

**IN THE MATTER OF a Proceeding under  
the *Certified General Accountants of Ontario Act, 1983***

**IN THE MATTER OF a Complaint against Dennis Prentice**

B E T W E E N:

The Discipline Committee of the CGAO

- and -

Dennis Prentice

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**DECISION OF THE PROFESSIONAL CONDUCT TRIBUNAL**

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Members of the Panel:

Ramesh Ramotar, CGA, Chair  
Robert Haliburton, CGA  
Betty Kuchta, Public Representative

Pursuant to section 9, Article 9 of By-Law Four, the Professional Conduct Tribunal has reviewed the Statement of Facts and Resolution proposed by the parties in this matter (signed by the Chair of the Discipline Committee on June 23, 2009 and signed by Dennis Prentice on July 3, 2009.) The Tribunal accepts the proposal as set out by the parties. The proposal is hereby ratified.

Dated this 27 day of July, 2009

  
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Ramesh Ramotar  
(for the Tribunal)

## STATEMENT OF FACTS AND RESOLUTION

### A. AGREED UPON STATEMENT OF FACTS

1. On or about 6 April 2009 I issued an auditor's report to the members of the Ontario Nurses' Association, Local 09 (the "audit report").
2. In the audit report, I noted that it was my responsibility to express an opinion on the financial statements of the Ontario Nurses' Association, Local 09, based upon my audit.
3. In the audit report, I opined that "in my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of membership dues, these financial statements present fairly, in all material respects, the financial position of the Local as at December 31, 2008, and the results of its operations, cash flows and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles."
4. Ontario law requires persons who practise public accounting to be licensed in accordance with the *Public Accounting Act* (the "Act").
5. The practice of public accounting is defined in the *Act* to include assurance engagements, including an audit conducted with respect to the correctness, fairness, completeness or reasonableness of a financial statement or any part of a financial statement or any statement attached to a financial statement, if it can reasonably be expected that the services will be relied upon or used by a third party.
6. I did not hold a licence to practise public accounting when I issued the audit report.
7. In preparing the audit report without a licence, I violated the *Act*.
8. On 26 May 2009, when I completed my Professional Practice Registration Form – 2009, I was asked to advise the Association how many compilations, reviews and audits I had completed in 2008 and 2009. I advised the Association that I had completed no audits in 2008 or 2009.
9. Contrary to my representation to the Association, I had issued the audit report noted above.
10. The Association relies on its members to accurately and honestly self-report the nature of their practice to the Association.

11. I was paid a fee by my client for the audit.
12. The Association received the complaint from the Public Accountants Council about my preparation of the audit report without a licence. When the Association contacted me about the complaint, I returned the fee to the client and then advised the Association that the work was done on a no fee basis. This was not true at the time I did the audit and was paid for it.
13. In returning the fee and then advising the Association that the work was done on a no fee basis, I was attempting to change the nature of my assignment to fall within what I had by then learned was an exemption in the *Act* for audits done without reward.
14. When the Public Accountants Council contacted me concerning my preparation of the audit report without a licence, I advised the Council that the Association was aware that I signed audit reports. I knew this statement was untrue.
15. Rule 102 of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") provides that "a member shall not permit the member's firm name or the member's name to be used with, participate in, or provide services to, any activity that the member knows, or which a reasonable and informed third party, would believe, to be unlawful."
16. Rule 606(a) of the Code provides that "a member shall not participate in any action that is detrimental to the Association or the profession."
17. Rule 606(b) of the Code provides that "a member shall, subject to Rules R105 and R201 report to the Association any situation of which the member has sufficient personal knowledge and that the member thinks may be detrimental to the Association or the profession."
18. The Code's Ethical Principle relating to Deceptive Information provides that "members shall not be associated with any information that the member knows, or ought to know, to be false or misleading, whether by statement or omission."

**B. AGREED UPON RESOLUTION**

1. I agree that in issuing the audit report without a public accounting licence, I was in violation of the *Act*. As such, I was engaged in unlawful activity contrary to Rule 102.
2. I agree that I was obliged to advise the Association that I had issued the audit report, contrary to the *Act*. In not reporting this situation that could have been detrimental to the Association, I was in violation of Rule 606(b).

3. I agree that I did not honestly or accurately self-report the nature of my practice to the Association.
4. I agree that in advising the Association on my Professional Practice Registration Form that I had not done an audit in 2009, I was associated with deceptive information contrary to the Principle on Deceptive Information.
5. I agree that my statement to the Association that the audit was done on a no fee basis was untrue at the time I did the audit. As such the statement was deceptive contrary to the Principle on Deceptive Information.
6. My statement to the Public Accountants Council that the Association was aware that I issued audits was deceptive and contrary to the Principle on Deceptive Information.
7. I agree that my violation of the *Act* and my failure to respond accurately to the Association about the nature of my practice were actions detrimental to the Association or the profession and, as such, were a violation of Rule 606(a).
8. I recognize that if I had been charged with an offence under the *Act* and found guilty, I could have been fined by the court up to \$25,000.
9. I accept a fine of \$5,000 from the Association as a result of my breaches of the Code.
10. I accept a reprimand from the Association as a result of my breaches of the Code.
11. I understand that the committee is not seeking any costs payable from me. However, I understand that if I do not accept this resolution, the committee will be seeking costs, including the costs of a hearing before the Professional Conduct Tribunal.
12. I understand that, as required by By-Law Four, the terms of the resolution and the reprimand will be published in Statements.
13. I understand that, after a ten day waiting period from the date of acceptance of this proposed resolution, the Committee will present this proposed agreed resolution of this complaint to the Professional Conduct Tribunal. The Tribunal may accept or reject the resolution. If it accepts the resolution of the complaint, this ratification shall be the final disposition of the complaint. Where the Tribunal refuses to accept the proposed resolution, it may grant this committee an opportunity to return before it within 10 days or such other reasonable time as shall be stipulated by the Tribunal, with an amended proposed agreed resolution. Where the Tribunal refuses to ratify a proposed

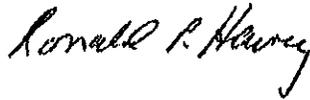
resolution and does not grant the committee an opportunity to return before it with an amended proposed agreed resolution, a Professional Conduct Tribunal panel of three members shall be appointed to conduct a formal hearing pursuant to sections 9 and 12 of Article 9 of By-Law Four.

- 14. I further understand that if the committee and I are unable to resolve this complaint through an agreed upon resolution process, the matter will be referred to the Professional Conduct Tribunal for a hearing.

I hereby agree to this above statement of facts and resolution.

Date of Offer:

Name:



23 June 2009

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Ronald P. Harvey, CGA  
Chair, Discipline Committee

Date of Acceptance:

Name:

03 July 2009



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Dennis Prentice, CGA