



Bylaw Violation Penalties

In these cases, discipline usually involves a fine, censure or, in the case of a board member, temporary suspension.

Possible penalties for noncompliance for corporate governance

Depends upon the kind of violation. More serious violations, such as betraying shareholder, client or board trust or abusing a position of power, can result in penalties ranging from suspension to expulsion from the Institute. In extreme cases, abuses can result in civil or criminal prosecution.

Breaking Ethical Code of Conduct, Disregard for the CA Act and By-Laws

Penalties for ethical misconduct tend to be severe. Ethical infractions can range from stealing to failure to fully disclose potential conflicts of interest. When charges are determined to be true, members often face removal

Penalties for non-compliance

Failure to comply with the CA Act and By-laws and the Code of Ethics for Professional Accountants can lead to enforcement action including one or more of the following:

- Caution (1st offence and taking into account criteria below) – Category A Offence
- Reprimand (1st offence and taking into account criteria below) – Category B Offence
- Fines of not less than \$1,000 nor more than \$5000 (1st time offender and taking into account criteria below) – Category C Offence
- If same offence repeated within a period of 3 years, such an offence shall be punishable by a fine of not less than \$5000 and not more than \$10 000 – Category D Offence
- Where a person has previously been convicted for non-compliance with the CA Act and By-laws and the Code of Ethics within the preceding 5 years, upon conviction for a subsequent violation such a person shall be guilty of a Category E Offence, fined not less than \$10 000 nor more than \$20 000 and or
- Suspension of membership for a period not exceeding 3 years and or
- Deregistration.

Penalties for Signing Audit Certificates without a valid practising licence:

- Refund the payment received for the job and pay an amount equivalent to the cost of applying for a practising certificate with the PAAB – Category A Offence
- If the same offence is repeated within a period of 3 years, such an offence shall be punishable by a fine same as above and over and above that a flat fine of not less than \$5000 and not more than \$10 000 – Category B Offence

- Where a person has previously been penalised for signing audit certificates without holding a valid practising certificate within the preceding 5 years, upon conviction for a subsequent violation such a person shall be guilty of a Category C Offence, fined not less than \$10 000 nor more than \$20 000 in addition to any other penalties provided for by the law and/or
- Cancellation of the licence.

What are the penalties for non-compliance with the IRFS and IASs?

- First written warning (to be kept on file for a period of 3 years)
- Second written warning (to be kept on file for a period of 3 years)
- Third and final written warning and/or
- Fines of up to \$5000 for serious breaches
- Suspension of Membership for a period of not more than 3 years
- Deregistration from membership

For trainee Accountants

- Suspend the accused from registration for membership or registration as a trainee accountant for a period not exceeding 3 years.
- Disqualify from applying for membership permanently

Determination

The following criteria are to be used to determine the amount of the fine on a non-compliant member/firm:

- Nature of infringement: number of people affected, damaged they suffered, duration of infringement
- Intention: whether the infringement is intentional or negligent
- Mitigation: actions taken to mitigate damage
- Preventative measures: how much technical and organizational preparation the member/firm had previously implemented to prevent non-compliance
- History: past relevant infringements
- Cooperation: how cooperative the member/firm has been to remedy the infringement
- Other: other aggravating or mitigating factors may include financial impact on the member/firm from the infringement