

Richard Gerald Vroom: Summary, as Published in *CheckMark*

Richard Gerald Vroom, of Gloucester, was found guilty of eight charges under Rule 202 of failing to perform his professional services with due care; and four charges under Rule 206 of failing to perform his professional services in accordance with generally accepted standards of practice of the profession, including the Recommendations set out in the *CICA Handbook*. Mr. Vroom performed four different audit engagements on behalf of a client company in connection with four different contribution agreements the company had entered into with the Canadian International Development Agency [CIDA]. One Rule 206 charge and two Rule 202 charges were laid in respect of each engagement. Mr. Vroom failed to obtain sufficient appropriate audit evidence to support various fees and expenses claimed by the company. His audit reports incorrectly stated that the allowable expenses disbursed by the company were in accordance with its agreements with CIDA and were fairly stated, and that the CIDA contributions claimed were fairly stated. He demonstrated a lack of due care not only in performing the audits but also in later defending his audit reports. Mr. Vroom was fined \$7,500, charged costs of \$5,000, and ordered to complete a professional development course.

CHARGE(S) LAID re Richard Gerald Vroom

The Professional Conduct Committee hereby makes the following charges against Richard Gerald Vroom, CA, a member of the Institute:

1. THAT the said Richard Gerald Vroom, in or about the period March 29, 1996 through May 8, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a Canadian International Development Agency ("CIDA") Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:
 - (a) to support fees claimed for "Company Professional Staff";
 - (b) to support fees claimed for "Outside Professional Staff";
 - (c) to support expenses claimed for "Air Fares to Host Country";
 - (d) to support expenses claimed for "Per Diem Allowance";
 - (e) to support expenses claimed for "Processing of Students";
 - (f) to support expenses claimed for "Equipment Costs".
2. THAT the said Richard Gerald Vroom, in or about the period March 29, 1996 through May 8, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct in that the audit report dated May 8, 1997 incorrectly stated:
 - (a) that "the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$488,854."; and
 - (b) that "The CIDA contribution claimed is fairly stated at \$307,500".
3. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained on the "summary of all costs budgeted, audited and claimed for the period of the agreement" prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for "Outside Professional Staff", "Airfares to host

country", "Per Diem Allowance", "Local Travel", "Processing of Students", "Equipment Costs" and "Estimated Existing Lease".

4. THAT the said Richard Gerald Vroom, in or about the period January 13, 1997 through May 1, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:
 - (a) to support fees claimed for "Company Professional Staff";
 - (b) to support fees claimed for "Outside Professional Staff";
 - (c) to support expenses claimed for "Air Fares to Host Country";
 - (d) to support expenses claimed for "Per Diem Allowance".
5. THAT the said Richard Gerald Vroom, in or about the period January 13, 1997 through May 1, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report dated May 1, 1997:
 - (a) incorrectly stated that "the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$59,849";
 - (b) incorrectly stated that "The CIDA contribution claimed is fairly stated at \$58,900"; and
 - (c) replaced an audit report also dated May 1, 1997 that was sent to CIDA stating that "the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$95,379" which was not later withdrawn.
6. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the "summary of all costs budgeted, audited and claimed for the period of the agreement" prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for "Company Professional Staff", "Outside

Professional Staff", "Airfares to host country", "Other", "Local Travel", and the final totals.

7. THAT the said Richard Gerald Vroom, in or about the period December 15, 1997 through February 28, 1998, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:
 - (a) to support fees claimed for "Company Professional Staff";
 - (b) to support expenses claimed for "Air Fares to Host Country";
 - (c) to support expenses claimed for "Per Diem Allowance";
 - (d) to support expenses claimed for "Documentation Presentation, Legal".
8. THAT the said Richard Gerald Vroom, in or about the period December 15, 1997 through February 28, 1998, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report:
 - (a) was undated;
 - (b) incorrectly stated that "the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$91,300."; and
 - (c) incorrectly stated that "The CIDA contribution claimed is fairly stated at \$62,300".
9. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the "summary of all costs budgeted, audited and claimed for the period of the agreement" prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for "Airfares to Host Country", "Per Diem Allowance", "Other", "Communication, Translation", "Document Presentation, Legal", "Local Travel", and the final totals.
10. THAT the said Richard Gerald Vroom, in or about the period January 1, 1999 through June 30, 1999, while engaged to perform an audit of the allowable

expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:

- (a) to support fees claimed for “Company Professional Staff”;
- (b) to support expenses claimed for “Air Fares to Host Country”;
- (c) to support expenses claimed for “Per Diem Allowance”;
- (d) to support expenses claimed for “Hard Costs”.

