

William Wesley Ursu: summary, as Published in *CheckMark*

William Wesley Ursu, of Kitchener, was found guilty under Rules 202 and 206 of failing to perform his professional services with integrity and due care, and in accordance with generally accepted standards of practice of the profession. While engaged in an audit, he failed to adequately plan and properly execute the audit work. Among other things, he failed to sufficiently familiarize himself with the client's business, failed to obtain the information necessary to perform a proper audit, failed to properly supervise his audit assistants, and failed to document matters important to support the content of his report. Knowing he had performed such insufficient audit work, he nevertheless signed and issued his audit opinion. While engaged in a review, he again failed to properly plan and execute the work. He failed to carry out sufficient enquiry, analysis and discussion to properly ascertain whether the financial statements were plausible, and failed to document matters which were important to support the content of his report. Mr. Ursu was fined \$5,000, suspended for three months, and ordered to attend five professional development courses. It was also ordered that he be reinvestigated by the professional conduct committee within a specific time. Mr. Ursu's appeal of the quantum of fine levied by the discipline committee was dismissed by the appeal committee.

CHARGE(S) LAID re William W. Ursu

The Professional Conduct Committee hereby makes the following charges against William W. Ursu, a member of the Institute:

1. THAT, the said William W. Ursu, in or about the period March 1991 through to June 1991, failed to 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, being engaged to provide an audit opinion on the financial statements of 699207 Ontario Limited as at September 30, 1990, and having signed and attached an audit report without reservation incorrectly dated June 28, 1990 to those financial statements;
 - a) he failed to obtain written representations from management with respect to claims or possible claims against the company;
 - b) he failed to obtain a legal enquiry letter;
 - c) he failed to adequately plan and properly execute the audit work;
 - d) having employed assistants, he failed to ensure that they had adequate technical training and that they were improperly supervised;
 - e) he failed to obtain a knowledge of the client's businesses sufficient to enable him to obtain an understanding of the events, transactions and practices that may have a significant effect on his examination or on the financial statements;
 - f) he failed to document matters which were important to support the content of his report;
 - g) he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable 93,358";
 - h) he failed to confirm with the bank any outstanding bank loans;
 - i) he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Mortgage Receivable 135,000";
 - j) he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Loans 374,623";
 - k) he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Investments 1,575,240";
 - l) he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Income Tax Payable 219,513";
 - m) he failed to obtain sufficient appropriate audit evidence to support the financial information contained in the "STATEMENT OF INCOME";

- n) he failed to carry out any review, enquiry or related procedures to determine whether events occurring in the subsequent period that may require adjustment to or disclosure in the financial statements have been identified;
- o) he failed to ensure that depreciation expense was properly charged to operations for the current fiscal period;
- p) he improperly included in the item "Investments" on the balance sheet under current assets a number of non-current assets including and automobile, office building and real estate;
- q) he failed to disclose the basis of valuation of long-term assets and fixed assets;
- r) he failed to include a statement of changes in financial position when such a statement would have been useful;
- s) he issued an auditor's report which did not comply with the recommendations set out in the CICA Handbook at the relevant time;
- t) he failed to date his audit report, March 18, 1991, the date of substantial completion of his examination;
- u) he failed to express a reservation in his report when the financial statements contained a departure from generally accepted accounting principles and there was a significant limitation in the scope of his examination;
- v) he failed to disclose that the comparative figures used in the financial statements were unaudited.

2. THAT, the said William W. Ursu, in or about the period March 1991 through June 1991, failed to perform his professional services with integrity and due care in that he signed and attached an audit opinion to the financial statements of 699207 Ontario Limited as at September 30, 1990, and released same knowing that he had done insufficient work in auditing the financial statements, contrary to Rule 202 of the Rules of Professional Conduct.

