

## **Robert William Inglis: Summary, as Published in *CheckMark***

**Robert William Inglis**, of Toronto, was found guilty of six charges of professional misconduct under Rules 205 and 206. He demonstrated a wide-spread failure to properly plan and carry out audits and reviews, and associated himself with financial statements that he knew were false and misleading. He was fined \$5,000, and expelled from membership. Mr. Inglis' appeal was dismissed by the appeal committee.

## CHARGE(S) LAID re Robert William Inglis

The Professional Conduct Committee hereby makes the following charges against Robert W. Inglis, CA, a member of the Institute:

1. THAT, the said Robert W. Inglis, in or about the period June 30, 1990 through to August 1990, associated himself with the financial statements of Hespeler Craft Industries Limited as at June 30, 1990 by attaching to them, on his letterhead, a review engagement report signed by him when he knew or should have known that the said financial statements were false and misleading, contrary to Rule 205 of the Rules of Professional Conduct, in that:
  - (a) the balance sheet item "Accounts receivable \$1,055,509" was materially misstated;
  - (b) the balance sheet item "Inventories \$839,204" was materially misstated;
  - (c) ~~the balance sheet item "Fixed Assets (Note 4) \$472,444" was materially misstated;~~ **(WITHDRAWN BY THE P.C.C. BWS)**
  - (d) the balance sheet item "Prepaid Expenses & Inter Company and Account \$252,492" was materially misstated;
  - (e) the balance sheet item "Accounts Payable and Accrued Liabilities \$669,128" were materially misstated; and
  - (f) the statement of earnings section pertaining to "cost of sales" was materially misstated.
2. THAT, the said Robert W. Inglis, in or about the period June 30, 1990 through to August 1990, while performing a review of the financial statements prepared for Hespeler Craft Industries Limited for its fiscal year ended June 30, 1990, did not perform his professional services in accordance with the- generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:
  - (a) to ensure that the review engagement was properly planned and executed;
  - (b) to properly supervise his assistant, Basharat Butt;
  - (c) to acquire sufficient knowledge of the business of Hespeler Craft Industries Limited to enable him to make proper enquiries and assessments;
  - (d) to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;

- (e) to conduct additional or more extensive procedures when there was reason to doubt the plausibility of the information in the financial statements;
- (f) to document matters that were important to support the *content* of his report;
- ~~(g) to express any reservation in the report although he was unable to complete the review because there was a lack of information;~~  
**(WITHDRAWN BY THE P.C.C. BWS)**
- (h) to disclose that the comparative figures shown on the financial statements were prepared by a predecessor accountant and had not been reviewed by him;
- (i) to ensure disclosure in the financial statements the details regarding the income tax losses available including the amount of loss for each year and an expiry date for each year's loss or, in the absence of such disclosure, to express a reservation in this regard in his report;
- (j) to ensure disclosure in the financial statements that the "New Loan \$150,000" was a loan from a related party or, in the absence of such disclosure, to express a reservation in this regard in his report;
- (k) to disclose in a related party note intercompany liabilities *when appropriate* to do so; and
- (l) to ensure that the financial statements included a statement of changes in financial position when it was *meaningful* to do so.

3. THAT, the said Robert W. Inglis, on or about July 30, 1991 associated himself with the financial statements of Hespeler Craft Industries Limited as at June 30, 1991 by attaching to them, on his letterhead, a review engagement report signed by him, when he knew or should have known that the said financial statements were false and misleading, contrary to Rule 205 of the Rules of Professional Conduct, in that:

- (a) the balance sheet item "Accounts receivable \$770,012" was materially misstated;
- (b) the balance sheet item "Inter Company Accounts & prepaids \$329,238" was materially misstated;
- (c) the balance sheet item "Accounts Payable and Accrued Liabilities \$451,952" was materially misstated; and
- (d) the statement of earnings section pertaining to "cost of sales" was materially misstated.

