Professional Conduct Report 2012
The Institute is the professional body for Chartered Accountants in Australia and members operating throughout the world.

Representing more than 70,000 current and future professionals and business leaders, the Institute has a pivotal role in upholding financial integrity in society. Members strive to uphold the profession’s commitment to ethics and quality in everything they do, alongside an unwavering dedication to act in the public interest.

Chartered Accountants hold diverse positions across the business community, as well as in professional services, government, not-for-profit, education and academia. The leadership and business acumen of members underpin the Institute’s deep knowledge base in a broad range of policy areas impacting the Australian economy and domestic and international capital markets.

The Institute of Chartered Accountants Australia was established by Royal Charter in 1928 and today has around 60,000 members and more than 12,000 talented graduates working and undertaking the Chartered Accountants Program.

The Institute is a founding member of the Global Accounting Alliance (GAA), which is an international coalition of accounting bodies and an 800,000-strong network of professionals and leaders worldwide.

charteredaccountants.com.au
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A message from the President

More so than any other body of professionals, Chartered Accountants are in roles that are the drivers of business and the economy. Members of the Institute provide strategic business and financial advice to governments, industry, financial institutions, markets, investors, small business and consumers.

The Institute’s coat of arms bears the phrase nec timens, nec favens. Translated to without fear or favour, this signifies the expected behaviour and conduct of Chartered Accountants. It also encapsulates the Institute’s role in promoting and upholding financial integrity in business while supporting the public interest.

Our motto has underpinned the profession for more than 80 years, yet it seems more pertinent than ever in today’s volatile economic environment characterised by global uncertainty, the multi-speed Australian economy, increased financial risk and high levels of corporate insolvencies.

During the past 12 months members have responded to the challenges of increased technical complexity and the relentless regulatory load by attaining knowledge and expertise through the Institute and other providers. This is testament of a true profession that is based on the premise of striving for excellence through lifelong learning.

The Institute supports members and upholds the profession’s high standards through its ‘professional compliance framework’. This comprises the Institute By-laws, Australian and international professional and technical standards, compliance and training programs, and our disciplinary arm – Professional Conduct. Without fear or favour also applies to the Institute’s approach to bringing members to account, which it does first and foremost in the public interest, with objectivity and transparency.

This Professional Conduct Report explains how the Institute’s Professional Conduct function interconnects with the Professional Conduct Tribunals and the governance and enforcement roles of standard-setters, regulatory bodies and courts in the Australian professional and regulatory framework. It also documents the results of Institute investigations and cases heard by the Professional Conduct Tribunals during the year ended 30 June 2012.

Our aim in producing this report is to demonstrate the rigour and transparency of our disciplinary process and to serve as an education tool for members to understand the types of activities and decision making that can compromise the reputation of the profession.

Craig Farrow FCA
President
Institute of Chartered Accountants Australia
Executive summary

Professional accounting is governed through a co-regulatory framework as part of the professional standards regime in Australia. This comprises regulators, government standard-setting bodies, the Accounting Professional & Ethical Standards Board (APESB) and the professional accounting bodies.

Enforcement of legislation and professional and technical standards is also a co-regulatory responsibility, reflecting the diversity of disciplines and functions carried out by professional accountants throughout the business world.

Within this co-regulatory regime, the Institute is responsible for disciplining members who breach the Institute’s By-laws and Code of Ethics, APES 110 Code of Ethics for Professional Accountants. The Institute’s disciplinary arm, Professional Conduct, investigates conduct matters and refers relevant cases to the Professional Conduct Tribunal for independent hearing.

During 2012, we continued to see the impacts of the global financial crisis (GFC) and the ongoing global economic uncertainty. This year saw an increase in the number of professional matters investigated by the Institute, which is indicative of the increasingly complex business and regulatory environment. While referrals to the Tribunal also increased during the past 12 months, the number of cases heard by the Tribunal has averaged around 19 per year for the past five years.

Any members experiencing difficulties are encouraged to seek peer support through the Institute’s technical and professional services, our mediation service or the Chartered Accountants Advisory Group (CAAG).

As a professional body with a clear mandate to maintain member standards, it is necessary to continually test our Professional Conduct function. Dedicated professionals, regulatory bodies and external stakeholders provide ongoing feedback on whether our disciplinary process satisfies the requirements of procedural fairness and meets the expectations of the profession and the wider community.

