

REGULATORY REPORT

REGULATORY REPORT 2023





CPA ONTARIO'S REGULATORY REPORT was developed to deliver on our commitment to transparency, accountability and risk-based regulation. This report is a tool to help members, students, firms and the public understand our role as regulator, how our regulatory operations affect them and help our members comply with their regulatory obligations as Chartered Professional Accountants (CPAs).

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OUR MANDATE

We are a community of over 100,000 CPAs and over 20,000 students across the province committed to innovation, ethics and upholding the highest standards of the profession.

The professional accounting profession is a provincial responsibility governed by the *Chartered Professional Accountants of Ontario Act, 2017* and the *Public Accounting Act, 2004*.

Through this legislation and delegated authority from the government, CPA Ontario is the regulatory body responsible for overseeing CPAs and accounting firms in Ontario.

Like our Provincial, Territorial, and Bermudian (PTB) CPA body partners across Canada, the critical work we do protects the public, enables us to advance the profession and enables CPAs to lead business and society forward.

Going forward, we will continue to work in collaboration with our partners across the country as one CPA designation to deliver on these important responsibilities that government has entrusted to us:

SHAPE THE FUTURE OF THE PROFESSION by attracting the next generation of talent and seizing opportunities for innovation.

GOVERN AND REGULATE CPAS AND ACCOUNTING FIRMS IN ONTARIO which includes compliance and disciplinary processes.

ENSURE THE CPA PIPELINE MEETS MARKET DEMANDS through recruitment activities within PSIs and high schools, and by supporting new entrants to Canada.

EDUCATE AND ASSESS CPA STUDENTS by delivering a world-class professional education program.

FACILITATE COMMON ENTRY INTO THE PROFESSION by working with our PTB CPA counterparts.

GRANT CPA DESIGNATIONS AND PUBLIC ACCOUNTING LICENSES while maintaining the rigour and high standards that set the profession apart.

ENHANCE THE SKILL AND KNOWLEDGE OF MEMBERS through professional development and thought leadership.

SUPPORT STANDARD SETTING WITHIN CANADA and at the international level.

ENABLE MOBILITY OF CPAS through agreements with PTBs as governed by provincial laws.



OUR PURPOSE

We **PROTECT** the public.

We **ADVANCE** the profession.

We **ENABLE** CPAs to lead
business and society forward.

OUR VALUES

How we do things is just as important as what we do.

Values guide the way we work and the decisions that we make. They reflect who we are as an organization and what we believe is right. Our values align with our purpose and enable us to deliver our strategy in a way that we can all be proud of.

These values embody how we aspire to behave in all situations with each other, members and students, and other stakeholders. They set the expectations we have of each other.

WE ACT WITH INTEGRITY

We always do the right thing and take accountability for our decisions and work.

WE ARE THOUGHTFUL

We are considerate in the way we make decisions, and how we engage with the public, employers, our members, students, and colleagues.

WE WORK TOGETHER

We are a supportive and inclusive team and empower each other to achieve our personal and professional goals.

WE MAKE AN IMPACT

We strive to make a meaningful difference to our stakeholders and the profession, delivering results with excellence.

WE ARE FORWARD-THINKING

We are curious, innovative and data-driven, and ensure our work benefits business and society.

OUR STRATEGIC PRIORITIES

Our strategy defines our priorities as an organization and clearly sets out the work we need to do. Since the strategy was last revised, the world around us has changed in incredible ways.

And so, our strategy has evolved with the environment and in line with the needs of members, students and firms, as well as the broader business community.

Five strategic pillars focus our efforts. Everything we do supports these pillars and ensures that our work helps us achieve this purpose. We are committed to working closely with our counterparts across Canada to deliver on these priorities as a unified profession.

PROTECT

the public interest ensuring our members, students and employees maintain the highest standards of integrity.

ADVANCE

the profession by developing CPAs who can lead in an ever-evolving world.

BUILD

a robust pipeline of high-calibre individuals.

CREATE

a strong brand and demand for CPAs.

CULTIVATE

an environment that enables our people to thrive together.

MESSAGE FROM OUR

EXECUTIVE VICE-PRESIDENT

REGULATORY & STANDARDS



Protecting the public.

As CPAs, it's the cornerstone of what we do. We are entrusted with the essential role of providing the strategic insights, analysis and advice that drives decision-making. And as the regulator of CPAs, it's CPA Ontario's role to enforce the CPA Code of Professional Conduct and Student Code, enable mobility of CPAs across Canada and internationally, participate in standard setting, monitor compliance, uphold the reputation of the profession and ensure that CPAs are maintaining the public's trust. In a time of rapid, disruptive change this role has never been more essential.

Take, for example, the importance of the audit. Audit quality is crucial for maintaining the integrity of Ontario's capital markets, supporting confidence in decision-making by members of the public. That is why, this year, we undertook enhanced regulatory measures, including a review of public accounting firms that conduct audits of reporting issuers. The review centered on themes of governance and decision-making, ethics, talent and technology, working papers and monitoring. Audit quality must continue to be a priority for all our members and driving a culture of quality from the very top is essential for safeguarding that trust.

The continued evolution of professional standards has been another theme of the past year. As these standards continue to change, CPAs must

have the knowledge and expertise to understand, and apply, changing standards to meet the public's expectations of the profession.

New quality management standards came into effect for assurance practitioners in December 2022, and while our review of audit quality gave us insight into firm preparedness, we will be inspecting the design and implementation of quality management systems under these new standards in the upcoming inspection cycle. CPAs need to be more agile, aware and responsive than ever before.

The adoption of the new standard for compilation engagements proved challenging for firms who were unprepared for it. We are concerned that compilation only practitioners may also find challenges adopting the new quality management standard, which will be effective for them in December 2023. We continue to provide opportunities, either through Professional Development or our Professional Advisory Services team, for our members to prepare for the adoption of these new standards.

This trend of rapid change will continue into next year, as new sustainability standards continue to shape the future of reporting. This past year saw the circulation of the International Sustainability Standards Board (ISSB) exposure drafts, where we provided our comments on the General Requirements and Climate-related Requirements. The final ISSB standards were released in July.

These new sustainability standards will lead to new expectations for CPAs, but it goes beyond reporting. The unique skillset of CPAs will be pivotal in maintaining public protection, as will CPAs' leadership in assurance and ethical considerations, as sustainability standards grow in importance and complexity. Sustainability will be transformative for capital markets, and for the profession.

Our report lays out how we at CPA Ontario actively support our members, students, and firms as they adapt to a changing world, while stringently enforcing their obligations, maintaining high standards, and delivering on our mandate of protecting the public. From fielding important questions and providing advice, to conducting timely inspections reinforcing our expectations and highlighting areas to improve, we are always looking for new channels for delivering the most current information to our membership.

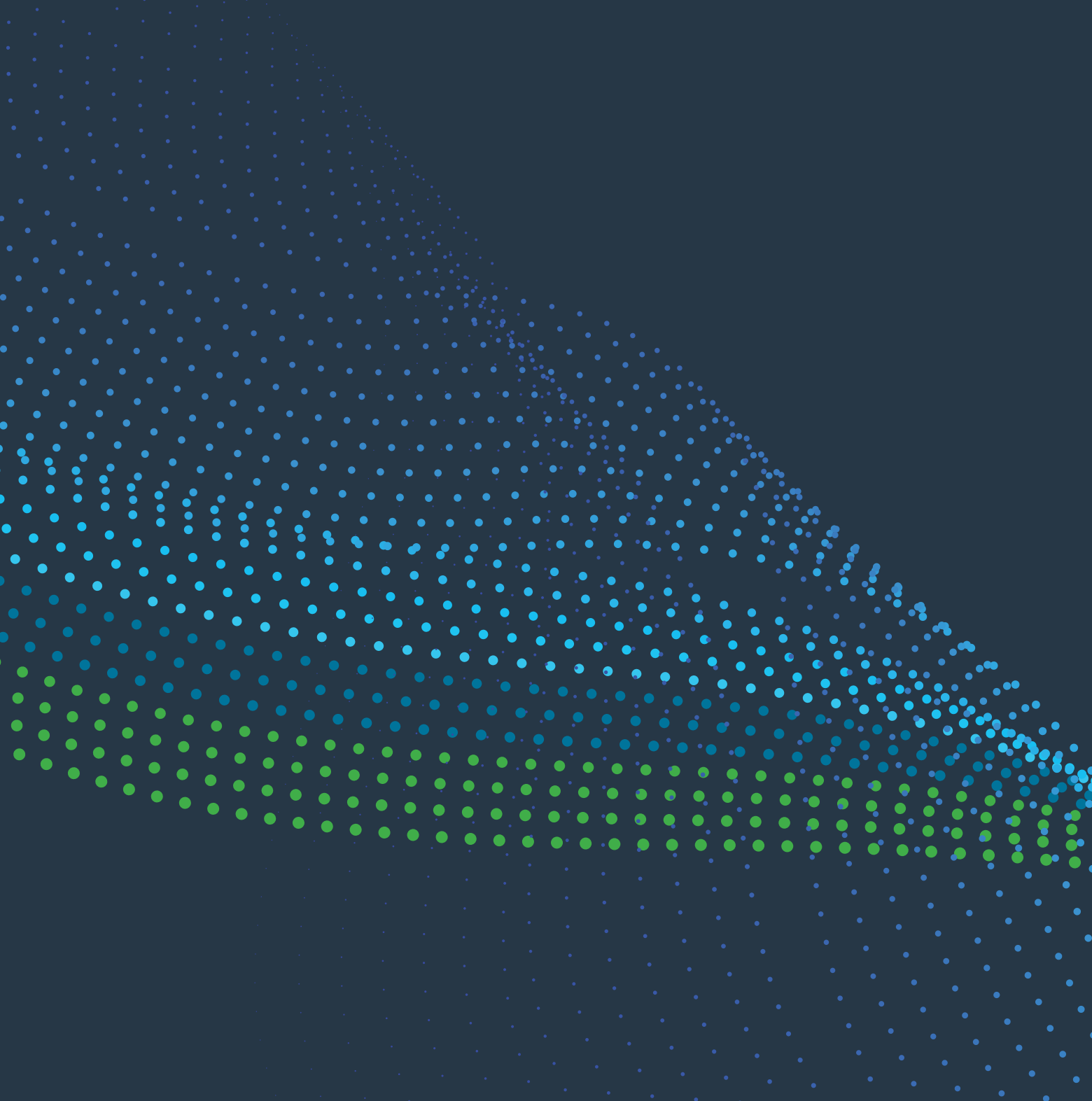
That is why we continued our popular Meet Your Regulator series. Over 25,000 of our members joined livestreams on Continuing Professional Development and the CPA Code of Professional Conduct, taking the opportunity to ask questions and learn how to apply what they learned to situations they encounter every day, including how to apply the CPA Code of Professional Conduct to ethical dilemmas.