11. THAT the said Richard Gerald Vroom, in or about the period January 1, 1999 through June 30, 1999, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report dated June 30, 1999 incorrectly stated:

- (a) that “this schedule presents fairly, in all material respects, the total allowable expenses disbursed by JANGOR CORPORATION, for the period January 1, 1999 to June 30, 1999 in accordance with the aforementioned Agreement and are fairly stated at \$1,074,557.”; and
- (b) that “The CIDA contribution claimed is fairly stated at \$500,000.”

12. THAT the said Richard Gerald Vroom, in or about the period February through May, 2000 while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the “summary of all costs budgeted, audited and claimed for the period of the agreement” prepared by Vroom and submitted with his letter dated May 29, 2000, does not agree with his summary submitted with his letter dated February 29, 2000 with respect to amounts listed as “spent by Jangor” for “Airfares to host country”, “Hard Costs”, “Meals, Hotels, etc.”, and “Overhead”.

Dated at London, Ontario this 19th day of September, 2003.

G.W. MILLS, FCA - CHAIR
PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re Richard Gerald Vroom

DECISION AND ORDER IN THE MATTER OF: Charges against **RICHARD GERALD VROOM, CA**, a member of the Institute, under **Rules 202 and 206** of the Rules of Professional Conduct, as amended.

DECISION AND ORDER MADE DECEMBER 8, 2003

DECISION

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charges Nos. 1 to 12, inclusive, the Discipline Committee finds Richard Gerald Vroom guilty of charges Nos. 1 to 12, inclusive.

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Vroom be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Vroom be and he is hereby fined the sum of \$7,500, to be remitted to the Institute within one (1) year from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Vroom be and he is hereby charged costs fixed at \$5,000, to be remitted to the Institute within one (1) year from the date this Decision and Order becomes final under the bylaws.
4. THAT Mr. Vroom be and he is hereby required to complete, by paying for and attending in its entirety, within one (1) year from the date this Decision and Order becomes final under the bylaws, the professional development course *Auditing Refresher*, made available through the Institute, or, in the event the course becomes unavailable, the successor course which takes its place.
5. THAT notice of this Decision and Order, disclosing Mr. Vroom's name, be given after this Decision and Order becomes final under the bylaws, in the form and manner determined by the Discipline Committee:
 - (a) to the Public Accountants Council for the Province of Ontario;
 - (b) to the Canadian Institute of Chartered Accountants; and
 - (c) by publication in *CheckMark*.
6. THAT in the event Mr. Vroom fails to comply with any of the requirements of this Order, he shall thereupon be suspended from the rights and privileges of membership in the Institute until such time as he does comply, provided that he complies within six (6) months from the date of his suspension, and in the event he does not comply within this six month period, 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 above, and in a newspaper distributed in the geographic area of Mr. Vroom's practice or employment.

DATED AT TORONTO THIS 11TH DAY OF DECEMBER, 2003.
BY ORDER OF THE DISCIPLINE COMMITTEE

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

DISCIPLINE COMMITTEE re Richard Gerald Vroom

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: Charges against **RICHARD GERALD VROOM, CA**, a member of the Institute, under **Rules 202 and 206** of the Rules of Professional Conduct, as amended.

REASONS FOR THE DECISION AND ORDER MADE DECEMBER 8, 2003

1. This panel of the discipline committee of the Institute of Chartered Accountants of Ontario met on December 8, 2003 to hear the charges brought by the professional conduct committee against Richard Vroom, a member of the Institute.

2. Mr. Vroom was present and represented himself. He confirmed that he knew he had the right to be represented by counsel, and stated that he had consulted with counsel in Ottawa and had decided that he did not require counsel to be with him at the hearing. Ms. Barbara Glendinning represented the professional conduct committee. Mr. Ray Harris, FCA, the investigator appointed by the professional conduct committee, accompanied Ms. Glendinning.

3. The decision and order was made known at the hearing on December 8, 2003. The formal decision and order was signed and sent to the parties on December 11, 2003. These are the reasons of the discipline committee, given in writing pursuant to Bylaw 574, and include the charges and the decision and order.