The Institute continues to forge close relationships with its overseas counterparts, including through the Global Accounting Alliance, which includes sharing intelligence and best-practice resources. Benchmarking the Institute’s Professional Conduct function with these international bodies also helps to ensure the Institute remains relevant and effective in protecting the reputation of the profession.

Walking the talk on without fear or favour

‘We have to be great advocates for our members. We have to look after our members and the profession, but we have a responsibility to the public and to the rest of the members to make sure everybody trusts us, that everybody holds us in the highest standing, that we won't sweep things under the carpet and that we won't defend the indefensible. And that, I think, is fundamental.

‘Members are relying on us to discipline those members who have let the side down and need to be disciplined for the good of the profession and everybody else. I think most members, even those who have made mistakes, would understand and agree with that.’

Bob Grice AO Hon D Phil FCA
Retired Partner, KPMG
Life member and former President of the Institute
Professional Conduct: background and context

Professional Conduct function
The Institute has an obligation to ensure all members provide professional services in a manner befitting the Chartered Accountants designation. As part of the co-regulatory framework, the Institute requires members to meet high ethical, technical and professional standards of conduct and performance.

Professional Conduct is the Institute’s disciplinary arm that enforces these standards. It helps protect the integrity of the Chartered Accountants designation by investigating complaints and other issues relating to the conduct of members.

Where appropriate, matters are referred to the Professional Conduct Tribunal for determination and possible sanctions. It is necessary for the Institute to call members to account when issues of concern arise, in order to protect its own reputation and that of its members.

The Institute’s jurisdiction
The approach of Professional Conduct is the protection of public interest and the reputation of the Institute, rather than to punish individual members. The Institute is not a statutory authority, regulatory body or a court of law. The Institute does not have legal power to order the payment of compensation or any other remedy seeking redress on behalf of the community, nor to punish offenders other than through membership-related sanctions.

Civil and criminal sanctions are the preserve of the regulators and the courts, which have wider powers such as subpoenaing witnesses, compelling production of written evidence and providing financial compensation.

The Institute has the authority to discipline a member who discredits the profession. This may be as a result of adverse findings through legal proceedings or investigation by statutory bodies or regulators. Based on legal opinion, the Institute must await the outcome of such proceedings before undertaking any disciplinary action. The Institute investigates members who are the subject of adverse decisions by regulators and the courts, irrespective of whether a complaint has been lodged with the Institute.

The Institute’s Professional Conduct function is a robust, transparent and integrated process, which delivers appropriate enforcement of standards for the benefit of the general public and key stakeholders. Retaining respect and relevance in the eyes of Chartered Accountants is imperative to the Professional Conduct process. As always, the Institute strives to adhere strictly to the principles of natural justice, the Institute’s By-laws and the law itself.

Media protocol
The Institute is sometimes contacted by media seeking comment regarding members who may have been identified through media coverage on an issue, high profile investigations or legal cases brought by a regulatory body.

Information relating to Professional Conduct matters is confidential. The Institute may issue a public statement where the circumstances of an alleged breach of conduct is brought to the media’s attention and/or is in the public interest.

The Institute’s policy is to confirm that a complaint against a member has been received and whether the matter is under investigation. The Institute generally does not provide further information.

The Institute does not comment on investigations or legal proceedings undertaken by regulatory bodies. In such cases where the media contacts the Institute, or it is in the public interest, we may issue a media statement confirming the jurisdiction of the Institute within the co-regulatory framework, and advise that a case is being monitored. However, to ensure the Institute is not in contempt of court, we must await the outcome of all other regulatory and court processes before conducting a Professional Conduct investigation.

From time to time, the Institute will engage with the media to discuss the role of the Professional Conduct function in disciplining members (and its jurisdiction according to the By-laws) within the broader co-regulatory framework.

If an investigation leads to a Professional Conduct Tribunal hearing in which a case against a member is established, the Tribunal’s determination and any sanctions imposed are made public.
Regulatory framework in Australia
There is no single body responsible for regulating the accounting profession in Australia. The bodies that are involved in the regulation of the various arms of the profession and other activities in which professional accountants may be engaged, are outlined in Table 1.