Protecting the public is what defines the role of the CPA. It is our responsibility, as a regulator, to enforce high standards, just as it is the responsibility of CPAs, future CPAs and firms to uphold them. By working together, we can maintain the public's trust as we drive business and society forward.

A handwritten signature in black ink, appearing to read 'Janet Gillies', with a stylized, flowing script.

JANET GILLIES, CPA, CA
EVP, REGULATORY & STANDARDS

THE REGULATORY CONTINUUM



Our regulatory duties involve the continuum of advising, compliance, inspecting, investigating, enforcing and imposing discipline if members, students or firms fall short of our high standards.

The business landscape is constantly changing. What will not change is our comprehensive oversight of the profession, which fosters trust in Ontario's regulated CPAs. Protection of the public is at the core of what we do.

1 PROFESSIONAL ADVISORY SERVICES

Education
Advisement
Guidance

2 REGISTRAR'S OFFICE

Admission and Licensing
Registering Firms
Monitoring Compliance

3 PUBLIC ACCOUNTING

Oversight
Maintaining Standards

4 PRACTICE INSPECTION

Member Inspection
Firm Inspection

5 DISCIPLINARY PROCESS

Standards Enforcement
Investigations and Prosecutions

PROFESSIONAL ADVISORY SERVICES

Helping our members navigate, understand and interpret the professional standards that impact their work is key to ensuring that the profession continues to meet the highest standards of competency and ethics. And in light of recent heightened concerns around audit quality, upholding professional standards has never been more important.

CPA Ontario's Professional Advisory Services (PAS) is a complimentary service that supports and guides members, students and firms through the accounting and assurance standards, regulations, practice management challenges and ethical standards under the CPA Code of Professional Conduct (Code).

Changes and emerging trends that may have an impact on our bylaws, regulations and professional standards are also monitored and communicated, with regular updates provided through the [Guidance on Compliance Knowledge Hub](#).

Beyond advising our membership, PAS also fields inquiries from the public, which in turn helps CPA Ontario identify issues, trends and potential areas of concern.

This past year, PAS fielded over 3,000 inquiries from our members and the public, covering a wide array of topics from interpreting the Code to practice management issues. How to address requests from third parties and the proper application of professional standards were also common themes, with the adoption of the new standard for compilation engagements, Canadian Standard on Related Services (CSRS) 4200 and the suite of recently revised quality

management standards, Canadian Standard on Quality Management (CSQM) 1 and CSQM 2 the most prevalent.

With the corporate landscape set to undergo significant transformation due to the rising importance of recently released international sustainability standards, PAS is carefully monitoring all developments to effectively influence the development of standards and support our members.

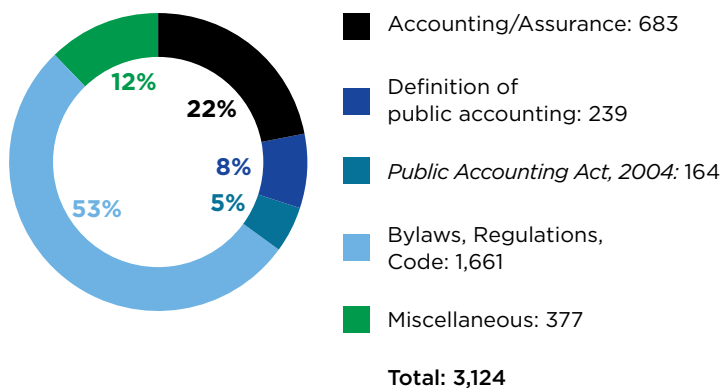
In 2023, the complexity of the inquiries received by PAS increased while the volume of overall inquiries declined. This trend can be attributed to an expansion of resources available to our members to help them understand the standards and regulatory obligations, such as the Meet Your Regulator (MYR) series. The increase in overall complexity of the issues is due to the increasing complexity of the environment and the resulting adoption of more globalized standards, which in turn has led to a flurry of standard setting activity for accounting and assurance.

MEET YOUR REGULATOR

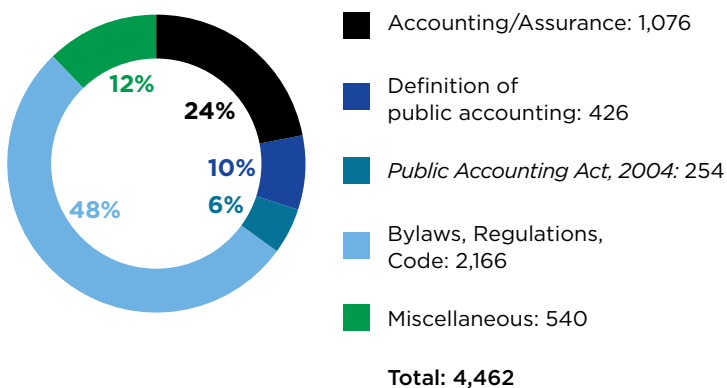
It is incumbent on our members to understand the high standards and obligations of being a CPA. Through our MYR series, CPA Ontario creates proactive opportunities to engage with the Regulatory and Standards team, ask questions and get direct feedback.

Meeting CPA Ontario's Continuing Professional Development (CPD) requirements and navigating complex ethical dilemmas are top of mind for our members. CPD ensures our members stay

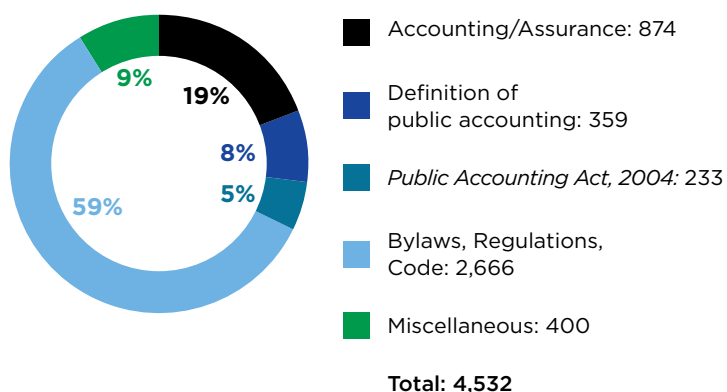
MEMBER AND FIRM CALL STATISTICS 2023 BY TOPIC



MEMBER AND FIRM CALL STATISTICS 2022 BY TOPIC



MEMBER AND FIRM CALL STATISTICS 2021 BY TOPIC



CANADIAN STANDARD ON QUALITY MANAGEMENT 1 AND 2

The move to Canadian Standard on Quality Management (CSQM) 1 and 2 represented a significant shift from a reactive approach of quality control to a proactive approach of quality management, with a focus on continuous review and establishing a culture of quality at the heart of every practice.

Some firms that were outside the scope of the previous standard, the Canadian Standard on Quality Control (CSQC), are now captured under the CSQM 1 and CSQM 2. The previous standard only applied to audits and reviews of financial statements, as well as other assurance engagements.

Therefore, many small- and medium-sized practitioners (SMPs), including sole practitioners, who only perform compilation engagements, were exempt.

That is not the case under CSQM 1 and CSQM 2, and many firms will need to design and implement a System of Quality Management (SOQM) for the first time by December of 2023.

Professional Advisory Services is ready to support SMP and sole practitioners in implementing these new standards.

COMMONLY ASKED QUESTIONS

MEMBERS IN PUBLIC PRACTICE

- What are the implications of the new quality management standards if I only prepare compilations and tax returns?
- Is the proposed wording of a special report requested by a government agency that provides funding to my client acceptable and can I sign such a report?
- How should I deal with a client asking me to claim personal expenses on their corporate tax return?

MEMBERS IN INDUSTRY

- How should I respond to the auditor if we are in disagreement about the accounting treatment for a specific transaction?
- I have an opportunity to do contract work as a financial controller through an employment agency. The agency wants me to bill them through a corporation. Is this acceptable under CPA Ontario regulations?
- I suspect fraud is being committed by senior management at my employer, what can I do and what are my professional obligations on this matter?