4. THAT, the said Robert W. Inglis, in or about the period June 30, 1991 through to July 31, 1991, while performing a review of the financial statements prepared for Hespeler Craft Industries Limited for its fiscal year ended June 30, 1991, did not perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:

- (a) to ensure that the review engagement was properly planned and executed;
- (b) to properly supervise his assistant, Basharat Butt;
- (c) to acquire sufficient knowledge of the business of Hespeler Craft Industries Limited to enable him to make proper enquiries and assessments;
- (d) to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;
- (e) to conduct additional or more extensive procedures when there was reason to doubt the plausibility of the information in the financial statements;
- (f) to document matters that were important to support the content of his report;
- (g) to express any reservation in the report although he was unable to complete the review because there was a lack of information;
- (h) to ensure disclosure in the financial statements the details regarding the income tax losses available including the amount of loss for each year and an expiry date for each year's loss or, in the absence of such disclosure, to express a reservation in this regard in his report;
- (i) to ensure disclosure in a related party note intercompany liabilities when appropriate to do so or, in the absence of such disclosure, to express a reservation in this regard in his report;
- (j) to ensure that the financial statements included a statement of changes in financial position when it was meaningful to do so; and
- (k) to ensure disclosure in the financial statements the fact that the company could no longer be considered a going concern since it had sold all of its inventory and operating assets in May of 1991 or, in the absence of such disclosure, to express a reservation in this regard in his report.

5. THAT, the said Robert W. Inglis, in or about the period April 1991 through to July 1991, while performing an audit of the financial statements prepared for Glendon College Students' Union for its fiscal year ended April 30, 1991, did not perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:

- (a) to prepare his report in the form recommended by the CICA *Handbook* at the time;
- (b) to document matters which were important in providing evidence to support the content of his report;

- (c) to obtain sufficient appropriate audit evidence to afford a reasonable basis to support the content of his report;
  - (d) to make a preliminary assessment as to materiality and the components of audit risk at the planning stage of the engagement; and
  - (e) to include in the financial statements a clear and concise description of the significant accounting policies used in the preparation of the financial statements.
6. THAT, the said Robert W. Inglis, in or about the period June 30, 1991 through to September 1991, while performing a review of the financial statements prepared for The Boys' Choir of Toronto for its year ended June 30, 1991, did not perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:
- (a) to ensure that the review engagement was properly planned and executed;
  - (b) to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;
  - (c) to document matters which were important in providing evidence to support the content of his report;
  - (d) to prepare his report in the form recommended by the CICA *Handbook* at the time; and
  - (e) to mark each page of the financial statements "unaudited".

DATED at Toronto this 12<sup>th</sup> day of January 1993.

J.L.M. BADALI, FCA - CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

## **DISCIPLINE COMMITTEE re Robert William Inglis**

**DECISION AND ORDER IN THE MATTER OF:** Charges against ROBERT WILLIAM INGLIS, CA, a member of the Institute, under Rules 205 and 206 of the Rules of Professional Conduct, as amended.

### **DECISION AND ORDER MADE MAY 12, 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 charges Nos. 1 to 6, particular (c) of charge No. 1 and particular (g) of charge No. 2 having been withdrawn, THE DISCIPLINE COMMITTEE FINDS Robert William Inglis guilty of charges Nos. 1, 2, 3, 4, 5 and 6.

#### ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Inglis be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Inglis be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within ninety (90) days from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Inglis be and he is hereby expelled from membership in the Institute.
4. THAT notice of this Decision and Order, disclosing Mr. Inglis' name, 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 Mr. Inglis surrender his certificate of membership in the Institute to the registrar of the Institute within ten (10) days from the date this Decision and Order becomes final under the bylaws.

DATED AT TORONTO, THIS 17TH DAY OF MAY, 1993  
BY ORDEER OF THE DISCIPLINE COMMITTEE

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

## **DISCIPLINE COMMITTEE re Robert William Inglis**

**REASONS FOR THE DECISION AND ORDER IN THE MATTER OF:** Charges against ROBERT WILLIAM INGLIS, CA, a member of the Institute, under Rules 205 and 206 of the Rules of Professional Conduct, as amended.

### **WRITTEN REASONS FOR THE DECISION AND ORDER MADE MAY 12, 1993**

These proceedings before this panel of the discipline committee of the Institute of Chartered Accountants of Ontario were convened on May 12, 1993.

Mr. Paul Farley attended on behalf of the professional conduct committee, and Mr. Inglis attended with and was represented by his counsel, Mr. Bruce Drake.

