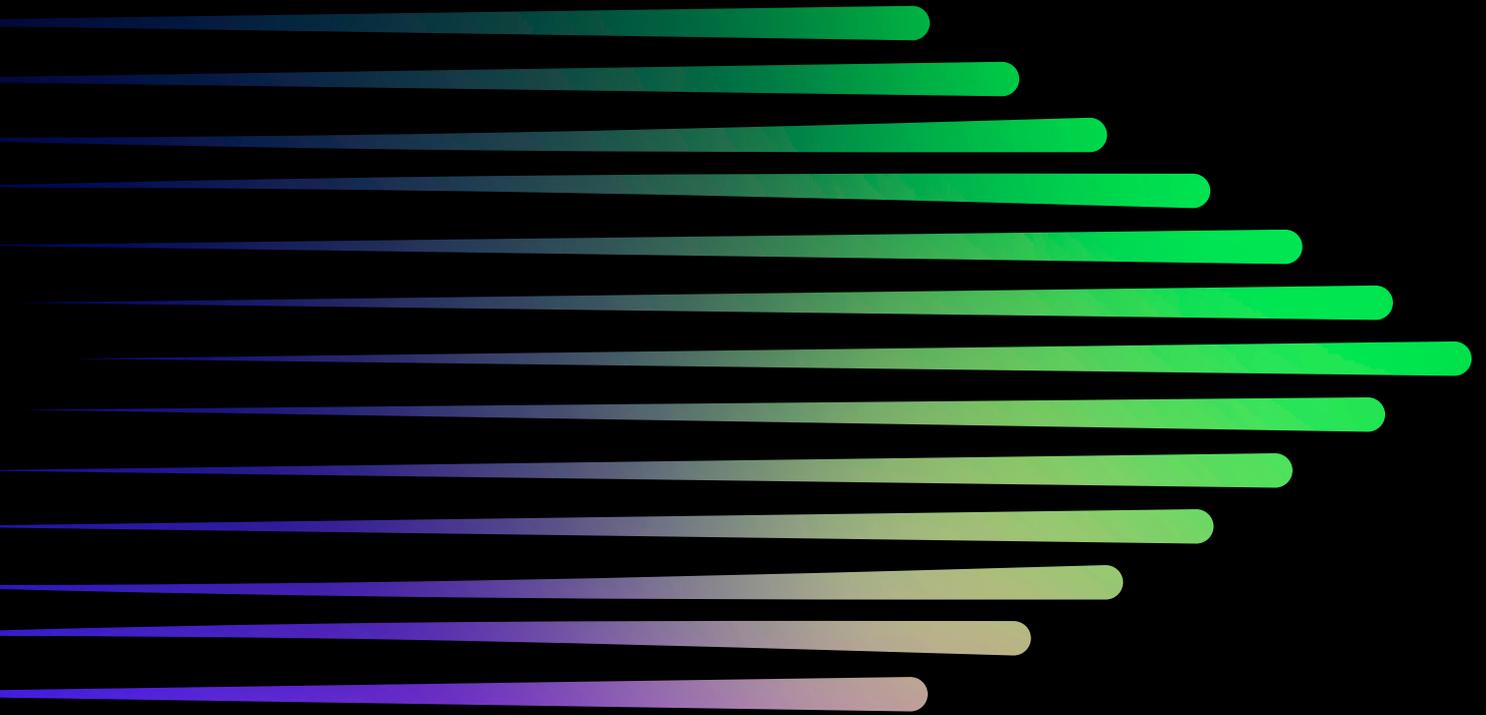


# REGULATORY REPORT **2021**





WE PROTECT THE PUBLIC

WE ADVANCE OUR PROFESSION

WE **GUIDE** OUR CPAs

**CPA ONTARIO'S REGULATORY REPORT** was developed to deliver on our commitment to transparency, accountability and evidence-based regulation. This report is a tool to help members, students and firms understand our role as regulator, understand how our regulatory operations affect their work and, ideally, help them comply with their obligations as Chartered Professional Accountants (CPAs). We trust that our members, students and firms will use this report as a self-assessment tool in maintaining high standards to fulfill their regulatory obligations and to enhance their firm's operations. This helps to ensure that the public is protected when they engage with our profession.