MEMBERS OF PUBLIC

- Where do I find allegations, decisions and orders issued against CPAs in Ontario?
- I am not a CPA but have an accounting practice. Can I contract a CPA member to perform compilation engagements for my clients?
- My deceased spouse was a CPA and she was running the practice from home. There is a large number of client files left behind, what are the requirements before they can be destroyed?

ahead of the latest changes in standards, technology and best practices, while an ethical mindset is core to protecting the public and maintaining the reputation of the profession.

That is why, this year, PAS hosted MYR live streams on CPD and Professional Ethics: Exploring the CPA Code. Over 25,000 registrants combined joined these livestreams for the opportunity to hear how they can best fulfill their professional obligations and protect the public directly from our professional advisors.

Previous sessions on a wide array of subjects, including complying with your member, firm and Public Accounting Licence (PAL) obligations, and your responsibilities as a CPA student, are all available on the [CPA Ontario Professional Development Portal](#).

CONTINUING PROFESSIONAL DEVELOPMENT

Continuing Professional Development requirements are an obligation for members and essential for ensuring CPAs possess the necessary skills, knowledge and capabilities to uphold our professional standards. The MYR session on CPD reviewed recent changes to requirements for members and PAL holders, including the consequences of not meeting those requirements and what to do if selected for a CPD audit.

Close to 12,000 members registered for the Meet Your Regulator on CPD, and additional members have watched the livestream since its release.

CPA CODE OF PROFESSIONAL CONDUCT

The Meet Your Regulator session on Professional Ethics built on members' foundational understanding of the CPA Code of Professional Conduct by providing them with the opportunity to

learn how to apply the Code in scenarios relevant to their day-to-day experiences.

By illustrating commonly breached rules and ethical dilemmas, while providing an understanding of the five fundamental principles of **professional behaviour, integrity and due care, objectivity, professional competence and confidentiality**, members were encouraged to consider how they can apply these rigorous ethical standards through every stage of their careers.

Scenarios covered new and emerging issues such as artificial intelligence and greenwashing, demonstrating the universal nature of ethical practice and the important role that ethics will continue to play in our profession.

Over 13,000 members registered to attend the livestream, with additional members downloading the livestream once it became available.

WHAT OUR MEMBERS SAID

MEET YOUR REGULATOR ON THE CPA CODE OF PROFESSIONAL CONDUCT

*"The examples at the end were relatively common situations for practitioners. I have taught the CPA Code in some of my university courses, so **I found the examples – effectively small case studies – very useful** as ways to teach interpretation of the Code."*

*"It was very challenging to consider how to resolve ethical issues, and I liked that the speakers were empathetic to all considerations to these circumstances. **They appeared very approachable should any advice be sought.**"*

*"Overall, this is one of the best Ethics sessions I have attended. **I love the real-life scenarios** that everyone can relate to, then the application of the appropriate rule."*

WHAT OUR MEMBERS SAID

MEET YOUR REGULATOR ON CONTINUING PROFESSIONAL DEVELOPMENT

*"I felt it important for all members, especially new ones, to understand verifiable hours and the ethics requirement, **which will assist in planning in advance to meet requirements.**"*

*"I enjoyed the discussions involving the various panel members where they actually **clarified terminology and required criteria to help simplify and break down some of the misconceptions.** Case in point was when they helped explain what qualifies as eligible PD and what does not along with the emphasis on what PD requirements have changed for retired CPAs."*

*"I think the examples were really helpful. Every CPAs situation will be different so **it was good to provide examples of what might be eligible or not** according to the situation."*

WHAT OUR MEMBERS SAID

PROFESSIONAL ADVISORY SERVICES

No one understands the kind of support our members need better than our members themselves, which is why Professional Advisory Services is continuously looking for feedback through a regularly circulated survey. In 2023, 93% of members who responded reported that they were “satisfied” or “very satisfied” with the advice they received.

*“Greatly appreciated sounding board. Thank you for the quick call back. **Peace of mind that what I am doing is the right thing to do.**”*

*“I was grateful for the opportunity to speak with the advisor. **She was helpful and understood my challenge.** She has pointed me in the right direction.”*

*“**It is a very important service.** In our case, we wanted to know if we had an ethical basis to pursue actions.”*

SUSTAINABILITY: A LANDMARK YEAR

Demand for timely, relevant, and trustworthy sustainability information has risen dramatically as investors, customers, government agencies and other key players are using ESG as a factor in decision-making.

CPA Ontario remains a voice for the profession in responding to ongoing developments in the sustainability space. In 2023, the PAS team continued to engage in roundtable and individual discussions with CPAs, sustainability experts and business leaders in Ontario to provide feedback on the International Sustainability Standards Board (ISSB) General Requirements (IFRS S1) and Climate-related (IFRS S2) Exposure Drafts.

Our most significant comments were addressed by the ISSB and reflected in the final standard. As the ISSB standards may be adopted under the Canadian Sustainability Standards, ensuring that the views and opinions of our members are reflected is essential. We will be working closely with the ISSB and its Canadian counterpart, the Canadian Sustainability Standards Board (CSSB), on implementation challenges of IFRS S1 and IFRS S2, as well as any new exposure drafts.

The pace of sustainability developments shows no sign of slowing down, with new standards coming into force and discussions concerning the viability of Scope 3 emissions ongoing. Professional Advisory Services will continue to serve as a leading voice on these issues, ensuring the perspectives and views of CPAs and the Ontario business community are heard.

REPRESENTING THE PROFESSION

Over the past year, Professional Advisory Services responded and commented on a number of exposure drafts and consultation papers with a significant impact on our members, including:

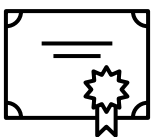
- Independent Review Committee on Standard Setting in Canada's (IRCSS) Consultation Paper
- IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2: Climate-related Disclosures
- IESBA Exposure Draft: Proposed Revisions to the Code Addressing Tax Planning and Related Services
- IESBA Exposure Draft: Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits
- IESBA Exposure Draft: Proposed Technology-related Revisions to the Code
- The Security and Exchange Commission's proposed amendments to the *Securities Act of 1933* and *Securities Exchange Act of 1934* requiring registrants to provide certain climate-related information in their registration statements and annual reports.

REGISTRAR'S OFFICE



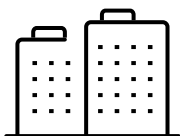
101,318

CPA ONTARIO MEMBERS



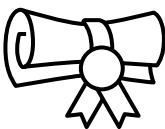
4,025

PAL LICENSEES



7,571

FIRMS



1,118

CERTIFICATE OF
AUTHORIZATION HOLDERS



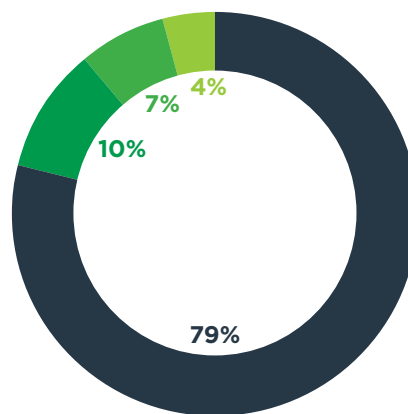
20,191

CPA ONTARIO STUDENTS

CPA Ontario's Registrar's Office mandate is broad, covering key regulatory functions relating to the membership of the profession. Responsibilities include but are not limited to:

- Admission to the profession.
- Licensing members as public accountants.
- Registering firms.
- Maintaining the public register and directories of members, firms and licensees.
- Addressing areas of fitness to practice.

ADMISSION NUMBERS



- Student
- Direct admission under international agreements
- Provincial Transfer
- Memorandum of Understanding

DRIVING AUDIT QUALITY

Audit plays a key role in maintaining the integrity and functioning of our capital markets. The public deserves confidence in the quality of audits being performed and the auditors performing them.

Over the last two inspection cycles, Practice Inspection identified concerns with audit quality through inspections that resulted in unacceptable outcomes, a reinspection or a referral. Referrals to the Professional Conduct Committee (PCC) are made when the results of an inspection demonstrate significant risk to the public. This trend, as well as the shift to quality management from quality control with the new, more proactive approach under CSQM 1, made it the right time to undertake a comprehensive review of firm quality management practices.

In the fall of 2022, the Registrar's Office began our focused review of audit quality, concentrating on public accounting firms that conduct audits of reporting issuers. Fifteen firms were selected who collectively audit over 99% of the reporting issuers in Ontario.

Every firm and practice is unique, which is why every firm must develop its own quality management processes, policies, procedures and cultural practices to comply with the legislative and regulatory frameworks, including the CPA Code of Professional Conduct, *Public Accounting Act, 2004*, the *Chartered Professional Accountants of Ontario Act, 2017* and quality management standards.

The review focused on several key themes, including governance and decision-making, an ethical mindset, talent and technology, working papers and monitoring activities. While many firms are taking proactive steps to improve quality, protect investors and enforce ethical standards, these areas are critical to ensuring the delivery of high-quality audits. Firms with deficiencies were referred for an additional, targeted regulatory review by CPA Ontario's Practice Inspection team.

CPA Ontario will continue to monitor the audit environment to ensure that the highest standards are being consistently met, in coordination with other regulatory bodies.

