

William David Callander: Summary, as Published in *CheckMark*

William David Callander, of Brantford, was, as reported in the May, 1989 issue of *Checkmark*, found guilty by the discipline committee of eight charges of professional misconduct laid by the professional conduct committee. He was ordered, among other things, to take four specified professional development courses within a prescribed time.

Mr. Callander failed to comply with this term of the order and was, accordingly, suspended from membership. His continued failure to comply with the order has resulted in his expulsion from membership.

William David Callander, of Brantford, was found guilty by the discipline committee of eight charges of professional misconduct, laid by the professional conduct committee, namely

- Two charges, under Rule of Professional Conduct 202, of failing to perform his professional services with due care;
- one charge, under Rule of Professional Conduct 203, of failing to sustain his professional competence by keeping himself informed of, and complying with, developments in professional standards in all functions in which he practiced or was relied upon because of his calling;
- Two charges, under Rule of Professional Conduct 206A, of associating himself with financial statements, by attaching thereto accountant's comments, without complying with the recommendations related to such engagements as set out in the CICA Handbook at the material time; and
- Three charges, under Rule of Professional Conduct 218, of failing to retain documentation and working papers which reasonably evidence the nature and extent of the work done.

The Committee ordered that Mr. Callander

- Be reprimanded in writing by the chairman of the hearing;
- Be assessed costs of \$1,500, to be paid within a specified time;
- Be required to take four specified professional development courses within a prescribed time; and
- Fully comply with his written undertaking, filed at the hearing, that he will, not later than April 30, 1989, withdraw from the practice of public accounting, save and except for the preparation of compilation statements for attaching to personal income tax returns.

Failure to comply with the latter three terms of the order will result in Mr. Callander's suspension from membership. Any such suspension will terminate upon satisfaction of the order, provided it is satisfied within three months of the date of the suspension. Failure to comply with the order within three months of the date of the suspension will result in expulsion from membership.

CHARGE(S) LAID re William David Callander

The Professional Conduct Committee hereby makes the following charges against William David Callander, a member of the Institute.

1. THAT, the said William David Callander, on or about the 30th day of June, 1986, did associate himself with *financial* statements of Brantford Brick Limited for the year ended December 31, 1985 by attaching thereto Accountant's Comments, and did not comply with the recommendations related to such engagements as set out in the CICA Handbook at the material time, contrary to Rule 206A of the Rules of Professional Conduct added June 15, 1981 in that
 - (a) there was no consideration within the financial statements of deferred taxes in circumstances where such consideration would be required.
2. THAT, the said William David Callander, on or about the 30th day of June, 1986, failed to keep himself informed of and comply with developments in professional standards in all functions in which he practised or was relied upon because of his calling and did thereby fail to sustain his professional competence, contrary to Rule 203 of the Rules of Professional Conduct adopted June 11, 1973 in that
 - (a) while engaged to provide tax advice with respect to Brantford Brick Limited for the year ended December 31, 1985, he improperly acted upon the false premise that a full provincial tax exemption was in place when one was not.
3. THAT, the said William David Callander, on or about the 30th day of June, 1986, in carrying out a review engagement with respect to Brantford Brock Limited, for the year ended December 31, 1985 failed to perform his professional services with due care contrary to Rule 202 of the Rules of Professional Conduct adopted June 11, 1973, in that
 - (a) the net profit for the year shown on the Statement of Changes in Financial Position as \$591,079 does not reflect late adjustments for salary accruals and should be \$147,248 as shown in the Statement of Income and Retained *Earnings*;
 - (b) the current liabilities shown in the Statement of Changes in Financial Position as \$250,349 does not reflect late adjustments for salary accruals and should be \$694,180 as reflected on the Balance Sheet;
 - (c) the depreciation policy note contained within the financial statements improperly shows a depreciation rate of 20% whereas the actual rate is a tax rate which includes a 50\$ class and the note refers to a tax audit which is not understandable.
4. THAT, the said William David Callander, on or about the 30th day of June 1986, while engaged to provide tax advice with respect to Brantford Brick Limited for the year ended December 31, 1985, failed to perform his professional services with due care contrary to Rule 202 of the Rules of Professional Conduct adopted June 11, 1973, in that