01   MESSAGE FROM OUR EXECUTIVE VICE-PRESIDENT	2
02   PROFESSIONAL ADVISORY SERVICES	6
03   REGISTRAR'S OFFICE	12
04   PRACTICE INSPECTION	16
05   STANDARDS ENFORCEMENT	20
06   INVESTIGATIONS AND PROSECUTIONS	24
07   APPENDIX A - SUMMARY OF DISCIPLINARY ACTIONS	26

## MESSAGE FROM OUR

# EXECUTIVE VICE-PRESIDENT

One of the keys to managing through a crisis is to maintain your focus. As the pandemic took hold and the scope of upheaval across the business landscape in the province became apparent, we faced new challenges as a regulator. However, our focus never wavered from protecting the public interest.

Throughout the pandemic, regulatory oversight of the profession continued—practice inspections took place with little interruption, audits continued without delay, and complaints were reviewed and managed in a timely manner.

Overall, regulatory volume was up last year. In a period of significant disruption this increase highlights the importance of effective regulatory oversight. We noted an increase in complaints and investigations, more deficiencies identified during practice inspections, and higher suspension, revocation and deregistration activity.

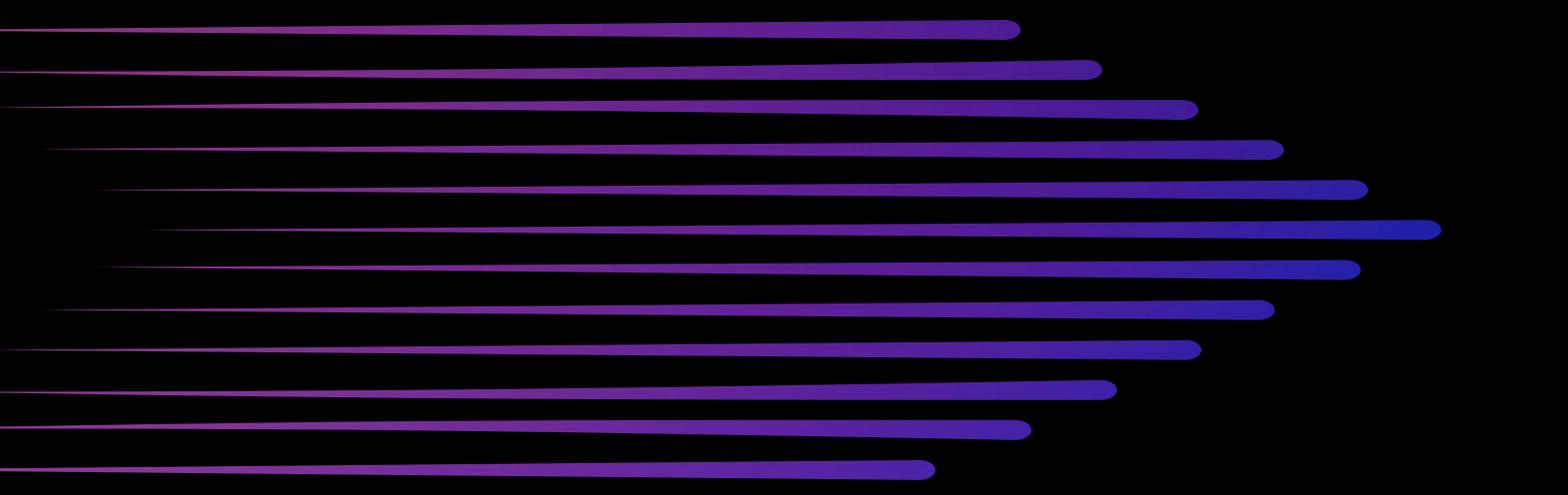
As we continued to manage through the very uncertain times, providing support to members, students and firms to help them navigate the complex and evolving situation was a priority for our team. An extension of the annual member dues deadline last year provided members more time to manage the immediate

financial fallout of the crisis. Professional Advisory Services provided information addressing issues related to Covid-19 for members online. The Registrar's Office made additional outreach to members and firms on meeting compliance obligations during this stressful time.

And while it was important to analyze and react to the events surrounding us, it was also important to look past the pandemic toward the future at what would set the profession up for success.

Among the most important changes was a pivotal milestone for the profession. Amendments to the *Public Accounting Act, 2004* saw CPA Ontario assume all regulatory oversight and responsibilities for public accounting standards in Ontario from the Public Accountants Council for the Province of Ontario (PAC). The dissolution of PAC was a significant moment for the profession, removing the final remaining layer of unnecessary regulation and allowing for a more streamlined and efficient regulatory structure.