Table 1: Regulatory framework

<table>
<thead>
<tr>
<th>Regulatory body</th>
<th>Who they regulate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Securities and Investments Commission</td>
<td>• Auditors and liquidators – through the Companies Auditors and Liquidators Disciplinary Board (CALDB)</td>
</tr>
<tr>
<td>Australian Securities and Investments Commission</td>
<td>• Financial planners</td>
</tr>
<tr>
<td>Australian Securities and Investments Commission</td>
<td>• Company directors</td>
</tr>
<tr>
<td>Tax Practitioners Board (TPB)</td>
<td>• Tax practitioners</td>
</tr>
<tr>
<td>Australian Prudential Regulation Authority (APRA)</td>
<td>• Auditors/trustees of superannuation funds</td>
</tr>
<tr>
<td>Australian Prudential Regulation Authority (APRA)</td>
<td>• Directors and senior managers of insurance companies</td>
</tr>
<tr>
<td>Insolvency Trustee Service Australia (ITSA)</td>
<td>• Trustees in bankruptcy</td>
</tr>
</tbody>
</table>

The co-regulatory framework
Ethics is fundamental to the accountability of the profession and its mandate to self-regulate within the broader co-regulatory regime in Australia.

The co-regulatory environment comprises regulators, government standard-setting bodies, the Accounting Professional & Ethical Standards Board and the three professional accounting bodies; the Institute, CPA Australia and the Institute of Public Accountants.

Leading with the Code of Ethics, the overarching professional standards are set by the APESB.

The Code of Ethics is important because the heart of the Chartered Accounting designation is a responsibility to act in the public interest. This is akin to a social contract that pledges ethical practice, underpinned by the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Institute’s Code of Ethics underpins the standards and regulations that contain the mandatory ethical and professional requirements of all members of the Institute, set out in the By-laws and Regulations. These professional standards also require members to meet the technical standards overseen by the Australian Accounting Standards Board and the Auditing and Assurance Standards Board.

As with these government standard-setting bodies, the Institute engages with the APESB and makes submissions on the development and review of standards, to ensure they align with best practice, relevant global standards and regulatory developments.

Professional Conduct Tribunal
The Professional Conduct framework is rigorous and impartial. The Professional Conduct Tribunal and Appeal Tribunal are independently operated. The Tribunals must meet strict professional guidelines when hearing cases, including a Code of Conduct.

Tribunal panels must comprise senior members of the Institute as well as non-members to represent the public interest. Chartered Accountants appointed to serve on the Tribunals represent all aspects of the profession, including large, medium and small firms, and members in finance, practice, business and academia.

When a panel is selected to hear an individual case involving technical issues, care is taken to ensure that at least one panel member has expertise in that particular area of practice or specialisation. Lay representatives were introduced around 20 years ago and come from a wide variety of business and professional backgrounds, including lawyers, company directors, stockbrokers and academics.

Following investigation by the Institute, relevant cases are referred to the Professional Conduct Tribunal for determination. If either the member against whom a finding has been made or the Institute President is dissatisfied with the decision, they can appeal the decision through the Appeal Tribunal.

Final Tribunal determinations, in which cases are found to be established, are published in the printed and online versions of the Institute’s Charter magazine and on the Institute website. In significant cases, the Tribunal may also publish reasons for its decisions.
How the Professional Conduct function works
Table 2 shows the Institute’s Professional Conduct function and where it fits within the overall legal and regulatory framework.

Table 2: Professional Conduct framework

Alleged breach or wrongdoing

Legal process

ASIC and other bodies including ATO, APRA and police

Complaint instigated in three ways:
- Complaint lodged with the Institute
- The Institute identifies improper behaviour
- Adverse finding from court or regulator.

Civil court action

Investigation commences

Determination of whether matter is referred to the Professional Conduct Tribunal

Professional Conduct Tribunal hearing in which Tribunal considers if case established

Appeal lodged (optional)

Criminal court action

Appeal Tribunal hearing

Sanctions imposed by the Institute include:
- Exclusion from membership, thereby preventing members from calling themselves Chartered Accountants
- Issuing fines, reprimands and imposing remedial sanctions such as training.