3. THAT, the said William W. Ursu, in or about the period May 1993 through to June 1993, failed to 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, being engaged to carry out a review of the financial statements of K.D. Wilkinson Limited as at January 31, 1993, and having signed and attached a review engagement report dated May 27, 1993 to those financial statements;

- a) he failed to obtain an understanding and agreement with the client as to the nature of the services to be provided on the engagement;
- b) he failed to adequately plan and properly execute the review;

- c) he failed to carry out sufficient enquiry, analysis and discussion to properly ascertain whether the financial statements were plausible;
- d) he failed to obtain a knowledge of the client's business sufficient to enable him to obtain an understanding of the events, transactions and practices that in his judgement may have a significant effect on his examination or on the financial statements;
- e) he failed to ensure that Goodwill was amortized;
- f) he failed to document matters which were important to support the content of his report;
- g) he improperly included in the item "Real Estate" on the balance sheet under current assets an investment in real property which would not be realized within the year;
- h) he failed to disclose the basis on valuation of assets;
- i) he failed to disclose the economic dependence of the company on the franchisor, Home Hardware Stores Limited;

DATED at Toronto this 5th day of April 1994.

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

DISCIPLINE COMMITTEE re William Wesley Ursu

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

DECISION AND ORDER MADE AUGUST 30, 1994

DECISION

THAT, having seen, heard and considered the evidence, and having determined to proceed with the hearing in the absence of Mr. Ursu, pursuant to Institute Bylaw 87(2)(c), being satisfied that he had proper notice of the hearing, and having entered on his behalf a plea of not guilty to each of the charges, and having made findings of not guilty in respect of particulars (a), (d), (e), (g), (h) and (i) of charge No. 3, THE DISCIPLINE COMMITTEE FINDS William Wesley Ursu guilty of charges Nos. 1, 2 and 3, as amended.

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Ursu be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Ursu be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within twelve (12) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Ursu be suspended from the rights and privileges of membership in the Institute for a period of three (3) months from the date this Decision and Order becomes final under the bylaws.
4. THAT Mr. Ursu be and he is hereby required to complete, by attending in their entirety, before December 31, 1995, the following professional development courses made available through the Institute:
 1. Audit Strategies;
 2. Accounting Refresher;
 3. Auditing and Related Services Refresher;
 4. Financial Statement Presentation and Disclosure; and
 5. Review and Compilation Engagements,

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

5. THAT Mr. Ursu be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, within eighteen (18) months from the date this Decision and Order becomes final under the bylaws, the costs of the reinvestigation, to a maximum of \$2,000, to be paid by Mr. Ursu.

6. THAT notice of this Decision and Order, disclosing Mr. Ursu's 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.
7. THAT Mr. Ursu surrender his certificate of membership in the Institute to the secretary of the discipline committee within ten (10) days from the date this Decision and Order becomes final under the bylaws, to be held by the secretary during the period of suspension and thereafter returned to Mr. Ursu.
8. THAT in the event Mr. Ursu fails to comply with the requirements of paragraphs 2, 4, 5 and 7 of this Order, or any of them, within the time periods therein 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 6 hereof.
9. THAT in the event Mr. Ursu is suspended pursuant to paragraph 8 hereof, the suspension shall terminate upon his compliance with the term of the Order in respect of which he was suspended, provided that, in respect of paragraphs 2, 5 and 7 he complies within thirty (30) days from the date of his suspension, and in respect of paragraph 4 he complies within twelve (12) months from the date of his suspension.
10. THAT in the event Mr. Ursu fails to terminate a suspension imposed pursuant to paragraph 8 hereof within the time periods specified in paragraph 9, 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 9TH DAY OF SEPTEMBER, 1994
BY ORDER OF THE DISCIPLINE COMMITTEE

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

DISCIPLINE COMMITTEE re William Wesley Ursu

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

WRITTEN REASONS FOR THE DECISION AND ORDER MADE AUGUST 30, 1994

These proceedings before this panel of the discipline committee of the Institute of Chartered Accountants of Ontario were convened on August 30, 1994.

Mr. Paul Farley attended on behalf of the professional conduct committee. Mr. Ursu was not present nor was he represented. Mr. Farley advised that Mr. Ursu had indicated by telephone that he would not be attending the hearing and was not requesting an adjournment.

