

Darryl Gordon Hickman: Summary, as Published in *CheckMark*

Darryl Gordon Hickman, of Toronto, was found guilty of a charge of professional misconduct, under Rule 206. As an auditor of an institution supported by public funds, he expressed an opinion on the institution's financial statements without having obtained sufficient appropriate audit evidence to verify accounts receivable, and without qualifying his audit report with respect to management's valuation of certain accounts receivable. He was fined \$5,000, and ordered to attend two professional development courses.

Mr. Hickman returned to MEMBERSHIP IN GOOD STANDING on March 4, 1994

CHARGE(S) LAID re Darryl Gordon Hickman

The Professional Conduct Committee hereby makes the following charges against Darryl G. Hickman, CA, a member of the Institute:

1. THAT, the said Darryl G. Hickman, on or about April 27, 1990, while a partner with the firm Clarke Henning & Co., caused an opinion to be expressed on the financial statements of St. Michael's Hospital - Toronto for the year ended March 31, 1990, and did not perform his professional services in accordance with generally accepted standards of practice of the profession, including the recommendations set out in the *CICA Handbook*, contrary to Rule 206 of the rules of professional conduct, and more particularly:
 - (a) he failed to comply with generally accepted auditing standards in that:
 - (i) he failed to obtain sufficient appropriate audit evidence to verify accounts receivable;
 - (ii) he failed to properly qualify his audit report with respect to management's valuation of accounts receivable from the Workmen's Compensation Board of Ontario;
 - (iii) he failed to properly qualify his audit report with respect to management's valuation of accounts receivable from Out of Province accounts.
 - (iv) ~~he failed to obtain sufficient appropriate audit evidence to reasonably enable him to satisfy himself as to the completeness of charitable donations.~~
 - (b) ~~he failed to ensure that the financial statements complied with generally accepted accounting principles in that:~~
 - (i) ~~he accepted the practice of hospital management to capitalize only that portion of capital leases that pertained to equipment that would be usable at the end of the lease;~~
 - (ii) ~~he accepted the practice of hospital management to depreciate equipment purchased on capital lease at a rate that could not be recognized in a rational and systematic manner appropriate to the nature of the capital asset;~~
 - (iii) ~~he failed to adequately address the lack of segregation of restricted funds as assets on the balance sheet;~~
 - (iv) ~~he failed to ensure disclosure on the financial statements of the use of restricted funds for general operating purposes of the hospital.~~
(withdrawn by the p.c.c. BWS)

Dated at Toronto this 1st day of April 1993.

J.L.M. BADALI, FCA – CHAIR

PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re Darryl Gordon Hickman

DECISION AND ORDER IN THE MATTER OF: A charge against **DARRYL GORDON HICKMAN, CA**, a member of the Institute, under **Rule 206** of the Rules of Professional Conduct, as amended.

DECISION AND ORDER MADE NOVEMBER 17, 1993

DECISION

THAT, having seen, heard and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to particulars (a)(i), (ii) and (iii) of the charge, particulars (a)(iv) and (b) having been withdrawn, THE DISCIPLINE COMMITTEE FINDS Darryl Gordon Hickman guilty of the charge, as amended.

ORDER

IT IS ORDERED in respect of the charge:

1. THAT Mr. Hickman be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Hickman be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within thirty (30) days from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Hickman be and he is hereby required to complete, by attending in their entirety, within fifteen (15) months from the date this Decision and Order becomes final under the bylaws, the following professional development courses made available through the Institute:
 - Auditing Refresher; and
 - Materiality and Audit Risk,or, in the event a course listed above becomes unavailable, the successor course which takes its place.
4. THAT notice of this Decision and Order, disclosing Mr. Hickman's name and the fact that he was an auditor of an institution supported by public funds, be given after this Decision and Order becomes final under the bylaws:
 - (a) by publication in *CheckMark*;
 - (b) to the Public Accountants Council for the Province of Ontario; and
 - (c) to the Canadian Institute of Chartered Accountants.
5. THAT in the event Mr. Hickman fails to comply with any of the requirements of this Order within the time periods specified, he shall thereupon be suspended from the rights and privileges of membership in the Institute, and notice of his suspension, disclosing his name, shall be given in the manner specified in paragraph 4 hereof.

6. THAT in the event Mr. Hickman is suspended pursuant to paragraph 5 hereof, the suspension shall terminate upon compliance with the term of the Order in respect of which he was suspended, provided that he complies within thirty (30) days from the date of his suspension.
7. THAT in the event Mr. Hickman fails to terminate a suspension imposed pursuant to paragraph 5 hereof within the thirty (30) day period specified in paragraph 6, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified in paragraph 4 hereof.

DATED AT TORONTO, THIS 26TH DAY OF NOVEMBER, 1993
BY ORDER OF THE DISCIPLINE COMMITTEE

BRYAN W. STEPHENSON, BA, LLB
SECRETARY - DISCIPLINE COMMITTEE

DISCIPLINE COMMITTEE re Darryl Gordon Hickman

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: A charge against **DARRYL GORDON HICKMAN, CA**, a member of the Institute, under **Rule 206** of the Rules of Professional Conduct, as amended.