Non-legal process¹

Regulators and the court system have wide statutory powers including:
- Power to subpoena
- Take evidence under oath
- Initiate court proceedings.

Adverse findings from proceedings may include:
- Custodial sentence
- Banning order
- Fine.

1. There is no specific timeframe within which a disciplinary matter is progressed to the Professional Conduct Tribunal. It may take months or years before a matter is heard by the Tribunal. Long time frames are typical when the matter is the subject of a Royal Commission or a regulatory investigation and subsequent litigation, as the Institute must await the outcome of all proceedings including the finalisation of appeals.
Range of Professional Conduct Tribunal sanctions
Sanctions are designed to reflect the impact of the member’s actions on the reputation of the Institute and its members, rather than to punish the individual member. They are also determined by the facts of a particular case. The Professional Conduct Tribunal may impose one or more of a range of sanctions, including:

- Exclusion from membership of the Institute (removing the right to be a Chartered Accountant), which is the ultimate sanction. This is appropriate if the member has demonstrated that he/she is no longer fit and proper to be a Chartered Accountant and that continued membership would bring discredit on all other members and the Institute
- Cancellation of membership for a period of up to five years
- Withdrawal of the member’s right to engage in public practice
- Imposition of fines of up to $100,000
- Reprimands and severe reprimands
- Imposition of other sanctions, such as remedial training or a targeted ‘quality review’ of the member’s practice, focusing on the issue that gave rise to the disciplinary action.

The Institute’s role
Under the Australian professional and regulatory framework any individual can provide accountancy services. A licence is required from a regulatory body to provide specific services, such as company audits or acting as a tax agent, but a professional membership is not mandatory.

If a member is excluded from membership of the Institute, that individual can no longer use the Chartered Accountants designation, but can continue to provide accountancy services. Only action by ASIC or the TPB, which cancels their registration, will prevent members from practicing as company auditors, liquidators, or tax agents.

The Institute investigates members who are the subject of adverse decisions by regulators and the courts, irrespective of whether anyone has lodged a complaint with the Institute. As stated, based on independent legal advice, the Institute awaits the completion of any investigation by a regulator, statutory body or commission, and any subsequent disciplinary or legal action, before taking disciplinary action itself.

The Institute does not have legal power to order the payment of compensation or any other remedy seeking redress on behalf of the community, nor to punish offenders other than through membership-related sanctions.

Professional Conduct cooperation and review
Within the co-regulatory environment, the Institute increasingly works with regulators and other stakeholders to uphold members’ legal and professional requirements. Compliance with the Institute’s By-laws and technical and professional standards is extremely important for all members.

The courts, the CALDB and the Institute all play a role in enforcing the spirit and the letter of the Code of Ethics and other standards issued by the APESB.

Cooperation and communication with regulators and other stakeholders continues to improve. The Institute regularly meets with ASIC, the Financial Reporting Council (FRC), the ATO and other bodies in relation to improving the co-regulatory framework and facilitating understanding of the interdependency between regulators and the Institute’s disciplinary processes.

In 2011 – 2012, the FRC was tasked with monitoring the effectiveness of auditor independence in Australia which included reviewing the Institute’s Professional Conduct process, along with those of the other professional accounting bodies.

‘During the year, the FRC did not become aware of any deficiencies in either the systems or processes used by the professional accounting bodies for planning and performing quality reviews of audit work, or in the overall adequacy of their investigation and disciplinary procedures.’ (FRC Annual Report 2010 – 2011)

Ethics and professional and technical standards are further enforced within the co-regulatory environment through the disciplinary processes of the regulators and courts. Standards, including the Code of Ethics, are used as benchmarks in case arguments and in the determinations of courts, ASIC and the CALDB.

Public references in pleadings and determinations can then be applied by the Institute’s Professional Conduct team in developing cases for hearing by the Professional Conduct Tribunal, reinforcing the role of the standards as the appropriate benchmark of technical performance and professional conduct.

Through ongoing communication and liaison between regulators, professional bodies and other relevant stakeholders in Australia and internationally, the Institute is able to consistently evaluate its performance in promoting and upholding high technical, professional and ethical standards.
2011 – 2012 trends and achievements

Intensive reform cycle
As global economic uncertainty continues to take its toll on the economy and the corporate sector, there is an ongoing focus on the policy settings, regulations and compliance requirements of directors, executives and practitioners across many sectors and disciplines in business and finance.