Six charges had been laid against Mr. Inglis by the professional conduct committee. At the outset of the hearing, the professional conduct committee withdrew particular (c) of charge No. 1 and particular (g) of charge No. 2.

Mr. Inglis then pleaded guilty to charges Nos. 1 to 6, as amended. The member confirmed that he understood that upon a plea of guilty, and upon that basis alone, he could be found guilty of the charges.

The charges to which Mr. Inglis pleaded guilty read as follows:

1. *THAT, the said Robert W. Inglis, in or about the period June 30, 1990 through to August 1990, associated himself with the financial statements of Hespeler Craft Industries Limited as at June 30, 1990 by attaching to them, on his letterhead, a review engagement report signed by him when he knew or should have known that the said financial statements were false and misleading, contrary to Rule 205 of the Rules of Professional Conduct, in that:*
  - (a) *the balance sheet item 'Accounts receivable \$1,055,509' was materially misstated;*
  - (b) *the balance sheet item "Inventories \$839,204" was materially misstated;*
  - (d) *the balance sheet item "Prepaid Expenses & Inter Company and Account \$252,492" was materially misstated;*
  - (e) *the balance sheet item 'Accounts Payable and Accrued Liabilities \$669,128' were materially misstated; and*
  - (f) *the statement of earnings section pertaining to "cost of sales" was materially misstated.*
2. *THAT, the said Robert W. Inglis, in or about the period June 30, 1990 through to August 1990, while performing a review of the financial statements prepared for Hespeler Craft Industries Limited for its fiscal year ended June 30, 1990, did not perform his professional services in accordance with the generally accepted standards of practice of*

*the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:*

- (a) to ensure that the review engagement was properly planned and executed;*
- (b) to properly supervise his assistant, Basharat Butt;*
- (c) to acquire sufficient knowledge of the business of Hespeler Craft Industries Limited to enable him to make proper enquiries and assessments;*
- (d) to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;*
- (e) to conduct additional or more extensive procedures when there was reason to doubt the plausibility of the information in the financial statements;*
- (f) to document matters that were important to support the content of his report;*
- (h) to disclose that the comparative figures shown on the financial statements were prepared by a predecessor accountant and had not been reviewed by him;*
- (i) to ensure disclosure in the financial statements the details regarding the income tax losses available including the amount of loss for each year and an expiry date for each year's loss or, in the absence of such disclosure, to express a reservation in this regard in his report;*
- (j) to ensure disclosure in the financial statements that the "New Loan \$150, 000" was a loan from a related party or, in the absence of such disclosure, to express a reservation in this regard in his report;*
- (k) to disclose in a related party note intercompany liabilities when appropriate to do so; and*
- (l) to ensure that the financial statements included a statement of changes in financial position when it was meaningful to do so.*

3. THAT, the said Robert W. Inglis, on or about July 30, 1991 associated himself with the financial statements of Hespeler Craft Industries Limited as at June 30, 1991 by attaching to them, on his letterhead, a review engagement report signed by him, when he knew or should have known that the said financial statements were false and misleading, contrary to Rule 205 of the Rules of Professional Conduct, in that:

- (a) the balance sheet item "Accounts receivable \$770, 012" was materially misstated;*
- (b) the balance sheet item "Inter Company Accounts & prepaids \$329,238" was materially misstated;*
- (e) the balance sheet item "Accounts Payable and Accrued Liabilities \$451,952" was materially misstated; and*
- (d) the statement of earnings section pertaining to "cost of sales" was materially misstated.*