Counsel for the professional conduct committee filed with the discipline committee the affidavit of Ivan Garrity to prove service on Mr. Ursu of the charges and Notice of Assignment Hearing, and the affidavit of Bryan Stephenson to prove service of the Notice of Hearing. The affidavits were marked Exhibits Nos. 1 and 3, respectively. The committee satisfied itself that Mr. Ursu had been given proper notice of the hearing, and, accordingly, decided to proceed in his absence, pursuant to Bylaw 87(2)(c).

The charges against the member read as follows:

1. *THAT, the said William W. Ursu, in or about the period March 1991 through to June 1991, failed to 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, being engaged to provide an audit opinion on the financial statements of 699207 Ontario Limited as at September 30, 1990, and having signed and attached an audit report without reservation incorrectly dated June 28, 1990 to those financial statements;*
 - a) *he failed to obtain written representations from management with respect to claims or possible claims against the company;*
 - b) *he failed to obtain a legal enquiry letter;*
 - c) *he failed to adequately plan and properly execute the audit work;*
 - d) *having employed assistants, he failed to ensure that they had adequate technical training and that they were properly supervised;*
 - e) *he failed to obtain a knowledge of the client's business sufficient to enable him to obtain an understanding of the events, transactions and practices that may have a significant effect on his examination or on the financial statements;*
 - f) *he failed to document matters which were important to support the content of his report;*
 - g) *he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable 93,358";*
 - h) *he failed to confirm with the bank any outstanding bank loans;*
 - i) *he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Mortgage Receivable 135,000;*

- j) *he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Loans 374,623";*
- k) *he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Investments 1,575,240";*
- l) *he failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Income Tax Payable 219,513";*
- m) *he failed to obtain sufficient appropriate audit evidence to support the financial information contained in the "STATEMENT OF INCOME";*
- n) *he failed to carry out any review, enquiry or related procedures to determine whether events occurring in the subsequent period that may require adjustment to or disclosure in the financial statements have been identified;*
- o) *he failed to ensure that depreciation expense was properly charged to operations for the current fiscal period;*
- p) *he improperly included in the item "Investments" on the balance sheet under current assets a number of non-current assets including an automobile, office building and real estate;*
- q) *he failed to disclose the basis of valuation of long-term assets and fixed assets;*
- r) *he failed to include a statement of changes in financial position when such a statement would have been useful;*
- s) *he issued an auditor's report which did not comply with the recommendations set out in the CICA Handbook at the relevant time;*
- t) *he failed to date his audit report, March 18, 1991, the date of substantial completion of his examination;*
- u) *he failed to express a reservation in his report when the financial statements contained a departure from generally accepted accounting principles and there was a significant limitation in the scope of his examination;*
- v) *he failed to disclose that the comparative figures used in the financial statements were unaudited.*

2. *THAT, the said William W. Ursu, in or about the period March 1991 through to June 1991, failed to perform his professional services with integrity and due care in that he signed and attached an audit opinion to the financial statements of 699207 Ontario Limited as at September 30, 1990, and released same knowing that he had done insufficient work in auditing the financial statements, contrary to Rule 202 of the Rules of Professional Conduct.*
3. *THAT, the said William W. Ursu, in or about the period May 1993 through to June 1993, failed to 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, being engaged to carry out a review of the financial statements of K.D. Wilkinson Limited as at January 31, 1993, and having signed and attached a review engagement report dated May 27, 1993 to those financial statements;*
 - a) *he failed to obtain an understanding and agreement with the client as to the nature of the services to be provided on the engagement;*
 - b) *he failed to adequately plan and properly execute the review;*
 - c) *he failed to carry out sufficient enquiry, analysis and discussion to properly ascertain whether the financial statements were plausible;*

- d) *he failed to obtain a knowledge of the client's business sufficient to enable him to obtain an understanding of the events, transactions and practices that in his judgement may have a significant effect on his examination or on the financial statements;*
- e) *he failed to ensure that Goodwill was amortized;*
- f) *he failed to document matters which were important to support the content of his report;*
- g) *he improperly included in the item "Real Estate" on the balance sheet under current assets an investment in real property which would not be realized within the year;*
- h) *he failed to disclose the basis of valuation of assets;*
- i) *he failed to disclose the economic dependence of the company on the franchisor, Home Hardware Stores Limited;*

Since Mr. Ursu was neither present nor represented at the hearing, the chair entered a plea of not guilty on the member's behalf to all three charges.