THE CHARGES

4. When the hearing had been called to order, the chair reviewed the exhibits which had been filed at the assignment hearing of September 24, 2003, and then had the notice of hearing marked as an exhibit. Ms. Glendinning, on behalf of the professional conduct committee, and Mr. Vroom, on his own behalf, confirmed that the charges before the discipline committee were the amended charges dated September 19, 2003, which were filed as Exhibit 3 at the September 24 assignment hearing. The 12 charges read as follows:

1. THAT the said Richard Gerald Vroom, in or about the period March 29, 1996 through May 8, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a Canadian International Development Agency ("CIDA") Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:

(a) to support fees claimed for "Company Professional Staff";

(e) to support fees claimed for "Outside Professional Staff";

- (c) to support expenses claimed for "Air Fares to Host Country";
 - (d) to support expenses claimed for "Per Diem Allowance";
 - (e) to support expenses claimed for "Processing of Students";
 - (f) to support expenses claimed for "Equipment Costs".
2. THAT the said Richard Gerald Vroom, in or about the period March 29, 1996 through May 8, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct in that the audit report dated May 8, 1997 incorrectly stated:
- (a) that "the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$488,854."; and
 - (b) that "The CIDA contribution claimed is fairly stated at \$307,500".
3. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Implementation of a Social/Community Forestry Project – Honduras, #E4936-K050433, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained on the "summary of all costs budgeted, audited and claimed for the period of the agreement" prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for "Outside Professional Staff", "Airfares to host country", "Per Diem Allowance", "Local Travel", "Processing of Students", "Equipment Costs" and "Estimated Existing Lease".
4. THAT the said Richard Gerald Vroom, in or about the period January 13, 1997 through May 1, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:
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 - (d) to support expenses claimed for “Per Diem Allowance”.
5. THAT the said Richard Gerald Vroom, in or about the period January 13, 1997 through May 1, 1997, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report dated May 1, 1997:
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 - (b) incorrectly stated that “The CIDA contribution claimed is fairly stated at \$58,900”; and
 - (c) replaced an audit report also dated May 1, 1997 that was sent to CIDA stating that “the total allowable expenses disbursed by JANGOR CORPORATION are in accordance with the aforementioned Agreement and are fairly stated at \$95,379” which was not later withdrawn.
6. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Environmentally Responsive Forestry Enterprise – Colombia, #E4936-K051879, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the “summary of all costs budgeted, audited and claimed for the period of the agreement” prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for “Company Professional Staff”, “Outside Professional Staff”, “Airfares to host country”, “Other”, “Local Travel”, and the final totals.
7. THAT the said Richard Gerald Vroom, in or about the period December 15, 1997 through February 28, 1998, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:

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 - (b) to support expenses claimed for "Air Fares to Host Country";
 - (c) to support expenses claimed for "Per Diem Allowance";
 - (d) to support expenses claimed for "Documentation Presentation, Legal".
8. THAT the said Richard Gerald Vroom, in or about the period December 15, 1997 through February 28, 1998, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report:
- (a) was undated;
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 - (c) incorrectly stated that "The CIDA contribution claimed is fairly stated at \$62,300".
9. THAT the said Richard Gerald Vroom, in or about the period May 2000, while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Partnership in the Forestry Sector – Panama, #E4936-K052803, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the "summary of all costs budgeted, audited and claimed for the period of the agreement" prepared by Vroom does not agree with his audited amounts with respect to amounts claimed for "Airlines to Host Country", "Per Diem Allowance", "Other", "Communication, Translation", "Document Presentation, Legal", "Local Travel", and the final totals.

10. THAT the said Richard Gerald Vroom, in or about the period January 1, 1999 through June 30, 1999, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to 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, in that he failed to obtain sufficient appropriate audit evidence:

- (a) to support fees claimed for “Company Professional Staff”;
- (b) to support expenses claimed for “Air Fares to Host Country”;
- (c) to support expenses claimed for “Per Diem Allowance”;
- (d) to support expenses claimed for “Hard Costs”.

11. THAT the said Richard Gerald Vroom, in or about the period January 1, 1999 through June 30, 1999, while engaged to perform an audit of the allowable expenses incurred by Jangor Corporation in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the audit report dated June 30, 1999 incorrectly stated:

- (a) that “this schedule presents fairly, in all material respects, the total allowable expenses disbursed by JANGOR CORPORATION, for the period January 1, 1999 to June 30, 1999 in accordance with the aforementioned Agreement and are fairly stated at \$1,074,557.”; and
- (b) that “The CIDA contribution claimed is fairly stated at \$500,000.”