4. THAT, the said Robert W. Inglis, in or about the period June 30, 1991 through to July 31, 1991, while performing a review of the financial statements prepared for Hespeler Craft Industries Limited for its fiscal year ended June 30, 1991, did not perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:
- (a) *to ensure that the review engagement was properly planned and executed;*
  - (b) *to properly supervise his assistant, Basharat Butt;*
  - (c) *to acquire sufficient knowledge of the business of Hespeler Craft Industries Limited to enable him to make proper enquiries and assessments;*
  - (d) *to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;*
  - (e) *to conduct additional or more extensive procedures when there was reason to doubt the plausibility of the information in the financial statements;*
  - (f) *to document matters that were important to support the content of his report;*
  - (g) *to express any reservation in the report although he was unable to complete the review because there was a lack of information;*
  - (h) *to ensure disclosure in the financial statements the details regarding the income tax losses available including the amount of loss for each year and an expiry date for each year's loss or, in the absence of such disclosure, to express a reservation in this regard in his report;*
  - (i) *to ensure disclosure in a related party note intercompany liabilities when appropriate to do so or, in the absence of such disclosure, to express a reservation in this regard in his report;*
  - (j) *to ensure that the financial statements included a statement of changes in financial position when it was meaningful to do so; and*
  - (k) *to ensure disclosure in the financial statements the fact that the company could no longer be considered a going concern since it had sold all of its inventory and operating assets in May of 1991 or, in the absence of such disclosure, to express a reservation in this regard in his report.*
5. THAT, the said Robert W. Inglis, in or about the period April 1991 through to July 1991, while performing an audit of the financial statements prepared for Glendon College Students' Union for its fiscal year ended April 30, 1991, did not perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:
- (a) *to prepare his report in the form recommended by the CICA Handbook at the time;*

- (b) *to document matters which were important in providing evidence to support the content of his report;*
  - (c) *to obtain sufficient appropriate audit evidence to afford a reasonable basis to support the content of his report;*
  - (d) *to make a preliminary assessment as to materiality and the components of audit risk at the planning stage of the engagement; and*
  - (e) *to include in the financial statements a clear and concise description of the significant accounting policies used in the preparation of the financial statements.*
6. THAT, the said Robert W. Inglis, in or about the period June 30, 1991 through to September 1991, while performing a review of the financial statements prepared for The Boys' Choir of Toronto for its year ended June 30, 1991, did not perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206 of the Rules of Professional Conduct, in that he failed:
- (a) *to ensure that the review engagement was properly planned and executed;*
  - (b) *to carry out such analytical procedures and discussion as would reasonably enable him to assess whether the information being reported on was plausible in the circumstances;*
  - (c) *to document matters which were important in providing evidence to support the content of his report;*
  - (d) *to prepare his report in the form recommended by the CICA Handbook at the time; and*
  - (e) *to mark each page of the financial statements "unaudited".*

Mr. Farley called the professional conduct committee investigator, Mr. Ben Pickering, who, in giving evidence, led the panel through the document brief, the supplementary document brief, and the agreed statement of facts, which were filed as Exhibits Nos. 3, 4 and 5. Counsel for Mr. Inglis did not cross-examine Mr. Pickering.

It was clear from this evidence that there was a total and deliberate failure by the member to observe the standards of the profession. The charges were proven to be true. The only finding possible on the evidence was guilty.

After making its findings of guilty on the charges, the committee heard submissions on sanctions, and then made the following order:

### **ORDER**

IT IS ORDERED in respect of the charges:

1. THAT Mr. Inglis be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Inglis be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within ninety (90) days from the date this Decision and Order becomes final under the bylaws.

3. THAT Mr. Inglis be and he is hereby expelled from membership in the Institute.
4. THAT notice of this Decision and Order, disclosing Mr. Inglis' name, 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 Mr. Inglis surrender his certificate of membership in the Institute to the registrar of the Institute within ten (10) days from the date this Decision and Order becomes final under the bylaws.

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, both counsel agreed that a fine was appropriate, and counsel for the member did not take issue with the amount of \$5,000 but only asked for a 90-day payment period, which seemed reasonable to the committee.

#### Expulsion

The professional conduct committee sought the expulsion of the member. Mr. Inglis asked to be allowed to resign rather than be expelled, citing his advanced age of 70 years, his membership in the Institute for 43 years with an unblemished record, and the fact that he had now retired from practice as a chartered accountant. There were no other suggested mitigating circumstances.

Allowing Mr. Inglis to resign would not cause a risk to the public or the standards of the profession, as the committee accepts that Mr. Inglis is now retired and that, if he did resign, he would not attempt to practise as a chartered accountant. Notwithstanding the lack of risk, however, the committee considers it inappropriate to grant his resignation request.