SUSPENSIONS, REVOCATIONS & DEREGISTRATIONS

Members

- 635 Suspensions [last year 535]
- 523 Revocations [last year 298]

Licencees

- 8 Suspensions [last year 9]

Firms

- 11 Suspensions [last year 18]
- 26 Deregistrations [last year 6]

AUDITING COMPLIANCE

A core responsibility of the Registrar's Office is conducting regular audits of compliance with CPA Ontario regulations and standards. This includes CPD hours for members and Public Accounting Licence (PAL) holders, as well as ensuring firms are carrying the appropriate professional liability insurance (PLI).

This year, the Registrar's Office selected 2,900 members for audit. Compliance with these audits remains high at 95% across the profession, with a small number of audited members requiring guidance on CPD requirements due to a lack of CPD in the verifiable activities category.

Members are responsible for meeting their CPD obligations and ensuring their CPD is both high-quality, in that it contains significant intellectual and practical content, and relevant to their professional responsibilities as a CPA. As an accountability measure, CPA Ontario stipulates that at least 50% of CPD hours must be verifiable. Hours are considered verifiable if acceptable documentation to support the professional development hours is obtained. Members are reminded to keep records and supporting documents of these activities for at least five years in case they are audited.

The Registrar's Office also conducted an audit of 428 PAL holders, as well as an additional review of PAL holders who are authorized to audit reporting issuers as part of our review of audit quality. This additional review was to assess whether PAL holders are maintaining their professional competence by ensuring that their CPD meets the requirements of the CPA Code of Professional Conduct, CPA Ontario regulations, and international technical competence and ethics standards.

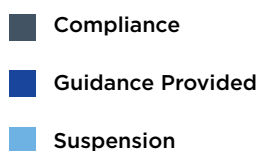
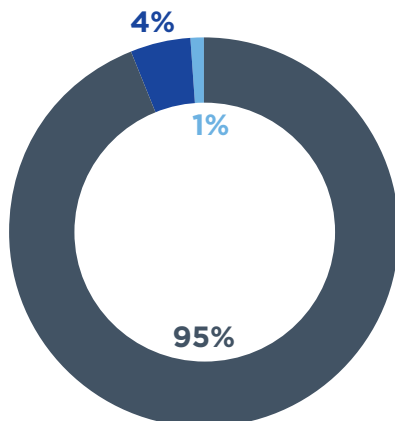
While it is important that firms meet quality management standards, it is equally important that PAL holders conducting audits meet professional development standards. Failure to meet CPD requirements can be a symptom of significant deficiencies in the quality management system. CPA Ontario also enhanced its oversight of CPD reporting by CPAs who apply for a new PAL.

The most common concern with PAL holders that required follow-up was the proportion of CPD hours taken in tax. Hours in taxation, such

as annual personal and corporate tax updates, do not count towards CPD for licensure unless they meet the learning outcomes identified in the *International Education Standard (IES) 8* directly. It is also important to ensure that the proportion of CPD taken in the specific competency areas is appropriate to achieve the breadth required for the practice of public accounting. Concentrated hours in one learning outcome or without an emphasis on technical accounting and assurance will not achieve the breadth required.

Members and PAL holders alike are also reminded of the necessity to complete CPD ethics hours, and that they are obligated to complete four verifiable hours in professional ethics for each triennial period. Ethics is foundational to maintaining the public trust, which is why it is the responsibility of every member to ensure that they are maintaining a focus on learning and understanding the nuances of ethical practice. It's more than just an obligation – it's a responsibility as a CPA.

CPD AUDITS



All firms must maintain professional liability insurance (PLI) to protect the public when they engage with a CPA, which is why the Registrar's Office routinely conducts audits to ensure compliance with PLI requirements.

Our review this year found:

- Two firms were non-compliant but subsequently remediated by obtaining professional liability insurance.
- One member who was the Firm Representative was suspended for not responding to audit inquiries.
- One member was found to be providing accounting services to the public through a non-registered firm after transferring clients from a registered firm to an incorporated entity. The member was non-compliant with the regulations, and with the CPA Ontario Code of Professional Conduct for associating with the non-registered corporation.

Firm representatives are reminded of their obligation to annually report the firm's professional liability insurance (PLI), and that proof of coverage must be provided on an annual basis to CPA Ontario and within five business days of the expiry of its policy as outlined in [Regulation 14-1, Section 11](#). Failure to provide proof of coverage to CPA Ontario may result in the suspension of the firm and its firm representative. To avoid this consequence, firm representatives are encouraged to check their firm's insurance expiry date and mark their calendars.

Members with firms that are no longer providing accounting services to the public or engaging in public accounting, including retired members that are no longer operating, are required to maintain discovery insurance for a minimum of six years after the cessation of the firm to comply with firm obligations.

GOOD CHARACTER

While our rigorous academic requirements and qualifications for the profession are essential for protecting the public, so is our focus on ensuring applicants seeking admission to membership are of good character.

All potential CPAs must, as part of our admission process, demonstrate that they are of good character.

In the event there are concerns about an applicant's good character due to criminal record, an instance of academic dishonesty, or the use of misleading or inaccurate information, the Registrar refers the matter to the Admission and Registration Committee (ARC) for a Good Character Hearing.

Six matters referred to the ARC resulted in decisions this year, which can be found listed in Appendix B.

REACHING MILESTONES, AND STRENGTHENING THE PROFESSION

CPA Ontario has reached the milestone of 100,000 members, demonstrating the continued strength and value of the CPA designation. As a regulator, it is our role to ensure that only those qualified, competent and of good character are admitted into the profession and permitted to practice as a CPA.

Applying that lens of quality to every potential candidate entering the profession is one way that CPA Ontario maintains high standards and the public trust, while ensuring there is a strong pipeline of highly skilled professionals in the province.

We continue to work to reduce barriers to membership for qualified international accountants by developing policies and pathways to admission that are fair, transparent, objective and uphold the standards for which the CPA profession is known.

As an open profession, CPA Ontario maintains agreements with many professional accounting bodies around the world. These Mutual Recognition Agreements, Reciprocal Membership Agreements and Memorandums of Understanding are collectively known as "the international agreements."

Accountants with designations in good standing from professional accounting bodies that meet the criteria laid out in the international agreement are accepted as CPAs. For accountants who are members of a professional accounting body that does not have an agreement with CPA Ontario but is a member of the International Federation of Accountants (IFAC), an accelerated pathway to the CPA profession may be open as well.

MUTUAL RECOGNITION AROUND THE WORLD

Helping to make it easier for internationally trained accountants to be admitted to the profession is just one way we are supporting labour mobility across Canada and around the world.

CPA Ontario, working collaboratively with our PTB counterparts to accept these Agreements, is helping to build strong international professional networks, support global financial markets, and build a stronger profession.



Accounting body/bodies	Jurisdiction(s)
IMCP Mexico and U.S. State Boards of Accountancy	Mexico & USA
CAANZ	Australia & New Zealand
ICAEW	England and Wales (United Kingdom)
HKICPA	Hong Kong
CA Ireland	Ireland
ICAS	Scotland (United Kingdom)
SAICA	South Africa
ICAZ	Zimbabwe
IEC-IAB	Belgium
CSOEC	France
JICPA	Japan
ICAI	India
ICAP	Pakistan

PUBLIC ACCOUNTING

The Public Accounting Standards Committee (PASC) is a critical component of CPA Ontario's work in protecting the public and providing oversight to the practice of public accounting in Ontario.

The PASC reviews, provides advice and makes recommendations to CPA Ontario Council (Council) on proposed amendments to the Public Accounting Standards, any CPA Ontario governing documents that deal with public accounting and any other instrument referred to in the *Public Accounting Act, 2004*. Its work in 2023 made a significant impact on Public Accounting Licence (PAL) holders across the province, and the country.

This year, the PASC recommended important amendments to existing qualifications for licensure to support harmonization across the country, improve labour mobility and remove barriers for CPAs. These amendments were made to Regulation 17-1 *Public Accounting Licensing*, Regulation 9-1/9-2 *Student Registration*, *Obligations and Standing Appendix B - Practical Experience Requirements* and the *Pre-licensing Experience Requirements* in Section 4 of the Public Accounting Standards.

The changes reflected the increasingly mobile, virtual and remote environment our profession operates in by broadening who can provide supervision for pre-licensing experience in Ontario, allowing for supervision by a member of an affiliated provincial accounting body who holds a valid and equivalent licence or certificate to practice public accounting.

The PASC also recommended the removal of the requirement for a new PAL applicants experience to include 100 hours in Canadian taxation services, as appropriate experience for licensure is assessed through the other experience requirements, including 1,250 hours in the practice of public accounting.

In December 2022, Council approved these amendments, which brought CPA Ontario into alignment with other provinces and reduced regulatory burdens while maintaining our commitment to the highest standards for licensure. As these changes impacted the Public Accounting Standards, they were submitted to the Ministry of the Attorney General for review, pursuant to the *Public Accounting Act, 2004*. Upon review, it was noted that these changes would serve to streamline the requirements for qualifying as public accountants in Ontario.

Further information on public accounting licensure is included in our Annual Supplemental Report on Public Accounting, which can be accessed [here](#).



PRACTICE INSPECTION

Practice Inspection is a key regulatory function of CPA Ontario. We protect the public by inspecting the quality management systems of practising offices and inspecting completed engagement files to ensure the highest professional standards are being met.

As the types of engagements performed by our profession continues to evolve, it is the role of Practice Inspection to ensure that quality is being maintained in new and emerging industries and perform in-depth reviews of quality management systems.



CPA Ontario successfully deployed our new inspection system at the beginning of this past inspection year, which improved the effectiveness and efficiency of our inspection process.

