

# **COMPANIES AUDITORS AND LIQUIDATORS DISCIPLINARY BOARD**

## **MEDIA RELEASE**

**DATE 30 JULY 2015**

### **CALDB SUSPENDS THE REGISTRATION OF NSW AUDITOR**

The Companies Auditors and Liquidators Disciplinary Board (“CALDB”) has ordered the suspension of the registration as an auditor of Mr Richard Langley Stewart Hill who practises in Sydney, for a period of twelve months.

The CALDB made this order on an application to the CALDB by the Australian Securities and Investments Commission (“ASIC”).

In the application to the CALDB, ASIC alleged three matters;

- (i) that, within the meaning of Section 1292(1)(a)(ia)[second] of the Corporations Act 2001 ("the Act") Mr Hill failed to comply with a condition of his registration as an auditor;
- (ii) that Mr Hill failed to carry out or perform adequately and properly the duties of an auditor under Section 1292(1)(d)(i) of the Corporations Act by failing to disclose in each of his 2011, 2012 and 2013 Form 912A annual statements to ASIC that his registration was subject to conditions. Section 1287A of the Act requires a registered company auditor to lodge a Form 912A statement annually.
- (iii) that Mr Hill was not fit and proper to remain registered as an auditor under Section 1292(d) of the Corporations Act because each of his Form 912A annual statements for 2011, 2012 and 2013 contained a false and misleading statement in that they did not disclose that Mr Hill's registration as an auditor was subject to conditions.

The Board found that all three matters were established against Mr Hill.

On 11 April 2011, four conditions were imposed on Mr Hill’s registration following the decision of an independent delegate of ASIC that Mr Hill had breached the auditor rotation requirements under the Corporations Act. The CALDB found that within the meaning of Section 1292(1)(a)(ia)(second) Mr Hill had failed to comply with a condition of his registration in that he failed to comply fully with the four conditions imposed.

In relation to the second allegation, the CALDB found that Mr Hill failed to exercise proper care in completing each of the Annual Statements and wrongly stated in each of those statements that his registration was not conditional, making each of those statements false and misleading.

In relation to the third allegation, the CALDB found that Mr Hill’s conduct in relation to the completion of the Form 912A Annual Statements lodged in 2011, 2012 and 2013, amounted to a serious failure on Mr Hill’s part. The Board was guided by the principle that a person

who does not carry out his duties adequately and properly will not ordinarily be a fit and proper person to remain registered. The Board found that Mr Hill was prepared to attest to the accuracy and completeness of the returns without fully or properly checking them, in circumstances where administrative staff at his firm had completed the details without being given any instructions or training on how the forms were to be completed. This course of conduct was not an isolated occurrence but conduct which occurred consecutively for three years. Based on this conduct the Board formed the view that Mr Hill was not a fit and proper person to remain registered because a touchstone of propriety must be that a registered auditor can be relied on only to attest to the completeness and accuracy of documents to the best of his knowledge in circumstances where he has been diligent to ensure, and can demonstrate, that his signature stands as verification for the contents of the document. If a registered auditor takes no steps or insufficient steps to verify that the contents accord with his knowledge, or no steps or insufficient steps to check the accuracy and completeness, there is impropriety.

CALDB suspended Mr Hill's registration for a period of twelve months and ordered that he provide undertakings to the Board including undertakings to implement a compliance plan within his firm acceptable to ASIC, complete additional professional development activity and submit his firm to six monthly external reviews of the compliance plan to be implemented.

Mr Hill lodged an appeal with the Administrative Appeals Tribunal ("AAT") and the AAT affirmed the Board's decision. A copy of the CALDB's decision and reasons and the AAT's decision is published on the CALDB website ([www.caldb.gov.au](http://www.caldb.gov.au)).

The CALDB is an independent statutory body with powers under the Corporations Act to cancel or suspend the registration of auditors and liquidators. The Board's powers are directed to the maintenance of proper professional standards on the part of registered auditors and liquidators.

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