No explanation was offered for Mr. Inglis' extraordinary conduct. Not only did he knowingly fail to observe the standards of the profession, and a review of the charges makes it clear that this was a wide-spread failure, but he also associated himself with financial statements which he knew were false and misleading. Such conduct cannot be excused by the member's age, his limited practice, the small amount of money he charged for his services, or his previously unblemished record. Members of the Institute, regardless of their age, should expect to be expelled if they are found guilty of associating themselves with financial statements which they know are false or misleading. If the discipline committee was to allow Mr. Inglis to resign in such circumstances, it would not be sending the appropriate message to the general membership.- As his conduct was wholly unacceptable, the committee is of the view that the principal of general deterrence requires Mr. Inglis' expulsion.

#### Notice

Publication of a decision and order, disclosing a member's name, is one of the most effective general deterrents available. 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 a self-governing profession.

Surrender of certificate

Since the protection of the public interest is a fundamental tenet of the profession, the committee believes that it is of utmost importance that expelled members not have the opportunity to appear to be members of the chartered accountancy profession through display of their certificates of membership in the Institute. Accordingly, orders of expulsion also routinely order that membership certificates be returned to the Institute, and that has been done in this case.

DATED AT TORONTO, THIS 22<sup>nd</sup> DAY OF JUNE, 1993  
BY ORDER OF THE DISCIPLINE COMMITTEE

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

MEMBERS OF THE PANEL:

MV. CHERNICK, FCA  
W.S. HAZLITT, CA  
R.J. NOBES, FCA  
L.L. WORTHINGTON, FCA  
S.F. ANDRUNYK (Public representative)

## **APPEAL COMMITTEE re Robert William Inglis**

**IN THE MATTER OF:** An appeal filed on July 30, 1993, by ROBERT WILLIAM INGLIS against the decision and order of the discipline committee made on May 12, 1993, pursuant to the bylaws of the Institute

### **DECISION AND WRITTEN REASONS FOR DECISION MADE NOVEMBER 30, 1993**

#### **DECISION**

This appeal was heard by a panel of the appeal committee of the Institute of Chartered Accountants of Ontario on November 30, 1993. The appeal was brought by Mr. Robert William Inglis against paragraph 3 of the order of the discipline committee made on May 12, 1993, whereby Mr. Inglis was ordered expelled from membership in the Institute.

The appellant was accompanied by his counsel, Mr. Bruce Drake, and Mr. Paul Farley attended for the professional conduct committee.

After reviewing the decision and order and written reasons of the discipline committee, as well as the notice of appeal and other documents filed, and after hearing submissions by counsel for Mr. Inglis and for the professional conduct committee, THE APPEAL COMMITTEE DISMISSED MR. INGLIS' APPEAL AND CONFIRMED THE DECISION AND ORDER OF THE DISCIPLINE COMMITTEE MADE ON MAY 12, 1993.

All parties were informed of the appeal committee's decision and were advised that written reasons for its decision would follow.

These are the reasons for the appeal committee's decision.

#### **REASONS FOR DECISION**

The appellant appealed only one part of the order made by the discipline committee, that relating to his expulsion from membership in the Institute. His counsel submitted that the resignation of Mr. Inglis from the Institute would serve the same purpose as his expulsion, and would be a more appropriate penalty for a member of his age, with a long, untarnished membership record.

Based on the submissions made by counsel for Mr. Inglis, and by counsel for the professional conduct committee, and on its reading of the transcript of the hearing of the discipline committee, and the exhibits, including the agreed statement of facts, filed before that committee, the appeal committee was not convinced that the discipline committee had erred in principle or had made any reviewable error in reaching its decision as to the expulsion of Mr. Inglis from membership. Neither was the appeal committee convinced that the member's resignation rather than expulsion was a sufficient or appropriate specific and general deterrent in the circumstances of this case, notwithstanding the age or untarnished record of the member.

The appeal committee found no basis upon which to vary or reject the decision of the discipline committee and, accordingly, dismissed Mr. Inglis' appeal.

DATED AT TORONTO, THIS 28<sup>TH</sup> DAY OF JANUARY, 1994  
BY ORDER OF THE APPEAL COMMITTEE

R.G. STACKHOUSE, FCA - CHAIR  
THE APPEAL COMMITTEE

MEMBERS OF THE PANEL:

D.T. MCCLURKIN, CA

G.H. RIOU, FCA

D.M. STONE, CA

F.J. WELSH, FCA

J.R. RANDALL (Public representative)