

**ALEXANDER (ALEC) STEPHEN FLOOD (AUD102)**

**NOTICE OF AN ORDER OF THE DISCIPLINARY TRIBUNAL OF  
THE NEW ZEALAND INSTITUTE OF CHARTERED ACCOUNTANTS**

Alexander Stephen Flood (“the Member”) appeared before the Disciplinary Tribunal of the New Zealand Institute of Chartered Accountants (“NZICA”) on 4 and 5 April 2017 in relation to a complaint arising from a Practice Review under Rules 12.1 and 12.6(c) of the NZICA Rules.

The complaint arose from the Member’s role as engagement partner in the audit of a company listed in New Zealand and Australia. The Member pleaded guilty to charges of negligence or incompetence in a professional capacity and breaching the Code of Ethics. He admitted the particulars which concerned a failure to undertake and/or document appropriate audit procedures including in relation to the audit of a business combination, goodwill and material bank balances, in breach of the Fundamental Principle of Professional Conduct and Due Care and/or section 130 of the Code of Ethics (2014) and applicable Auditing and Assurance Standards. The Disciplinary Tribunal found the charges proven and the particulars made out.

In its decision dated 13 April 2017 the Disciplinary Tribunal made the following orders pursuant to the Rules of NZICA:

- (a) That the Member be censured under Rule 13.40(k);
- (b) Under Rule 13.40(n), for a period of two years from the date the Tribunal’s decision becomes effective<sup>1</sup>, the Member shall not undertake any audit (whether as an engagement or review partner) of an “*FMC reporting entity*” (as defined in section 451 of the Financial Markets Conduct Act 2013) which:
  - is a “*listed issuer*”, “*registered bank*” or “*licensed insurer*” as defined in section 6 of the Financial Markets Conduct Act 2013; or
  - is a “*NBDT*”, as defined in the Non-bank Deposit Takers Act 2013, with total assets exceeding \$15 million; or
  - in any other case, has total assets exceeding \$30 million.
- (c) The Member pay costs to NZICA in the sum of \$69,112 pursuant to Rule 13.42 in respect of the costs and expenses of the hearing before the Disciplinary Tribunal and investigation by the Professional Conduct Committee; and
- (d) Pursuant to Rule 13.44 the Disciplinary Tribunal’s decision be published on the website and NZICA’s official publication *Acuity* with mention of the Member’s name and location. The Tribunal ordered that the names of the Member’s firm and all third parties be suppressed pursuant to Rule 13.62(b).

The Disciplinary Tribunal found that the Member’s breaches of the accounting and auditing standards were at the low end of the spectrum of negligence in a professional capacity and did not constitute misconduct or conduct unbecoming an accountant. It considered that the

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<sup>1</sup> Being from 1 May 2017 following the elapse of the appeal period.



evidence highlights for all members the importance of diligence, attention to detail and the application of all standards in the process of their work and stated that the penalty was both appropriate and proportionate.

A full copy of the Disciplinary Tribunal's decision can be downloaded from the decisions register on our website:

<https://www.charteredaccountantsanz.com/about-us/complaints/decisions-register>