After hearing testimony from the professional conduct committee investigator Mr. Leo Goodman, and reviewing the document brief filed as Exhibit No. 5, the discipline committee concluded that the evidence established all of the particulars in charges Nos. 1 and 2, and particulars (b), (c) and (f) of charge No. 3. Accordingly, the committee found Mr. Ursu guilty of professional misconduct with respect to all three charges.

After hearing and deliberating upon the professional conduct committee's submissions in respect of sanction, the discipline committee made the following order:

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Ursu be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Ursu be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within twelve (12) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Ursu be suspended from the rights and privileges of membership in the Institute for a period of three (3) months from the date this Decision and Order becomes final under the bylaws.
4. THAT Mr. Ursu be and he is hereby required to complete, by attending in their entirety, before December 31, 1995, the following professional development courses made available through the Institute:
 1. Audit Strategies;
 2. Accounting Refresher;
 3. Auditing and Related Services Refresher;
 4. Financial Statement Presentation and Disclosure; and
 5. Review and Compilation Engagements,

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

5. THAT Mr. Ursu be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, within eighteen (18) months from the date this Decision and Order becomes final under the bylaws, the costs of the reinvestigation, to a maximum of \$2,000, to be paid by Mr. Ursu.
6. THAT notice of this Decision and Order, disclosing Mr. Ursu's 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.
7. THAT Mr. Ursu surrender his certificate of membership in the Institute to the secretary of the discipline committee within ten (10) days from the date this Decision and Order becomes final under the bylaws, to be held by the secretary during the period of suspension and thereafter returned to Mr. Ursu.
8. THAT in the event Mr. Ursu fails to comply with the requirements of paragraphs 2, 4, 5 and 7 of this Order, or any of them, within the time periods therein 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 6 hereof.
9. THAT in the event Mr. Ursu is suspended pursuant to paragraph 8 hereof, the suspension shall terminate upon his compliance with the term of the Order in respect of which he was suspended, provided that, in respect of paragraphs 2, 5 and 7 he complies within thirty (30) days from the date of his suspension, and in respect of paragraph 4 he complies within twelve (12) months from the date of his suspension.
10. THAT in the event Mr. Ursu fails to terminate a suspension imposed pursuant to paragraph 8 hereof within the time periods specified in paragraph 9, 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.

The reasons for the committee's order as to sanction 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 and Suspension

The committee felt that the many deficiencies in the performance of the audit and review engagements set out in the charges constituted a serious breach of professional standards. A suspension of three months and a fine of \$5,000 was ordered to make clear to Mr. Ursu and to other members of the profession that such a departure from the level of competence expected of chartered accountants is taken very seriously by the Institute and the profession.

Professional Development Courses and Reinvestigation

With a view to the principle of rehabilitation, the committee ordered that Mr. Ursu complete five professional development courses in an effort to upgrade his skills to the standards expected of

a chartered accountant. To provide a measure of assurance that the member does benefit from the courses, and has taken advantage of the opportunity to rehabilitate himself, his reinvestigation by the professional conduct committee was ordered.

Publicity

The committee ordered notice of its decision and order in the manner specified, including disclosure of the member's name, as a specific and general deterrent. The committee considered such notification also necessary to demonstrate to the public that the profession is regulating itself, so as to retain public confidence in the profession's ability to self-govern.

Failure to Comply

As is the normal practice of the committee, it ordered that failure to comply with any of the requirements of the order will result in suspension and, ultimately, expulsion of the member, so as to demonstrate to this member and all members that failure to comply with orders of the discipline committee will not be tolerated.

DATED AT TORONTO, THIS _____ DAY OF DECEMBER, 1994
BY ORDER OF THE DISCIPLINE COMMITTEE

P.A. CAMPOL, CA - CHAIR
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

L.R. FLEMMING, CA
H.R. KLEIN, CA
J.J. LONG, CA
S.F. ANDRUNYK (Public representative)