of:
  - a. Auditor independence requirements set out in section 290 of APES 110, *Code of Ethics for Professional Accountants* in that the Member audited his own SMSF fund and two other funds, the accounts for which had been prepared by his staff; and
  - b. his continuing professional development (CPD) requirements in accordance with the *Superannuation Industry (Supervision) Act 1993 (Cth) (SIS Act)*, in circumstances where he maintained only a 'mental tally' of CPD supposedly undertaken and could not otherwise provide satisfactory evidence of having completed sufficient hours,in breach of By-Law 40(2.1)(e).
2. ASIC and the Australian Taxation Office (ATO) outlined a number of concerns regarding the Member's practice as an SMSF auditor, including independence concerns involving breaches of section 290 of APES 110, *Code of Ethics for Professional Accountants*, which amounts to a breach of By-Law 40(2.1)(h).

The Committee highlighted the central importance of independence in the Code of Ethics and in the conduct of audits, including as an SMSF auditor. Because of the seriousness of this matter, the Committee considered that it warrants referral to the Disciplinary Tribunal. However, given that the Member no longer holds a registration as an SMSF auditor and indicated that he now appreciates the significance of the independence issues involved, the Committee decided that it was appropriate to offer a consent agreement to the Member on the basis set out above.

The Committee also reminded the Member that it is important that he carry out the required CPD and that he maintain records of the CPD undertaken.

With the written consent of the Member, the Committee made the following determinations:

- That the Member receive a reprimand;
- That the Member pay costs incurred by and on behalf of CA ANZ in investigating and dealing with the matters the subject of the complaint and the case conference in the amount of \$1,500; and
- That the Member and his practice submit, at the Member's cost, to a quality review with particular attention paid to audit independence procedures for both superannuation fund and corporate audits, and with the results of such review to be made available to the Committee.

The Committee considered that it was in the public interest for this decision to be published because:

1. breach of the independence requirements contained in APES 110 is a serious issue and members are required to be fully aware and compliant with those requirements; and

2. ASIC's action in disqualifying the Member from holding registration as an SMSF auditor is a serious regulatory action.

**Professional Conduct Committee  
Chartered Accountants Australia and New Zealand**

28 March 2019