- (a) he improperly reported the item depreciation on the income tax form T2S1 for December 1985 in the amount of \$12,859.00 when this item should have been the same as the total depreciation shown on the financial statements for Brantford Brick Limited for the year ended December 31, 1985, in the amount of \$17,143.00.
- 5. THAT, the said William David Callander, in or about the year 1986, with respect to the review of the *financial statements* of Brantford Brick Limited for the year ended December 31, 1985 performed by him, failed to retain documentation and working papers which reasonably evidence the nature and extent of the work done, contrary to *Rule 239 of the Rules of Professional Conduct* added June 15, 1981.
- 6. THAT, the said William David Callander, on or about the 26th day of March 1987 did associate himself with financial statements of Hinan Trucking Limited for the year ended December 31, 1986 by attaching thereto Accountant's Comments, and did not comply with the recommendations related to such engagements as set out in the CICA Handbook at the material time, contrary to Rule 206A of the Rules of Professional Conduct added June 15, 1981 in that
 - (a) the amount reflected as "Goodwill \$49,735" was not amortized as required by the CICA Handbook;
 - (b) a tax reassessment for the 1985 year was improperly deducted from 1984 retained earnings;
 - (c) the Statement of Changes in Financial Position was not prepared in accordance with the current CICA Handbook recommendations.
- 7. THAT, the said William David Callander, in or about the year 1987, with respect to the review of the financial statements of Hinan Trucking Limited for the year ended December 31, 1986 performed by him, failed to retain documentation and working papers which reasonably evidence the nature *and* extent of the work done, contrary to Rule 218 of the Rules of Professional Conduct added June 15, 1981.
- 8. THAT, the said William David Callander, on or about the 26th day of May 1987, in carrying out a review engagement with respect to financial statements of Paris Curling Club for the year ended April 13, 1987 failed to perform his professional services with due care contrary to Rule 202 of the Rules of Professional *Conduct adopted* June 11, 1973 in that
 - (a) the item on the balance sheet "Government Grant \$13,753" was improperly added to Member's Equity;
 - (b) the item on the balance sheet "Donations to Renovations \$11,700" was improperly added to Member's Equity;
 - (c) improper terminology is used in the financial statements insofar as reference is made to net profit and net income where the entity is a not for profit organization.
- 9. THAT, the said William David *Callander*, in or about the year 1987, with respect to the review of the *financial statements* of Paris Curling Club for the year ended April 13, 1987

performed by him, failed to retain documentation and working papers which reasonably evidence the nature and extent of the work done contrary to Rule 218 of the Rules of Professional Conduct added June 15, 1981.

DATED at Toronto this 1st day of March, 1988.

J.R. BONES, FCA - CHAIRMAN
PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re WILLIAM DAVID CALLANDER

DECISION AND ORDER IN THE MATTER OF: Charges against WILLIAM DAVID CALLANDER, CA, a member of the Institute, under Rules 202 and 203 of the Rules of Professional Conduct adopted June 11, 1973, and under Rules 206A and 218 of the Rules of Professional Conduct added June 15, 1981.

FINDING AND ORDER MADE OCTOBER 13, 1988.

FINDING

THAT, having seen and considered the evidence, including the Agreed Statement of Facts, and having received and accepted the written Undertaking of William David Callander, filed, and having heard the plea of guilty to the charges laid, THE DISCIPLINE COMMITTEE FINDS William David Callander not guilty of charge No. 8 and guilty of charges Nos. 1, 2, 3, 4, 5, 6, 7 and 9.

ORDER

IT IS ORDERED in respect of the charges:

1. That Mr. Callander be reprimanded in writing by the chairman of the hearing.
2. THAT Mr. Callander be and he is hereby charged costs of \$1,500, to be remitted to the Institute within two (2) years from the date this decision becomes final under the bylaws.
3. THAT Mr. Callander be and he is hereby required to complete, by attending in their entirety, by January 31, 1990, the following p-rofessional development courses made available through the Institute:

1. Review and Engagements;
2. Handbook Refresher Workshop;
3. Tax Reform - Personal and
4. Tax Update - 1987

or, in the event that a course listed above becomes unavailable, the successor course which takes its place.