Areas in the spotlight during 2011 – 2012 have included audit quality, insolvency, corporate governance and reporting, financial planning and the management of self-managed superannuation funds (SMSFs). On behalf of members, the Institute has advocated reforms that are founded on sound economic and professional principles and that promote continuous improvement across the Chartered Accounting profession.

Being a stakeholder in the co-regulatory system in Australia enables the Institute to balance regulatory enforcement with members’ compliance in relation to the Code of Ethics and their professional development. Through our disciplinary process, we not only uphold professional and technical standards and apply appropriate sanctions, but also close the loop around identifying problem areas, learning lessons, and feeding those lessons back into our training and support for members.

The highest number of allegations dealt with by the Professional Conduct Tribunal during 2012 was in relation to a failure to observe proper standard of professional care, skill and competence. Outcomes and issues identified through the disciplinary process are channelled into this cycle of lifelong learning.

Member support
Mediation service
It’s a fact that despite the best intentions to build and maintain strong client relationships, discrepancies and disputes arise. The Institute’s mediation service provides a confidential and safe way for parties to explore solutions to disputes, as an alternative to the legal process. Mediation is available in Sydney, Brisbane, Perth, Adelaide and Melbourne.

One of the benefits of the mediation service over the court system is that it is a confidential process. Members can choose their own mediator from an independent expert panel, which means greater certainty for the parties. Also, the service is completely voluntary and flexible giving parties control over the process.

The Institute believes that the mediation service could assist parties in resolving significant matters before they develop into serious legal issues or breaches of professional conduct requiring disciplinary action.

Chartered Accountants Advisory Group
Members are welcome to discuss any professional or personal matters with their peers on the Chartered Accountants Advisory Group (CAAG). This group consists of a panel of senior Institute members with vast experience across public practice and business. Members can contact the CAAG through their regional office.

‘The cost of mistakes can be irreversible commercially, professionally and personally. That’s why I believe so much in CAAG – so that as much as we can, we help prevent mistakes from happening. People going through any kind of tough times can come in total confidence, no cost, and talk to very senior members of the Institute who can help them to clarify issues, to understand things fully and come to decisions they are comfortable with, that they know are right.’

Bob Grice AO FCA
2011 – 2012 results

Investigations and Tribunal hearings
During the year ended 30 June 2012, the Professional Conduct team dealt with 297 formal complaints or other issues concerning the conduct of members which came to the Institute’s attention, for example, as a result of action by regulators or the courts. The number of investigations was up from the previous two years, 250 and 291 respectively. The Institute does not know whether or not the increase in matters that require investigation will be a sustained trend. Each matter, which is within the Institute’s jurisdiction, is investigated and assessed objectively, having regard to the requirements of natural justice.

Following these investigations, 20 members were called to appear before the Professional Conduct Tribunal. The number of cases heard by the Tribunal varies from year to year because of the timing of individual hearings, but has averaged around 19 cases each year during the past five years.

A relatively small proportion of complaints or other issues which come to our attention, result in disciplinary action because most matters do not reveal evidence of any breach by members of the Institute’s By-laws. It is important to note that the Institute is unable to bring cases before the Professional Conduct Tribunal unless it has clear evidence of breach. Mere speculation and innuendo lacks the character of evidence.

The Institute is proud of the fact that a very large percentage of Chartered Accountants comply with the Institute’s By-laws and demonstrate financial integrity. The number of disciplinary cases is very small when compared with the current Institute membership of around 60,000 and the countless number of engagements and tasks undertaken each year by Chartered Accountants on behalf of their clients and employers.

The scheduling of hearings has to take into account the availability of Tribunal members, who are all volunteers, and the need to ensure that the panel selected includes members with relevant experience in any technical issues involved. Members appearing before the Tribunal are entitled to have legal or other representation. Therefore, occasionally hearings have been deferred because these representatives are committed elsewhere.

Where the Tribunal finds a case established against a member, a report is published in both the printed and online versions of the Institute’s monthly magazine, Charter, and on the Institute website. This report includes the member’s name regardless of the severity of the sanctions imposed.