The commitment by CPA Ontario to maintaining and improving our regulatory activities was unwavering. I want to thank our employees



for their dedication and commitment to staying focused on our critical regulatory responsibilities while adapting within an uncertain environment.

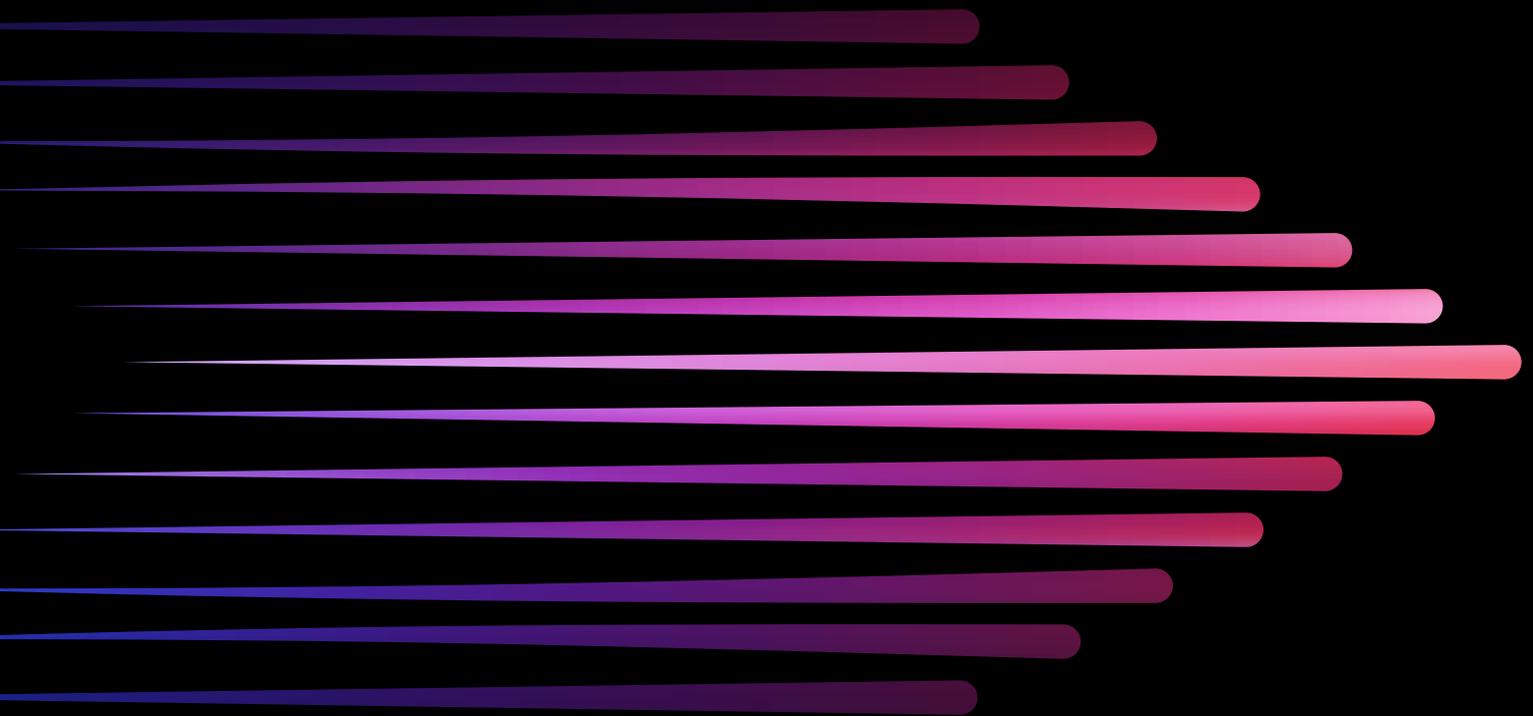
Looking ahead to the coming year, many of the changes accelerated by the urgency of Covid-19 have become standard. We will continue to provide the support our members need to operate within the bounds of our regulations and standards. We will continue to use data to identify and respond to emerging risks in the marketplace.

Above all else, we will continue to maintain strong regulatory oversight of our profession so that the public can continue to trust in the CPA designation.