4. THAT Mr. Callander fully comply with the terms of his written Undertaking filed in this proceeding.
5. THAT notice of the Finding herein and this Order, disclosing Mr. Callander's name, be given after this decision becomes final under the bylaws:
 - (a) by publication in Check Mark:
 - (b) to the Public *Accountants Council* for the Province of Ontario; and
 - (c) to the Canadian Institute of Chartered Accountants.

6. THAT in the event Mr. Callander fails to comply with any of the requirements of this Order within the time periods specified, he is thereupon 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 above.
7. THAT in the event Mr. Callander is suspended pursuant to paragraph 6 hereof, the suspension shall terminate upon compliance with all the terms of the order, provided that he complies within three (3) months from the date of his suspension. In the event he fails to terminate suspension within three (3) months, 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.

DATED AT TORONTO, THIS 20TH DAY OF OCTOBER, 1988
BY ORDER OF THE DISCIPLINE COMMITTEE

B.W. STEPHENSON - SECRETARY
THE DISCIPLINE COMMITTEE

DISCIPLINE COMMITTEE re William David Callander

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: Charges against WILLIAM DAVID CALLANDER, CA, a member of the Institute, under Rules 202 and 203 of the Rules of Professional Conduct adopted June 11, 1973, and under Rules 206A and 218 of the Rules of Professional Conduct added June 15, 1981.

WRITTEN REASONS FOR THE FINDING AND ORDER MADE OCTOBER 13, 1988.

These proceedings before the discipline committee of the Institute of Chartered Accountants of Ontario were convened on October 13, 1988.

Mr. Paul Farley attended on behalf of the professional conduct committee and Mr. William D. Callander attended with, and was represented by, his counsel, Mr. Hugh Rowan. The professional conduct committee had laid nine charges of professional misconduct against Mr. Callander, and he pleaded guilty to all nine charges.

The member and his counsel both confirmed they understood that on the plea of guilty and on that basis alone the member could be found guilty of each of the charges.

An Agreed Statement of Facts, signed by counsel on behalf of the member and by counsel for the professional conduct committee, was filed as an exhibit. In the Agreed Statement of Facts the member acknowledged that the allegations raised in the charges were true and agreed that there were deficiencies in the various financial statements, which were also filed as an exhibit. The members of the committee read the Agreed Statement of Facts and reviewed the financial statements in question.

After some deliberation, the committee advised both counsel that it had a concern with the part of the Agreed Statement of Facts that related to charge No. 8. That charge dealt with the financial statements of a "not for profit" organization, and the committee questioned whether the CICA Handbook, as at the date of the financial statements involved, applied to "not for profit" organizations. Both counsel acknowledged this concern and left the matter to the committee's determination.

After further deliberation, the committee found William David Callander not guilty of charge No. 8, and guilty of charges Nos. 1, 2, 3, 4, 5, 6, 7 and 9.

Mr. Callander had pleaded guilty to the charges and had, through his counsel, signed the Agreed Statement of Facts, which confirmed the deficiencies within the financial statements and the failure to apply generally accepted accounting principles to the various statements. These financial statements were contained in the Exhibit Book, which was filed as an exhibit in the proceedings. Based on this evidence, the committee found the member guilty of professional misconduct on eight of the nine charges. As the committee had concern as to the applicability of the CICA Handbook to "not for profit" organizations at the time the financial statements involved were issued, the committee found the member not guilty of charge No. 8. After reaching its finding on the charges, the committee heard testimony from Mr. Callander on the question of sanctions, and also heard submissions from counsel, which were joint submissions with respect to all sanctions except for the question of costs.

Following the presentation of the joint submission, counsel were requested by the committee chairman to await preliminary deliberations on the question of sanctions. The committee subsequently recalled both parties to the Council Chamber and indicated to them a concern with certain of the professional development courses which had been recommended. The committee was of the view that one course was improper and would not be of particular benefit to the member, and that a different course should have been considered, which was not mentioned in the joint submission.

During the course of his submissions, counsel for Mr. Callander presented a signed written undertaking, whereby the member undertook to withdraw from the practice of public accounting, except for the preparation of compilation statements for attaching to personal income tax returns, by April 30, 1989. This Undertaking was accepted by the committee and was filed as an exhibit in the proceedings.