WRITTEN REASONS FOR THE DECISION AND ORDER MADE NOVEMBER 17, 1993

These proceedings before this panel of the discipline committee of the Institute of Chartered Accountants of Ontario were convened on November 17, 1993.

Mr. Brian Bellmore attended on behalf of the professional conduct committee, and Mr. Hickman attended with his counsel, Mr. Ian Binnie.

One charge had been laid against Mr. Hickman by the professional conduct committee. At the outset of the hearing the professional conduct committee withdrew various particulars of the charge, whereupon Mr. Hickman pleaded guilty to the charge, as amended.

The member confirmed that he understood that upon his plea of guilty, and upon that basis alone, he could be found guilty of the charge.

The charge, as amended, read as follows:

THAT, the said Darryl G. Hickman, on or about April 27, 1990, while a partner with the firm Clarke Henning & Co., caused an opinion to be expressed on the financial statements of St. Michael's Hospital - Toronto for the year ended March 31, 1990, and did not perform his professional services in accordance with generally accepted standards of practice of the profession, including the recommendations set out in the CICA Handbook, contrary to rule 206 of the rules of professional conduct, and more particularly:

(a) he failed to comply with generally accepted auditing standards in that:

- (i) he failed to obtain sufficient appropriate audit evidence to verify accounts receivable;*
- (ii) he failed to properly qualify his audit report with respect to management's valuation of accounts receivable from the Workmen's Compensation Board of Ontario;*
- (iii) he failed to properly qualify his audit report with respect to management's valuation of accounts receivable from Out of Province accounts;*

Mr. Bellmore called the professional conduct committee investigator, Mr. Collier, who, in giving evidence, led the panel through the agreed statement of facts and exhibit book, which were filed as exhibits. Counsel for Mr. Hickman did not cross-examine Mr. Collier and was in general agreement with the witness' testimony.

After hearing and reviewing the evidence, the committee found Mr. Hickman guilty of the charge, as amended, and then heard oral submissions on sanction. After deliberation, the committee made the following order:

ORDER

IT IS ORDERED in respect of the charge:

1. THAT Mr. Hickman be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Hickman be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within thirty (30) days from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Hickman be and he is hereby required to complete, by attending in their entirety, within fifteen (15) months from the date this Decision and Order becomes final under the bylaws, the following professional development courses made available through the Institute:
 1. Auditing Refresher; and
 2. Materiality and Audit Risk,or, in the event a course listed above becomes unavailable, the successor course which takes its place.
4. THAT notice of this Decision and Order, disclosing Mr. Hickman's name and the fact that he was an auditor of an institution supported by public funds, be given after this Decision and Order becomes final under the bylaws:
 - (a) by publication in *CheckMark*;
 - (b) to the Public Accountants Council for the Province of Ontario; and
 - (c) to the Canadian Institute of Chartered Accountants.
5. THAT in the event Mr. Hickman fails to comply with any of the requirements of this Order within the time periods specified, he shall thereupon be suspended from the rights and privileges of membership in the Institute, and notice of his suspension, disclosing his name, shall be given in the manner specified in paragraph 4 hereof.
6. THAT in the event Mr. Hickman is suspended pursuant to paragraph 5 hereof, the suspension shall terminate upon compliance with the term of the Order in respect of which he was suspended, provided that he complies within thirty (30) days from the date of his suspension.
7. THAT in the event Mr. Hickman fails to terminate a suspension imposed pursuant to paragraph 5 hereof within the thirty (30) day period specified in paragraph 6, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified in paragraph 4 hereof.

The reasons for the committee's sanctions are set out below.

Reprimand

The committee is of the view that a reprimand is necessary as a specific deterrent to the member, to stress to him the unacceptability of his conduct as a chartered accountant.

Fine

During their submissions, and in the agreed statement of facts, both counsel agreed that a fine was appropriate. The committee was of the same view, and considered the proposed fine of \$5,000, payable within 30 days of the order's becoming final, to be appropriate and reasonable in this case.

Attendance at Professional Development Courses

The committee reviewed the various professional development courses offered through the Institute, and decided that the two courses ordered were the most appropriate ones for Mr. Hickman to take. Since the dates of these courses over the next year are not yet known, the committee set a period of 15 months from the date of the order's becoming final for the completion of the courses.

Notice

Publication of a decision and order, disclosing a member's name, is one of the most effective general deterrents available. To stress the seriousness of the charge to other members, the committee felt it important that notice of this case disclose the fact that Mr. Hickman's unprofessional conduct occurred in his role as auditor of an institution supported by public funds. Notifying all members and the public of the Institute's efforts in disciplining those in breach of its bylaws and rules of professional conduct is an important function to the preservation of the integrity of a self-governing profession.

DATED AT TORONTO, THIS ____ DAY OF _____, 19
BY ORDER OF THE DISCIPLINE COMMITTEE

D.P. SETTERINGTON, CA - DEPUTY CHAIR
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

C.J. BURKE, FCA
L.R. FLEMMING, CA
H.R. KLEIN, CA
V.G. STAFL (Public representative)