This new system has streamlined firm obligations, making compliance with the practice inspection process easier while providing greater security and transparency for offices and members.

RESULTS OF ASSURANCE PRACTICE INSPECTIONS

We inspect practising offices a minimum of once every three years. This year, we inspected 1,220 practising offices, of which 460 were assurance offices and 760 provide compilation services but do not perform assurance engagements. This is compared to our previous inspection year, in which we inspected 1,255 practising offices, 502 of which were assurance offices and 753 were practising offices who provide compilation services but do not perform assurance engagements.

Approximately 89% of inspected assurance offices had satisfactory inspection results, either requiring no further action or submitting an acceptable action plan in response to their inspection findings. The remaining 11% of assurance practising offices had reportable deficiencies of such significance that they were subject to remedial action, ranging from reinspection to referral to the Professional Conduct Committee (PCC) for possible disciplinary action. Of that 11%, four assurance offices were referred to the PCC.

Three of these offices were referred due to possible backdating of documents to make it appear as if they had been completed on or before the date of the corresponding report. As a result of these backdating concerns, CPA Ontario incorporated a review of the policies and systems in place at firms to prevent manual override and modification of working papers as part of the focused review of audit quality.

The message to the profession is simple: Backdating is a breach of professional conduct that maligns the reputation of the profession and is never acceptable.

The results of compilation-only practising office inspections were also a growing concern in this year's inspection cycle. Historically, 99% of these inspections resulted in no further action or the submission of an acceptable action plan response. We have seen this success rate decline as practitioners adopted the new compilation standard.

The Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, updates and strengthens the requirements and guidance for accepting, conducting, and reporting on compilation engagements.

It has been almost 35 years since the standard on compilation engagements was revised, and many practitioners were not prepared for this change. As a result, the number of firms requiring reinspection has risen. Of the 346 inspected practitioners that adopted the new standard, only 78% resulted in no further action or the submission of an acceptable action plan.

With more than half of these unsuccessful inspections failing to adopt the new standard at all, it is clear many practitioners did not sufficiently prepare. In the other instances,

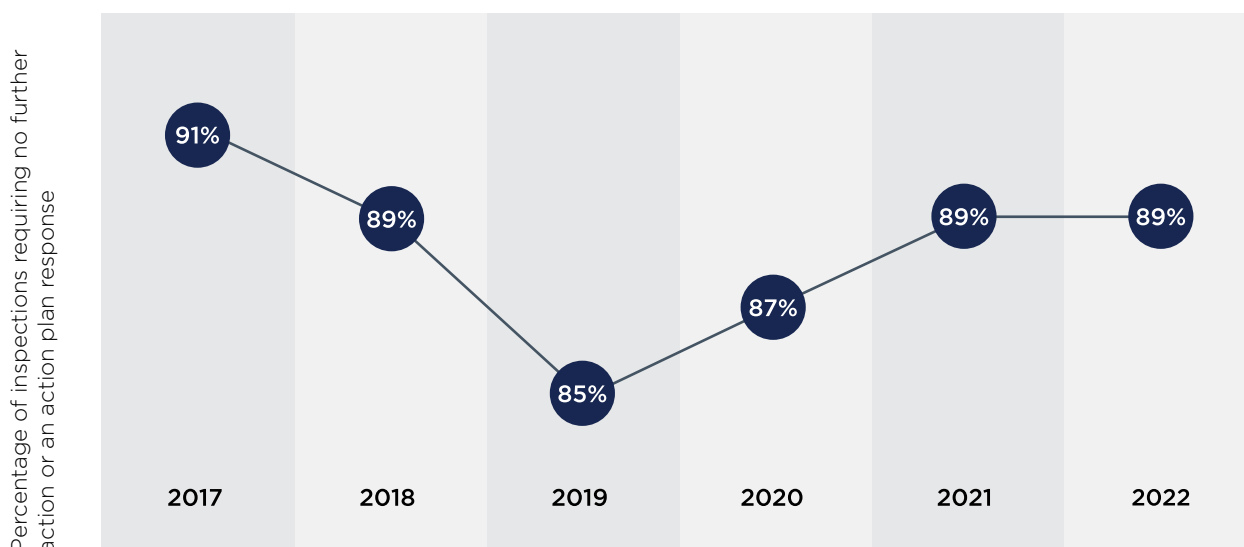
practitioners did not apply all the requirements of the standard, particularly with respect to the basis of accounting used to compile financial information.

Recognizing that firms were facing challenges in adopting the new standards, CPA Ontario proactively issued an alert reminding practitioners of the new standard and encouraging them to seek out additional professional development opportunities to ensure they have the knowledge base they need.

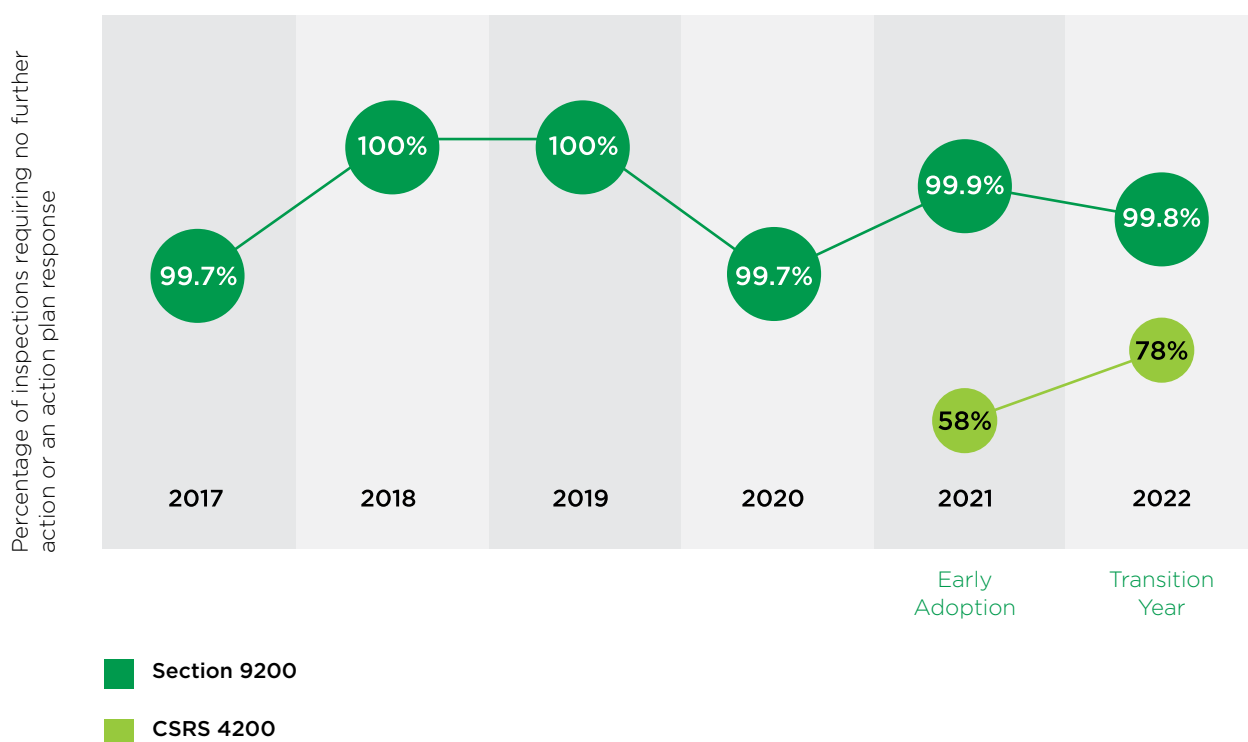
Practices that perform only compilation services also need to be aware that they will be required to design and implement the new quality management standard by December 15, 2023. With some firms struggling to adopt the new compilation standard, there remains a concern that these practitioners may also struggle in adopting this standard, which in turn may result in more re-inspections over the next two inspection years.

While the new quality management standard is not yet effective for practices that perform only compilation services, it became effective for assurance practitioners in 2022. The new standard is risk-based, requiring practitioners to understand the risks relating to their practice and requires firms to develop processes to mitigate those risks.

TRENDS IN INSPECTIONS OF ASSURANCE FIRMS



TRENDS IN THE INSPECTION OF COMPILATION-ONLY FIRMS



That is why, going forward, we will be inspecting the design and implementation of the quality management standard and undertaking a further, in-depth review of the quality management system for a sample of practising offices. And, as an outcome of the focused review of audit quality conducted by the Registrar's Office, firms with deficiencies have been referred to Practice Inspection for an additional, targeted regulatory review.

In the past three years, cannabis has been one of the new and emerging industries that has been a focus of our inspections. Last year, we performed targeted inspections of engagements in the cannabis industry and this year we integrated our review of the cannabis industry into our regular inspections. We selected four cannabis engagement files at four practising offices for inspection. Our inspections did not identify any deficiencies specifically related to procedures performed with respect to these cannabis engagements.

Another area of focus for Practice Inspection is the growing trend of companies in Ontario outsourcing activities to service organizations. However, the internal controls over these outsourced activities are designed and implemented by service organizations rather than by the company being audited. In the performance of the engagement, auditors commonly obtain and rely on service organization reports addressing the effectiveness of controls in these organizations.

Due to this greater reliance being placed on service organization reports, this year we undertook a focused review of the audit engagements that underlie these reports. We inspected 11 files at six firms who collectively audit substantially all of the service organizations in Ontario and found that 90% had satisfactory inspection results or submitted an acceptable action plan. Only one practising office required a reinspection of their audits of service organizations, which will be performed in the next inspection year.