As well as being a mark of the transparency of the Professional Conduct function, these reports serve as a warning to other members about the importance of complying with both the letter and spirit of the Institute’s standards, including the Code of Ethics.

Table 3: Cases heard

<table>
<thead>
<tr>
<th>State</th>
<th>11/12</th>
<th>10/11</th>
<th>09/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales (includes ACT and overseas)</td>
<td>8</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Queensland</td>
<td>8</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>South Australia/NT</td>
<td>–</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Tasmania</td>
<td>–</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>Victoria</td>
<td>2</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Western Australia</td>
<td>2</td>
<td>3</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>13</td>
<td>20</td>
</tr>
</tbody>
</table>
Institute of Chartered Accountants Australia

Professional Conduct Report 2012

Table 4: Nature of allegations

<table>
<thead>
<tr>
<th>Nature of allegations</th>
<th>11/12</th>
<th>10/11</th>
<th>09/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to observe proper standard of professional care, skill and competence</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Criminal conviction</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Guilty of statutory offence bringing discredit on member, Institute or profession</td>
<td>–</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Adverse finding in relation to professional or business conduct by court, or statutory, regulatory or professional body</td>
<td>5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Breach of Charter, By-laws or Regulations (including ethical and professional standards)</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Failure to comply with direction by Institute (including failure to respond to correspondence)</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Member’s insolvency</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Conduct bringing discredit on member, Institute or profession</td>
<td>2</td>
<td>–</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 5: Sanctions imposed

<table>
<thead>
<tr>
<th>Sanctions imposed</th>
<th>11/12</th>
<th>10/11</th>
<th>09/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion from membership</td>
<td>1</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Cancellation of membership for up to five years</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Cancellation of Certificate of Public Practice and/or declared ineligible to hold a CPP</td>
<td>–</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>Fine</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Severe Reprimand</td>
<td>6</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Reprimand</td>
<td>6</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Practice Review</td>
<td>2</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Attending specified Training &amp; Development courses</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>No sanctions imposed</td>
<td>4</td>
<td>–</td>
<td>1</td>
</tr>
</tbody>
</table>

Appeal Tribunal

During the year, the Appeal Tribunal heard five appeals by members against decisions of the Professional Conduct Tribunal; two involving cases where the original hearing had been held in 2010 – 2011. In all cases the Appeal Tribunal confirmed the finding by the Professional Conduct Tribunal that the cases had been established. In three cases the Appeal Tribunal confirmed the sanctions imposed, and varied the sanctions imposed in the other cases. When hearing an appeal the Tribunal not only reviews the evidence put before the Professional Conduct Tribunal, but can also take into account any other information that may have become available since the first hearing.

Financial

In the financial year ended 30 June 2012, the Institute’s expenditure on Professional Conduct activities, net of cost recoveries imposed by the Tribunals was $253,611. This included all personnel, professional and general office expenses. A considerable part of this expenditure relates to the investigation of those matters not referred to the Professional Conduct Tribunal.

Appointments

Both the Professional Conduct and Appeal Tribunals comprise Institute members from around Australia and also lay representatives (non-accountants). The inclusion of lay representatives demonstrates the Institute’s commitment to the broader public interest by ensuring that the deliberations of the Tribunals include external and independent perspectives. Three appointments were made to the Tribunals during 2012 – one Chartered Accountant and two non-accountants.

The Institute extends its gratitude to all members serving on the Tribunals, for their considered expertise, knowledge and insights, which are fundamental to maintaining the profession’s strong standing in society.
Moving into 2012 – 2013

Ongoing areas of focus
To uphold high standards of service and conduct, and build confidence in the accounting profession, the Institute focuses on continually improving its monitoring programs, disciplinary process, and its stakeholder engagement.