12. THAT the said Richard Gerald Vroom, in or about the period February through May, 2000 while engaged by Jangor Corporation to support and defend its claim for allowable expenses incurred in connection with a CIDA Contribution Agreement regarding Humanitarian Reconstruction – Equipment Rentals, Gravel, Culverts & Labour – Honduras, #E4936-K054988, failed to perform his professional services with due care contrary to Rule 202 of the rules of professional conduct, in that the information contained in the “summary of all costs budgeted, audited and claimed for the period of the agreement” prepared by Vroom and submitted with his letter dated May 29, 2000, does not agree with his summary submitted with his letter dated February 29, 2000 with respect to amounts listed as “spent by Jangor” for “Airfares to host country”, “Hard Costs”, “Meals, Hotels, etc.”, and “Overhead”.

5. The essential misconduct alleged against Mr. Vroom relates to four different engagements he performed on behalf of Jangor Corporation (“Jangor”) in connection with four different contribution agreements Jangor had with the Canadian International Development Agency (“CIDA”). Three charges were laid with respect to each of the four Jangor engagements. The first charge for each engagement, being charges Nos.1, 4, 7 and 10, were laid under Rule 206 and allege that Mr. Vroom failed to obtain sufficient appropriate audit evidence to support his opinion.

6. Charges Nos. 2, 5, 8 and 11 were laid under Rule 202 and allege that Mr. Vroom failed to perform his professional services with due care.

7. Charges Nos. 3, 6, 9 and 12 were also laid under Rule 202, and relate to Mr. Vroom's engagements to support and defend Jangor's claims for allowable expenses. These engagements were entered into with Jangor many months after Jangor's original claims had been disputed by CIDA. In each instance, the charge is that Mr. Vroom failed to perform his professional services with due care in that the summaries he prepared to support Jangor's expense claims did not agree with audited amounts he had previously issued.

8. Mr. Vroom entered a plea of guilty to each of the 12 charges and confirmed for the record that he understood that upon his plea, and upon that basis alone, he could be found guilty of the charges.

DECISION ON THE CHARGES

9. Ms. Glendinning gave a brief overview of the case, and filed an agreed statement of facts and a document brief. The agreed statement had been signed by Ms. Glendinning on behalf of the professional conduct committee, and by Mr. Vroom on his own behalf. Mr. Vroom and Ms. Glendinning confirmed for the record that Mr. Vroom's counsel had reviewed the agreed statement of facts.

10. Ms. Glendinning took the panel through the first three charges in some detail. She highlighted the paragraphs of the agreed statement of facts that were relevant to the first three charges, and referred the panel to the relevant pages of the document brief. She then briefly reviewed the relevant provisions of the agreed statement as it related to the other nine charges. The parties withdrew and the panel reviewed the agreed statement of facts and document brief at some length.

11. The evidence before the panel, specifically acknowledged by the member in the agreed statement of facts, clearly established that Mr. Vroom failed to obtain sufficient appropriate audit evidence to support the claims made by Jangor for allowable expenses as set out in charges Nos. 1, 4, 7 and 10, and that he therefore failed to perform his professional services in accordance with generally accepted standards of practice of the profession.

12. The evidence further disclosed, as was again specifically acknowledged by the member in the agreed statement of facts, that Mr. Vroom failed to perform his professional services with due care as alleged in the remainder of the charges laid against him.

13. When the hearing resumed, Ms. Glendinning closed her case. Mr. Vroom said he did not intend to call evidence, and both Ms. Glendinning and Mr. Vroom made brief submissions.

14. The members of the panel conferred, and the chair set out on the record the unanimous decision of the panel. The formal decision reads:

DECISION

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charges Nos. 1 to 12, inclusive, the Discipline Committee finds Richard Gerald Vroom guilty of charges Nos. 1 to 12, inclusive.

ORDER AS TO SANCTION

15. Neither Ms. Glendinning nor Mr. Vroom called evidence with respect to sanction.

16. On behalf of the professional conduct committee, Ms. Glendinning requested an order which included a reprimand, a fine of between \$5,000 and \$7,500, costs in the amount of \$5,000, a requirement that Mr. Vroom take a specified professional development course, and a provision for the usual forms of notice disclosing Mr. Vroom's name.

17. Ms. Glendinning submitted that the three general principles which apply when a sanction is imposed were all important in this case. In particular, she stated that the reprimand and fine would serve as specific deterrents, that the fine and notice would serve the purpose of general deterrence, and that the professional development course would assist in the rehabilitation of the member.

18. Ms. Glendinning submitted that the aggravating factors in this case included the fact that Mr. Vroom's failure to obtain appropriate audit evidence in the four different engagements was best characterized as a complete failure. It was also an aggravating factor, she submitted, that many months later, when he was engaged to defend the expenses claimed in the audited financial statements, he failed to recognize the problems and still did not give due care to the work he undertook.