TOP TEN AUDIT DEFICIENCIES

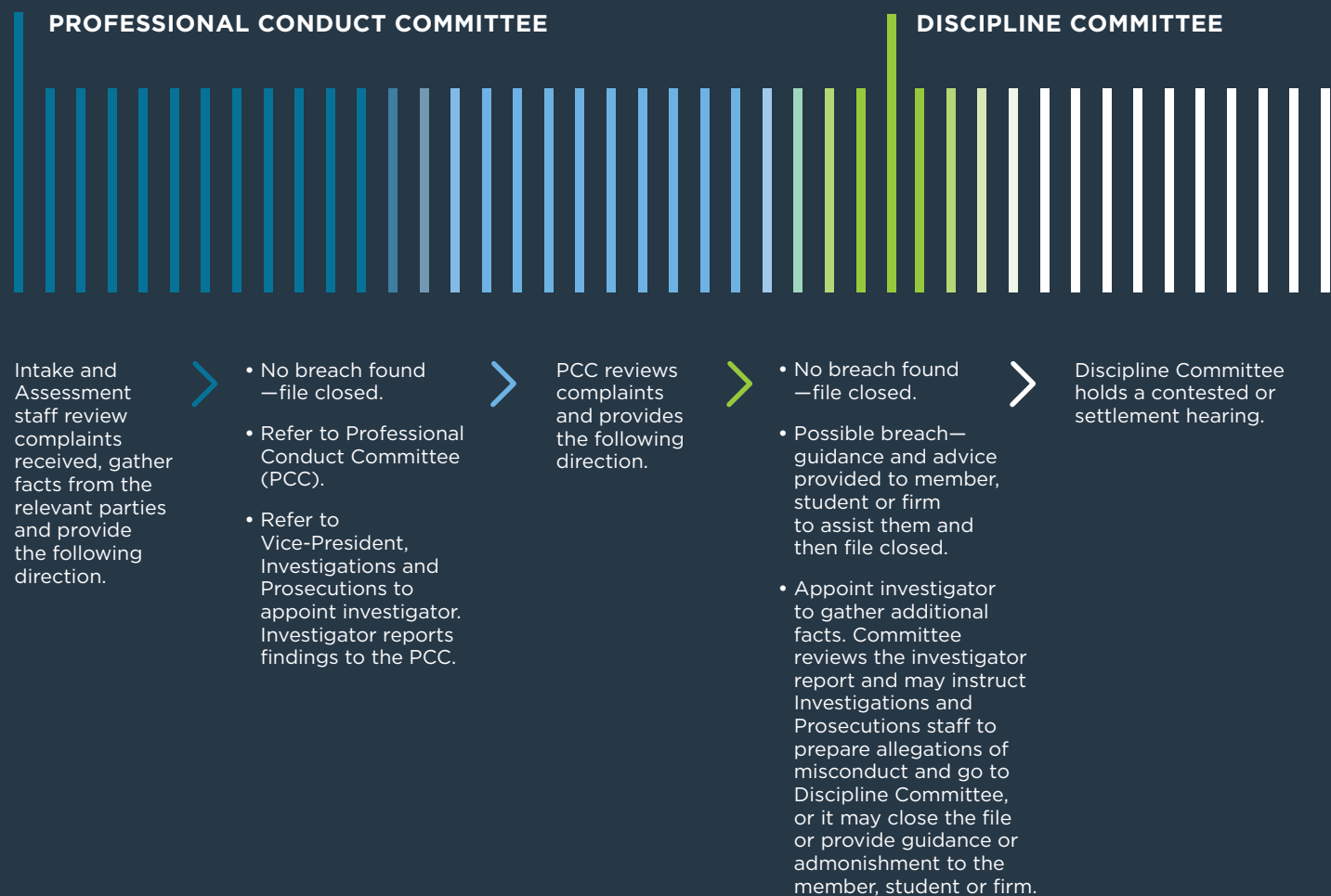
- 1 Substantive audit procedures not sufficiently documented.
 - 2 Journal entries not tested.
 - 3 Subsequent events procedures not completed or not completed up to the date of the report.
 - 4 File assembly not completed on a timely basis.
 - 5 No evidence that design and implementation of internal controls assessed.
 - 6 Insufficient procedures with respect to the use of a service organization.
 - 7 Audit sampling procedures inadequate.
 - 8 No documentation of discussion with those charged with governance regarding fraud.
 - 9 Documentation of understanding of entity insufficient.
 - 10 Assessment of fraud risks regarding revenue recognition not documented.
-

TOP TEN REVIEW DEFICIENCIES

- 1 Inquiry and analytical procedures not sufficiently documented.
- 2 Required inquiries of management not completed.
- 3 Understanding of entity's accounting systems & records not adequately documented.
- 4 File assembly not completed on a timely basis.
- 5 Documentation of understanding of the entity insufficient.
- 6 Date of written representation not near as practicable to date of report.
- 7 No documentation of areas of likely material misstatements.
- 8 Written representation letter missing required terms.
- 9 Engagement letter not obtained prior to performing the engagement.
- 10 Engagement letter missing required terms.

MAINTAINING THE PUBLIC TRUST

OVERVIEW OF CPA ONTARIO'S DISCIPLINARY PROCESS



STANDARDS ENFORCEMENT

Charged with reviewing complaints, Standards Enforcement is the first step in CPA Ontario's Disciplinary Process, which puts the team on the front lines of upholding the high standards of the profession and protecting the public. In reviewing complaints, Standards Enforcement determines if they warrant any further review and either dismiss, taking no further regulatory action, refer for Formal Investigation or send to the Professional Conduct Committee (PCC) for a determination.

Ethical issues, such as associating with false or misleading information, was a common theme noted by Standards Enforcement in its review of complaints this year, as were allegations of discrimination, unprofessional conduct on social media and the incorrect usage of the CPA designation.

Timely and efficient responses to public inquiry are critical for maintaining our regulatory effectiveness, which is why Standards Enforcement works towards key performance indicators (KPI), such as acknowledging complaints within 24 hours, conducting an initial review of all complaints within 30 days and making a decision within eight months of receiving a complaint, unless it is necessary to move the complaint to Formal Investigation or Discipline.

THE PROFESSIONAL CONDUCT COMMITTEE

The Professional Conduct Committee is made up of experienced volunteer members of the profession and public representatives appointed by Council and responsible for administering the CPA Code of Professional Conduct and Student Code, and for determining whether a breach of either Code may have taken place.

The Committee expanded its size by approximately 23% this year, making it the largest Regulatory Committee at CPA Ontario with a diverse and inclusive membership well-positioned to address the shift towards more nuanced, complex and non-traditional complaints.

This year, the team met two out of three of its timeline commitments, specifically acknowledging all complaints within 24 hours of receipt and conducting an initial review within 30 days. The third commitment – that a decision is made on average within eight months – was not met. This was due in part to increased complexity of the files and prioritizing older complaints.

Standards Enforcement also saw a decline in multi-file complaints, where one issue involves many individual respondents. As a result, there was an overall reduction in new complaints by 17% and in Standards Enforcement direct referrals to investigation by 43%, respectively, relative to the previous year.

Standards Enforcement considers complaints related to ethics, audit quality or non-compliance with professional standards to be of significant concern and high risk. This year, approximately 20% of its decisions related to audit quality and non-compliance with professional standards, and approximately 30% of those complaints resulted in a formal investigation.

Further information on Professional Misconduct and Complaints can be accessed on the [CPA Ontario website](#).

INVESTIGATIONS & PROSECUTIONS

The Investigations and Prosecutions team investigates and litigates cases involving violations of the CPA Ontario Code of Professional Conduct and prosecutes non-members under the *Provincial Offences Act* in court for the misuse of the CPA designation or other unauthorized practice.

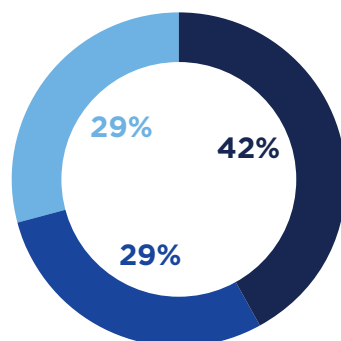
CPA Ontario continued to work to ensure that investigations were brought to the Professional Conduct Committee for consideration expeditiously. Consistent with prior years, targets were met with average closure of investigations within five months. This year, 115 investigations were completed, of which 30% were closed, 50% were closed with guidance or admonishment from the Professional Conduct Committee and 20% were referred to the Discipline Committee.

CONCLUDED PROCEEDINGS

TRIBUNAL OUTCOMES

During the past year, 17 discipline/settlement cases were completed, the results and sanctions for which are set out below.

NATURE OF CASES



- Professional standards and competence, including audit quality
- Profession's reputation
- Non-co-operation

TRIBUNAL SANCTIONS

Sanctioning professional misconduct is critical to protect the public, promote confidence in the profession, deter others from engaging in misconduct, and maintain high ethical standards.

A member under discipline may be ordered to repay to CPA Ontario a portion of the cost of the investigation and discipline proceedings so the financial burden is not borne solely by the membership at large. A requirement to repay costs is not a penalty or sanction.