Areas of focus in 2012 – 2013 include:

• Exploring innovative ways in working with regulators to achieve common goals
• Finding alternative strategies to achieve earlier intervention in significant disputes
• Ensuring that Professional Conduct Tribunal members (Chartered Accountants and non-accountants) have the skills and competencies to represent all aspects of the profession and the public interest
• Raising awareness of the Institute’s primary obligation to the public interest in its disciplinary process, which it undertakes without fear or favour
• Helping members identify situations where they may be subject to a Professional Conduct investigation, and providing appropriate feedback to members
• Ongoing monitoring of corporate insolvencies and contribution to the policy and regulatory settings for the insolvency industry
• Development, monitoring and promotion of the national mediation service
• Promoting a more integrated investigative and disciplinary framework through closer communication and liaison with the other professional accounting bodies, major stakeholders and regulators
• Monitoring the effectiveness and transparency of the Institute’s disciplinary procedures, including:
  – Sharing relevant information on disciplinary processes, issues and trends with our counterparts in the GAA
  – Ensuring we meet our obligations under the International Federation of Accountants Statements of Membership Obligations SMO 6: Investigation and Discipline
  – Working with a variety of regulators and stakeholders to ensure that the overall regulatory and professional framework continues to meet the needs of business and the broader community
  – Consideration of enhancements to the By-laws to reflect evolving regulatory enforcement policies
  – Working closely with the New Zealand Institute of Chartered Accountants.
## Glossary of terms and websites

<table>
<thead>
<tr>
<th>Abbreviation/ acronym</th>
<th>Name</th>
<th>Website (where applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB</td>
<td>Australian Accounting Standards Board</td>
<td>aasb.gov.au</td>
</tr>
<tr>
<td>APRA</td>
<td>Australian Prudential Regulation Authority</td>
<td>apra.gov.au</td>
</tr>
<tr>
<td>APESB</td>
<td>Accounting Professional &amp; Ethical Standards Board</td>
<td>apesp.org.au</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
<td>asic.gov.au</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Stock Exchange</td>
<td>asx.com.au</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
<td>ato.gov.au</td>
</tr>
<tr>
<td>AUASB</td>
<td>Australian Auditing and Assurance Standards Board</td>
<td>auasb.gov.au</td>
</tr>
<tr>
<td>CAAG</td>
<td>Chartered Accountants Advisory Group</td>
<td>charteredaccountants.com.au/caag</td>
</tr>
<tr>
<td>CALDB</td>
<td>Companies Auditors and Liquidators Disciplinary Board</td>
<td>caldb.gov.au</td>
</tr>
<tr>
<td>FRC</td>
<td>Financial Reporting Council</td>
<td>frc.gov.au</td>
</tr>
<tr>
<td>GAA</td>
<td>Global Accounting Alliance</td>
<td>globalaccountingalliance.com</td>
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<td>IFAC</td>
<td>International Federation of Accountants</td>
<td>ifac.org</td>
</tr>
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<td>IPA</td>
<td>Insolvency Practitioners Association</td>
<td>ipaa.com.au</td>
</tr>
<tr>
<td>ITSA</td>
<td>Insolvency and Trustee Service Australia</td>
<td>itsa.gov.au</td>
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<tr>
<td>SMO</td>
<td>Statements of Membership Obligations</td>
<td>ifac.org</td>
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</tbody>
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Contact details

**Customer Service Centre**  1300 137 322

**National Office / New South Wales**
33 Erskine Street
Sydney NSW 2000
GPO Box 9985, Sydney NSW 2001
Phone 02 9290 1344
Fax 02 9262 1512

**Australian Capital Territory**
Level 10, 60 Marcus Clarke Street
Canberra ACT 2601
GPO Box 9985, Canberra ACT 2601
Phone 02 6122 6100
Fax 02 6122 6122

**Queensland**
Level 32, Central Plaza One
345 Queen Street, Brisbane Qld 4000
GPO Box 9985, Brisbane Qld 4001
Phone 07 3233 6500
Fax 07 3233 6555

**South Australia / Northern Territory**
Westpac Building
Level 29, 91 King William Street
Adelaide SA 5000
GPO Box 9985, Adelaide SA 5001
Phone 08 8113 5500
Fax 08 8231 1982

**Victoria / Tasmania**
Level 3, 600 Bourke Street
Melbourne Vic 3000
GPO Box 9985, Melbourne Vic 3001
Phone 03 9641 7400
Fax 03 9670 3143

**Western Australia**
L11, 2 Mill Street
Perth WA 6000
GPO Box 9985, Perth WA 6848
Phone 08 9420 0400
Fax 08 9321 5141

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