Following its deliberations as to sanction, the discipline committee ordered as follows:

ORDER

IT IS ORDERED in respect of the charges:

1. That Mr. Callander be reprimanded in writing by the chairman of the hearing.
2. THAT Mr. Callander be and he is hereby charged costs of \$1,500, to be remitted to the Institute within two (2) years from the date this decision becomes final under the bylaws.
3. THAT Mr. Callander be and he is hereby required to complete, by attending in their entirety, by January 31, 1990, the following professional development courses made available through the Institute:

1. Review and Compilation Engagements;
2. Handbook Refresher Workshop;
3. Tax Reform - Personal; and
4. Tax Update - 1988;

or, in the event that a course listed above becomes unavailable, the successor course which takes its place.

4. THAT Mr. Callander fully comply with the terms of his written Undertaking filed in this proceeding.
5. THAT notice of the Finding herein and this Order, disclosing Mr. Callander's name, be given after this decision becomes final under the bylaws:
 - (a) by publication in Check Mark;
 - (b) to the Public Accountants Council for the Province of Ontario; and
 - (c) to the Canadian Institute of Chartered Accountants.
6. THAT in the event Mr. Callander fails to comply with any of the requirements of this Order within the time periods specified, he is thereupon 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 above.

7. THAT in the event Mr. Callander is suspended pursuant to paragraph 6 hereof, the suspension shall terminate upon compliance with all the terms of the Order, provided that he complies within three (3) months from the date of his suspension. In the event he fails to terminate suspension within three (3) months, 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.

Briefly, the reasons for the committee's sanctions are set out below, with the numbers corresponding to the numbered paragraphs of the Order.

1. The committee is of the view that a reprimand is necessary as a deterrent to the member and to stress to the member the unacceptability of his conduct as a chartered accountant.
2. The imposition of costs is appropriate in this case and, recognizing the committee's findings, the member's plea and his undertaking and general co-operation, the committee was of the view that the amount of \$1,500 is fair. Additionally, the committee was influenced by the evidence led relating to the financial position of the member, the nature of the operating results of his professional practice and the ability of the member to pay.
3. In view of the fact that the deficiencies admitted by the member related to the application of generally accepted accounting principles, and recognizing the submissions of both counsel that continuing professional development is appropriate, the committee was of the view that compulsory attendance at the noted professional development courses is essential, both for the educational benefit of the member and for the protection of the public.

The undertaking filed by the member makes it clear that after April 30, 1989, he will no longer accept audit engagements or engagements which require a review engagement report. The committee did not believe, however, that this alone would fully protect the public. Mr. Callander will still be a member of the Institute. He will continue to be known as a chartered accountant and his services will continue to be available to the public. In such circumstances, the committee is of the view that he should be familiar with the current provisions of the CICA Handbook.

Mr. Callander was not as familiar with these provisions as he should have been when he did the work which resulted in the laying of the charges in this case, and the committee is not satisfied that he has gained adequate familiarity with them in the intervening months. Accordingly, the committee ordered Mr. Callander to attend a Handbook Refresher Workshop.

4. Mr. Callander's undertaking was given by him voluntarily, and was not imposed upon him by the discipline committee. Having been so provided, the committee thought it appropriate to order compliance with the undertaking.
5. The committee ordered publicity and notice of its order, including disclosure of the member's name, as both a specific deterrent to Mr. Callander and as a general deterrent to all members. In addition, the committee considered publicity necessary to demonstrate to the public that the profession is policing itself so as to retain public confidence in the profession's ability to self-govern.

6. It is the committee's opinion that it is necessary to provide for a period of suspension should the member not comply with the provisions of the order. The time periods provided in the order are considered sufficient, but the member may come back before the discipline committee should he have difficulties in complying within the prescribed times, for unforeseen reasons.
7. The committee is of the view that the contingency of expulsion, in the event of non-compliance with the terms of the order, as a last resort, is a sanction necessary to the preservation of the profession's good reputation and ability to serve the public interest, as a way of enabling it to ultimately deal with members who will not be bound by the self-policing aspects of the profession.

C.F. FLEMING, FCA - CHAIRMAN
THE DISCIPLINE COMMITTEE