New mandatory pre-hearing conference requirements impacted the overall number of proceedings scheduled and concluded this year. This process change is also reflected in lower total costs ordered, as more matters were concluded on the basis of agreed facts. Generally, the cases concluded this year were smaller in scope with the exception of one proceeding which took 17 hearing days prior to conclusion. A higher percentage of proceedings this year were associated with assurance standards and audit quality, many of which were referred to the PCC through the Practice Inspection process and resulted in practice restrictions in addition to fines.

	FY23	FY22	FY21
Number of Proceedings Concluded	17	20	26
SANCTIONS			
Fines	\$322,500	\$452,500	\$884,500 ¹
Suspensions	2	4	3
Revocations	7	5	13
Practice Restrictions	6	5	4
Costs Ordered	\$237,955	\$513,470	\$1,483,780

COURT PROCEEDINGS

One Application for Leave to Appeal to the Ontario Court of Appeal brought by a member was dismissed with costs awarded to CPA Ontario.

CPA Ontario concluded the prosecutions of 2 individuals in provincial court for various offences under the *Provincial Offences Act*, the *Chartered Professional Accountants of Ontario Act, 2017*, and the *Public Accounting Act, 2004*. The total fines resulting from these prosecutions was \$20,000.

¹ Contributing to the increase in overall fines and costs in FY21 was a significant outcome in a single case.

APPENDIX A

SUMMARY OF DISCIPLINARY ACTIONS

MONICA E. BANMAN, CPA, CMA

2014, Hamilton

Rule: Rule 202.1 - Failure to perform professional services with due care

Conduct: Between June 1, 2009 through June 30, 2018, Banman failed to perform professional services with due care in that she prepared and filed on behalf of her spouse, "EB", personal tax returns which relied upon charitable donation receipts that did not comply with Canada Revenue Agency guidelines.

Finding: On February 23, 2023, the member was found to have committed professional misconduct by breaching Rule 202.1 of the CPA Code of Professional Conduct.

Sanction:

- Reprimand
- \$20,000 fine
- Professional development courses
- Notice to all members of CPA Ontario and all provincial CPA bodies

Costs: \$30,000

[Discipline File](#)

ISMAIL EBRAHIM, revoked CPA, CA

1992, Toronto

Rule:	Rule 201.1 – Maintenance of the good reputation of the profession Rule 205 – False or misleading documents and oral representations Rule 206.1 – Failure to perform professional services in accordance with generally accepted standards of practice of the profession
Conduct:	Between May 2020 and June 2020, Ebrahim failed to act in a matter which will maintain the good reputation of the profession and its ability to serve the public interest; failed to perform his professional services in accordance with generally accepted standards of practice of the profession; and between September 2020 and March 2021, Ebrahim signed or associated himself with a letter, report, statement, or representation which he knew or should have known was false or misleading.
Finding:	On June 6, 2022, Ebrahim was found to have committed professional misconduct by breaching Rules 201.1, 205 and 206.1 of the CPA Ontario Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• Reprimand• \$15,000 fine• Revocation• Notice to all members of CPA Ontario and all provincial CPA bodies• Newspaper publication
Costs:	\$24,588 Discipline File

OMAR FAROOQUI (deregistered student)

Rule: Rule 102 CPA Ontario Student Code – Professional misconduct
Rule 103 CPA Ontario Student Code – Association with false or misleading information
Rule 401 CPA Ontario Student Code – Maintenance of the good reputation of the profession

Conduct: It was alleged that between November 2018 and February 2021, Farooqui engaged in professional misconduct by attempting to mislead CPA Ontario personnel; created or associated himself with information which he knew or should have known was false or misleading; and failed to act in a manner which maintained the good reputation of the profession and served the public interest.

Order: On May 16, 2022, in accordance with By-Law 9.4.2, the Discipline Committee granted a stay of proceedings on the conditions that the Registrar accept the resignation of Farooqui and deregister him as a student with CPA Ontario; and that notice of the allegations and stay in this matter be provided to all members of CPA Ontario, all provincial bodies, and the public.

The Registrar accepted the resignation and deregistered the student effective June 17, 2022.

[Discipline File](#)

JONID HAMETAJ, revoked CPA, CA

2015, Hamilton

Rule: Rule 104.2 – Failure to cooperate with the regulatory process of CPA Ontario

Conduct: Between August 2021 and November 2021, Hametaj failed to cooperate with the regulatory process of CPA Ontario by failing to reply promptly to communications from the Standards Enforcement Department of CPA Ontario, to which a written reply was specifically required.

Finding: On May 9, 2022, Hametaj was found to have committed professional misconduct by breaching Rule 104.2 of the CPA Ontario Code of Professional Conduct.

Sanction:

- Reprimand
- \$10,000 fine
- Suspension – 6 months
- Cooperation with the Professional Conduct Committee
- Notice to all members of CPA Ontario and all provincial CPA bodies

Costs: \$4,800

As a result of the Member's failure to comply with the Order, his membership was revoked effective September 16, 2022.

[Discipline File](#)

MARK HINCHCLIFFE, CPA, CA

1972, Toronto

- Rule:** Rule 202 – Failure to carry out professional services with integrity, objectivity and due care
- Rule 204.3 – Failure to identify, evaluate and safeguard against threats
- Rule 206.1 – Failure to perform professional services in accordance with generally accepted standards of practice of the profession
- Conduct:** Between October 2015 and April 2017, Hinchcliffe failed to perform professional services with integrity, objectivity and due care and within the generally accepted standards of the profession, and as audit engagement partner, failed to identify, evaluate, and safeguard against threats to auditor independence.
- Finding:** On May 4, 2022, Hinchcliffe was found to have committed professional misconduct by breaching Rules 202, 204.3 and 206.1 of the CPA Ontario Rules of Professional Conduct and Code of Professional Conduct.
- Sanction:**
- Reprimand
 - \$50,000 fine
 - Suspension – 6 months
 - Revocation of Public Accounting Licence
 - Practice Restriction
 - Notice to all members of CPA Ontario, the Public Accounting Standards Committee, and all provincial CPA bodies
 - Newspaper publication
- Cost:** \$27,257

[Discipline File](#)

BRIAN M. JONES, CPA, CA

1973, Toronto

- Conduct:** The member failed to perform their professional services in accordance with generally accepted standards of practice of the profession with respect to multiple audit engagements.
- Terms:** On October 20, 2022, the following settlement terms were approved:
- \$5,000 fine
 - Practice restriction
 - Notice to all members of CPA Ontario and all provincial CPA bodies
 - Newspaper publication
 - \$7,000 in costs

[Settlement File](#)

RYAN KAGAN, revoked CPA, CA

2007, Toronto

- Rule:** Rule 104.2 – Failure to cooperate with the regulatory process of CPA Ontario
- Conduct:** Between September 24, 2021 and April 6, 2022, the member failed to cooperate with the regulatory process of CPA Ontario by failing to reply promptly in writing to communications from the Standards Enforcement Department of CPA Ontario, to which a written reply was specifically required.
- Finding:** On October 14, 2022, the member was found to have committed professional misconduct by breaching Rule 104.2 of the CPA Ontario Code of Professional Conduct.
- Sanction:**
- Reprimand
 - \$5,000 fine
 - Cooperation with the Professional Conduct Committee
 - Notice to all members of CPA Ontario and all provincial CPA bodies
- Costs:** \$4,000

As a result of the Member's failure to comply with the Order, his membership was revoked effective January 2, 2023.

[Discipline File](#)

DAVID S. LAZAR, CPA, CA

1977, Richmond Hill

- Conduct:** The member failed to perform their professional services in accordance with generally accepted standards of practice of the profession with respect to multiple review engagements.
- Terms:** On March 20, 2023, the following settlement terms were approved:
- \$7,500 Fine
 - Practice restriction
 - Immediate and irrevocable surrender of Public Accounting Licence
 - Notice to all members of CPA Ontario, the Public Accounting Standards Committee and all provincial CPA bodies
 - Newspaper publication
 - \$7,000 costs

[Settlement File](#)

SUSANNA LOPRESTI, revoked CPA, CA

1995, Mississauga

Rule:	Rule 104 – Failure to cooperate with the regulatory process of CPA Ontario
Conduct:	Between April 18, 2022, and July 27, 2022, the member failed to cooperate with the regulatory process of CPA Ontario by failing to reply promptly in writing to communications from the Standards Enforcement Department of CPA Ontario, to which a written reply was specifically required.
Finding:	On November 30, 2022, the member was found to have committed professional misconduct by breaching Rule 104 of the CPA Ontario Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• Reprimand• \$5,000 fine• Cooperation with the Professional Conduct Committee• Notice to all members of CPA Ontario and all provincial CPA bodies
Costs:	<p>\$3,500</p> <p><i>As at the time of publication, due to administrative breaches membership has been revoked.</i></p> <p>Discipline File</p>

S. ALLAN MADAN, CPA, CA

2006, Mississauga

Rule:	Rule 202.1 – Failure to perform professional services with due care
Conduct:	Between May 2017 and October 2019, Madan failed to perform his professional services with due care in that he failed to provide appropriate or proficient services with respect to clients' US tax returns.
Finding:	On May 5, 2022, Madan was found to have committed professional misconduct by breaching Rule 202.1 of the CPA Ontario Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• \$15,000 fine• Practice Restriction• Professional Development Courses• Notice to all members of CPA Ontario and all provincial CPA bodies• Newspaper publication
Costs:	<p>\$42,000</p> <p>Discipline File</p>

