

## **MEDIA RELEASE**

**DATE 29 OCTOBER 2015**

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

The Companies Auditors and Liquidators Disciplinary Board ("CALDB") has ordered the suspension of the registration as an auditor of Mr Philip James Dowsley who practises in Kew Victoria, for a period of 6 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;

1. that, within the meaning of Section 1292(1)(a)(ia)[second] of the Corporations Act 2001 ("the Act") Mr Dowsley failed to comply with a condition of his registration as a company auditor;
2. that Mr Dowsley is not a fit and proper person to remain registered as a company auditor under Section 1292(1)(d) of the Act because each of his Form 912A annual statements for 2012, 2013 and 2014 (collectively the "Annual Statements") together with his application for registration as an SMSF auditor in 2013 and his SMSF auditor annual statement in 2014 (collectively the "SMSF Forms"), contained a false and misleading statement in that they did not disclose that Mr Dowsley's registration as a company auditor was subject to conditions.
3. that Mr Dowsley failed to carry out or perform adequately and properly the duties of a company auditor under Section 1292(1)(d) of the Act by failing to disclose in each of the 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.

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

On 13 September 2011, a number of conditions were imposed on Mr Dowsley's company auditor registration following concerns about 2 of his audits raised by an independent delegate of ASIC and a hearing under Section 1289 A of the Act. On 12 September 2013 these conditions were amended. The CALDB found that within the meaning of Section 1292(1)(a)(ia)[second] Mr Dowsley had failed to comply with a condition of his registration in that he failed to comply fully with the conditions imposed.

In relation to the second allegation, the CALDB found that Mr Dowsley's conduct in relation to the completion of the Annual Statements and SMSF Forms amounted to a serious failure on Mr Dowsley's part in that he had completed these documents without proper care by stating in each of them that his registration as a company auditor was not subject to conditions imposed by ASIC. 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 Dowsley was prepared to attest to the accuracy and completeness of the Annual Statements and SMSF Forms by signing them without fully or properly checking them. This course of conduct was not an isolated occurrence but occurred consecutively for three years. Based on this conduct the

Board formed the view that Mr Dowsley is not a fit and proper person to remain registered as a company auditor because a touchstone of fitness and propriety must be that a registered auditor can be relied on to attest to the completeness and accuracy of documents to the best of his knowledge only 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 check the accuracy and completeness of important documents such as the Annual Statements and the SMSF Forms, there is impropriety.

In relation to the third allegation, the CALDB found that Mr Dowsley 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 subject to conditions imposed by ASIC, making each of those Statements false and misleading.

After taking into account the medical problems he experienced during the relevant period, the CALDB suspended Mr Dowsley's registration as a company auditor for a period of six (6) months and ordered that he provide undertakings to the Board. These included undertakings to continue his medical treatment during the period of suspension and to have his then current medical fitness independently verified before the end of that period, complete additional professional development activity and, after the period of suspension, subject his company audits to peer review.

A copy of the CALDB's decision and reasons 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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