19. Ms. Glendinning submitted as mitigating factors Mr. Vroom's complete cooperation in the professional conduct committee's investigation, his cooperation in pleading guilty and signing the agreed statement of facts, and the fact that there was no moral turpitude involved in his misconduct.

20. Ms. Glendinning indicated that the professional conduct committee was satisfied that Mr. Vroom would practice within the standards of the profession in future. He had given an undertaking to the professional conduct committee that he would not engage to perform any more special audits. Ms. Glendinning submitted that while the fine might be seen as low for the misconduct involved, the professional conduct committee had information which satisfied it that in this member's financial circumstances the quantum requested would be a meaningful specific deterrent.

21. Mr. Vroom made no submissions with respect to sanction.

22. After deliberation, the hearing reconvened and the chair set out the terms of the order. The formal order sent to the parties on December 11, 2003 reads as follows:

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Vroom be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Vroom be and he is hereby fined the sum of \$7,500, to be remitted to the Institute within one (1) year from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Vroom be and he is hereby charged costs fixed at \$5,000, to be remitted to the Institute within one (1) year from the date this Decision and Order becomes final under the bylaws.
4. THAT Mr. Vroom be and he is hereby required to complete, by paying for and attending in its entirety, within one (1) year from the date this Decision and Order becomes final under the bylaws, the professional development course *Auditing Refresher*, made available through the Institute, or, in the event the course becomes unavailable, the successor course which takes its place.

5. THAT notice of this Decision and Order, disclosing Mr. Vroom's name, be given after this Decision and Order becomes final under the bylaws, in the form and manner determined by the Discipline Committee:
- (a) to the Public Accountants Council for the Province of Ontario;
 - (b) to the Canadian Institute of Chartered Accountants; and
 - (c) by publication in *CheckMark*.
6. THAT in the event Mr. Vroom fails to comply with any of the requirements of this Order, he shall thereupon be suspended from the rights and privileges of membership in the Institute until such time as he does comply, provided that he complies within six (6) months from the date of his suspension, and in the event he does not comply within this six month period, 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 above, and in a newspaper distributed in the geographic area of Mr. Vroom's practice or employment.

Reprimand

23. The panel is of the view that a reprimand is necessary as a specific deterrent to Mr. Vroom. It is intended to stress to him the serious nature of his offence, and the unacceptability of his conduct as a chartered accountant.

Fine

24. The numerous charges relating to similar offences occurring repeatedly over time drew the panel to the conclusion that a fine at the upper end of the range requested by the professional conduct committee was required as a general deterrent.

Professional Development Course

25. We concluded that it would help Mr. Vroom's rehabilitation to take the suggested professional development course *Auditing Refresher*.

Notice

26. Notice of the decision and order is required as a specific and a general deterrent. Members of the profession must understand that acts of misconduct will be published in *CheckMark*.

27. In the event Mr. Vroom does not comply with the provisions of the order and is ultimately expelled, newspaper publication of notice of his expulsion will be made in addition to *CheckMark* publication.

Costs

28. The costs requested by Ms. Glendinning of \$5,000 do not fully indemnify the Institute for the costs of the investigation or prosecution. In fact, the cost of the investigation alone exceeded \$24,000 according to the general outline of costs filed as Exhibit 10.

29. We agree with the recommendation of the professional conduct committee that it is appropriate that Mr. Vroom pay the sum of \$5,000 as a partial indemnity for the costs of these proceedings which were necessitated by his misconduct.

30. We had concerns about the need in this case for such a costly investigation. Mr. Vroom's failure to obtain appropriate audit evidence was readily apparent. From the outset of the investigation Mr. Vroom acknowledged his misconduct and advised that he would not be contesting the charges. The CIDA had retained an investigator at its expense and had had a forensic report prepared.

Expulsion For Failure To Comply

31. Orders of the discipline committee must provide a consequence for failure to comply with their terms or else they would be meaningless. Accordingly, the order in this case provides that in the event the member fails to comply with its terms he will be suspended for a period of time, and then ultimately expelled if the failure to comply persists. As stated above, should Mr. Vroom be expelled, notice of his expulsion will be the subject of newspaper publication.

DATED AT TORONTO THIS 4TH DAY OF FEBRUARY, 2004
BY ORDER OF THE DISCIPLINE COMMITTEE

H.B. BERNSTEIN, CA – DEPUTY CHAIR
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

E.R. ARCHIBALD, CA
J.A. CULLEMORE, CA
R.D. WHEELER, FCA
R.A. WORMALD, FCA
B. RAMSAY (Public representative)