JULES MATHIEU, revoked CPA, CA

2014, Cumberland

Rule:	Rule 104.2 – Failure to co-operate with the regulatory process of CPA Ontario
Conduct:	Between October 2021 and December 2021, Mathieu failed to cooperate with the regulatory process of CPA Ontario by failing to reply promptly to communications from the Standards Enforcement Department of CPA Ontario, to which a written reply was specifically required.
Finding:	On May 13, 2022, Mathieu was found to have committed professional misconduct by breaching Rule 104.2 of the CPA Ontario Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• Reprimand• \$5,000 fine• Cooperation with the Professional Conduct Committee• Notice to all members of CPA Ontario and all provincial CPA bodies
Costs:	<p>\$3,200</p> <p><i>As at the time of publication, due to administrative breaches membership has been revoked.</i></p> <p>Discipline File</p>

STEVE RAMCHARAN, revoked CPA, CA

2014, Pickering

Rule:	Rule 201.1 – Maintenance of the good reputation of the profession
Conduct:	On or about September 22, 2021, Ramcharan was convicted of a criminal offence of fraud over \$5,000, and thereby failed to act in a manner which will maintain the good reputation of the profession and its ability to serve the public interest.
Finding:	On May 12, 2022, Ramcharan was found to have committed professional misconduct by breaching Rule 201.1 of the CPA Ontario Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• Reprimand• \$75,000 fine• Revocation• Notice to all members of CPA Ontario and all provincial CPA bodies• Newspaper publication
Costs:	<p>\$6,210</p> <p>Discipline File</p>

LOUIS SAPI, CPA, CA

1986, Mississauga

Rule:	Rule 201.1 – Maintenance of the good reputation of the profession Rule 204.4 – Failure to disclose any activity, interest or relationship which, in respect of an engagement, would be seen by a reasonable observer to impair firm independence Rule 205 – False or misleading documents and oral representations Rule 216 – Payment or receipt of commissions Rule 406 – Member responsible for a non-member in practice of public accounting
Conduct:	Between October 2015 and April 2017, Sapi failed to conduct himself in a manner which maintained the good reputation of the profession and served the public interest; while engaged to provide assurance services, failed to disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair his or his firm's independence; accepted commission or referral fees, and failed to ensure that a non-member, associated in his public accounting practice, abided by CPA Ontario's Rules and Code; and between October 2015 to June 2021, made or associated himself with reports, statements or representations which he knew or should have known were false or misleading.
Finding:	On March 15, 2022, Sapi was found to have committed professional misconduct by breaching Rules 201.1, 204.4, 205, 216 and 406 of the CPA Ontario Code of Professional Conduct.
Sanction:	On May 13, 2022, the Discipline Committee made the following Order: <ul style="list-style-type: none">• Reprimand• \$25,000 fine• Notice to all members of CPA Ontario, the Public Accounting Standards Committee, and all provincial CPA bodies
Costs:	\$40,000

[Discipline File](#)

JOERN (JOHN) SCHOLZ, revoked CPA, CA

2000, Springwater

- Rule:** Rule 201.1 – Maintenance of the good reputation of the profession
- Conduct:** Scholz failed to act in a manner which will maintain the good reputation of the profession and its ability to serve the public interest in that on or about April 13, 2019, he was convicted of the criminal offence of fraud, contrary to section 380(1)(a) of the Criminal Code of Canada.
- Finding:** On September 15, 2022, Scholz was found to have committed professional misconduct by breaching Rule 201.1 of the CPA Ontario Code of Professional Conduct.
- Sanctions:**
- Reprimand
 - \$60,000 fine
 - Revocation
 - Notice to all members of CPA Ontario and all provincial CPA bodies
 - Newspaper publication
- Costs:** \$5,000

[Discipline File](#)

STEPHEN SUTHERLAND, CPA, CA

1977, Oshawa

- Conduct:** The member failed to perform their professional services in accordance with generally accepted standards of practice of the profession with respect to a number of assurance engagements.
- Terms:** On February 10, 2023, the following settlement terms were approved:
- \$7,500 fine
 - Immediate and irrevocable surrender of Public Accounting Licence
 - Practice restriction
 - Notice to all members of CPA Ontario, the Public Accounting Standards Committee, and all provincial CPA bodies
 - Newspaper publication
 - \$15,000 costs

[Settlement File](#)

MARK A. WALES, revoked CPA, CA

2006, St. Thomas

Rule: Rule 104.2 – Failure to cooperate with the regulatory process of CPA Ontario

Conduct: Between December 4, 2020 and July 6, 2022, Wales failed to cooperate with the regulatory process of CPA Ontario by failing to reply promptly in writing to communications from the Standards Enforcement Department of CPA Ontario, to which a written reply was specifically required.

Finding: On October 20, 2022, Wales was found to have committed professional misconduct by breaching Rule 104.2 of the CPA Ontario Code of Professional Conduct.

Sanction:

- Reprimand
- \$10,000 fine
- Cooperation with the Professional Conduct Committee
- Notice to all members of CPA Ontario and all provincial CPA bodies

Costs: \$3,400

As a result of the Member's failure to comply with the Order, his membership was revoked effective January 2, 2023.

[Discipline File](#)

JAMES WILSON, suspended CPA, CA

1979, Richmond Hill

Rule:	Rule 206.1 – Failure to perform professional services in accordance with generally accepted standards of practice of the profession.
Conduct:	Between December, 2019 and March 2022, Wilson failed to perform his professional services in accordance with generally accepted standards of practice of the profession, with respect to multiple audit engagements.
Finding:	On January 26, 2023, the member was found to have committed professional misconduct by breaching Rule 206.1 of the CPA Code of Professional Conduct.
Sanction:	<ul style="list-style-type: none">• Reprimand• \$7,500 Fine• Prohibition on holding a Public Accounting Licence• Practice restriction• Notice to all members of CPA Ontario, the Public Accounting Standards Committee, and all provincial bodies• Newspaper publication
Costs:	<p>\$15,000</p> <p><i>As at the time of publication, due to administrative breaches membership has been suspended.</i></p>

[Discipline File](#)

APPENDIX B

SUMMARY OF GOOD CHARACTER MATTERS

If the Registrar is not satisfied that an applicant for registration as a student or admission to membership is currently of good character, the matter may be referred to the Admission and Registration Committee for a decision. The Public Accounting Licensing Board may also refer a person seeking a licence for a good character hearing.

B.Z.

Reason for referral: Criminal convictions under the *Controlled Drugs and Substances Act* and nondisclosure in student application to CPA Ontario.

Outcome: On December 5, 2022, the tribunal found the Applicant to be of good character. The conduct underlying the criminal convictions had occurred more than 8.5 years prior to the hearing. Notwithstanding the Applicant's conduct in 2014 and 2017, the tribunal was impressed by the Applicant's willingness to accept full responsibility for their misconduct, their expressions of remorse, and their ability to move on from the misconduct to establish themselves as a professional with a reputation for integrity, who has earned the respect and admiration of their colleagues. The tribunal directed the Registrar to admit the Applicant as a member of CPA Ontario.

[Good Character File](#)

I.S.

Reason for referral: Criminal conviction for assault causing bodily harm and fail to comply with recognizance.

Outcome: On March 3, 2022, the tribunal found the Applicant to be of good character, as almost a decade had passed with no known recurrences of either violent or rule-breaking behaviours. As the Applicant otherwise met all of the requirements of registration as a student of CPA Ontario, the tribunal directed the Registrar to register the Applicant as a student.

[Good Character File](#)

K.H.

Reason for referral: Criminal conviction of possession of child pornography and an allegation of academic misconduct.

Outcome: On June 3, 2022, the tribunal found that the Applicant failed to establish that they were of good character at the time of the hearing and the Applicant's application to be registered as a student with CPA Ontario was refused. The main factor in this determination was that since the criminal conviction in 2017, there had been no extended period of time where the Applicant demonstrated consistent good behaviour or that their character had changed.

[Good Character File](#)

M.A.I.

Reason for referral: Applicant submitted a Practical Experience Certification Form for Internationally Trained Accountants ("ECF") different to the version that had been approved and signed by their supervisor for submission to CPA Ontario.

Outcome: On March 1, 2022, the tribunal found the Applicant to be of good character, as there was no evidence of any misconduct on the part of the Applicant since the incident and, although the events at issue were within the past two years, the tribunal found that there was a sufficient amount of time to assess the character of the Applicant. The tribunal directed the Registrar to admit the Applicant as a member of CPA Ontario, upon them providing proof satisfactory to the Registrar of completion of the Prescribed Practical Experience requirement.

[Good Character File](#)

N.A.

Reason for referral: Criminal conviction for driving while impaired.

Outcome: On September 13, 2022, the tribunal found the Applicant to be of good character, as the Applicant's misconduct was an isolated event in 2017, the Applicant was remorseful in both words and actions and had engaged in rehabilitative efforts resulting in a changed lifestyle, and there was no evidence of any misconduct since the incident. The tribunal directed the Registrar to admit the Applicant as a member of CPA Ontario, upon the Applicant providing confirmation satisfactory to the Registrar of compliance with Rule 204 of the Student Code.

[Good Character File](#)

N.D.

Reason for referral: Criminal harassment conviction.

Outcome: On May 2, 2022, the tribunal found that the Applicant failed to establish that they were of good character at the time of the hearing and the Applicant's application for membership in CPA Ontario was refused. The tribunal ordered that the Applicant may reapply for membership in CPA Ontario on or after September 1, 2023.

[Good Character File](#)