**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 our members, students or firms fall short of our high standards.

The business landscape is rife with change. What doesn't change is our comprehensive oversight of the profession, which fosters trust in Ontario's regulated CPAs, students and firms. 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 PRACTICE INSPECTION**

- Member Inspection
- Firm Inspection

## **4 DISCIPLINARY PROCESS**

- Standards Enforcement
- Investigations and Prosecutions

# PROFESSIONAL ADVISORY SERVICES

The Covid-19 pandemic put incredible pressure on business leaders across industries and around the globe. Ontario's CPAs were no exception. Throughout the pandemic CPAs had to manage shifting business needs and operational uncertainty while staying abreast of changing government policies.

CPA Ontario's Professional Advisory Services team enhanced its support for members in meeting their regulatory and professional obligations to clients, employers and the public. Professional Advisory Services fielded more than 4500 member and firm inquiries, helping members identify a broad range of potential issues and discuss targeted solutions.

Consistent with previous years, the majority of inquiries were related to the CPA Ontario By-law, Regulations, the CPA Professional Code of Conduct (the CPA Code), and the accounting and assurance standards. There was a small increase in inquiries related to overall technical accounting and assurance standards, but we saw a larger increase in inquiries specifically related to the requirements of the new Compilation Engagement Standard including its alignment with and impact on the *Public Accounting Act, 2004* (the Act). CPA Ontario worked with the Government of Ontario to amend the regulation under the Act to align with the standard. These amendments allowed all CPAs to perform compilation engagements under the new standard, even early adoption.

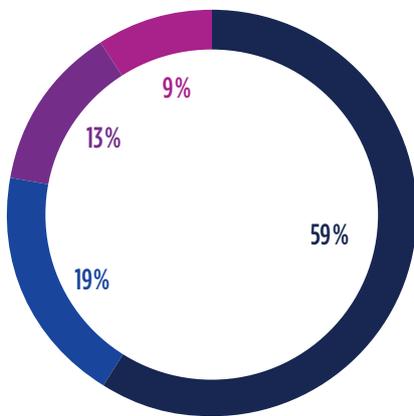
Professional Advisory Services also received many member inquiries relating to the impact of Covid-19 in applying accounting and assurance standards, and on practice management and ethical requirements. Considering the resource and guidance needs of members in relation to the impact of Covid-19, Professional Advisory Services developed an online Covid-19 resources page providing information to help members navigate the complex business environment. Over the course of the year, the page was visited by more than 13,000 members. The page was continuously updated on various topics across the profession as members' needs shifted.

Professional Advisory Services continued to keep abreast of significant local and international developments in the profession that could have an impact on members, students or firms. We provided feedback on three international exposure drafts relating to independence standards to ensure that CPA Ontario's specific viewpoints were highlighted and considered. Since CPA Ontario is a member body of the International Federation of Accountants, the Canadian CPA profession has an obligation to maintain ethical requirements that are at least as stringent as the international requirements. In addition, Professional Advisory Services played a critical role in evaluating changes to international professional development requirements, making recommendations consistent across the country, and revising the CPD Regulation in Ontario.

To further advance the profession, Professional Advisory Services also represented CPA Ontario on multiple national and provincial committees, including the Small and Medium Practices Advisory Committee (SMPAC). Working closely with SMPAC, Professional Advisory Services developed a comprehensive digital media campaign to emphasize the value of working with CPAs for business advisory and tax planning needs.

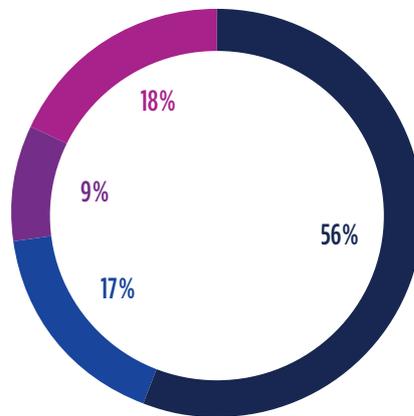
Professional Advisory Services also conducted outreach activities to enhance awareness of advisory services, including new member webinars, and CPA Ontario Practice Management and Tax Summits. We also expanded our outreach beyond members by presenting an ethics session to prospective students.

Looking forward, Professional Advisory Services will make it easier for members to access



**MEMBER AND FIRM CALL STATISTICS 2021**

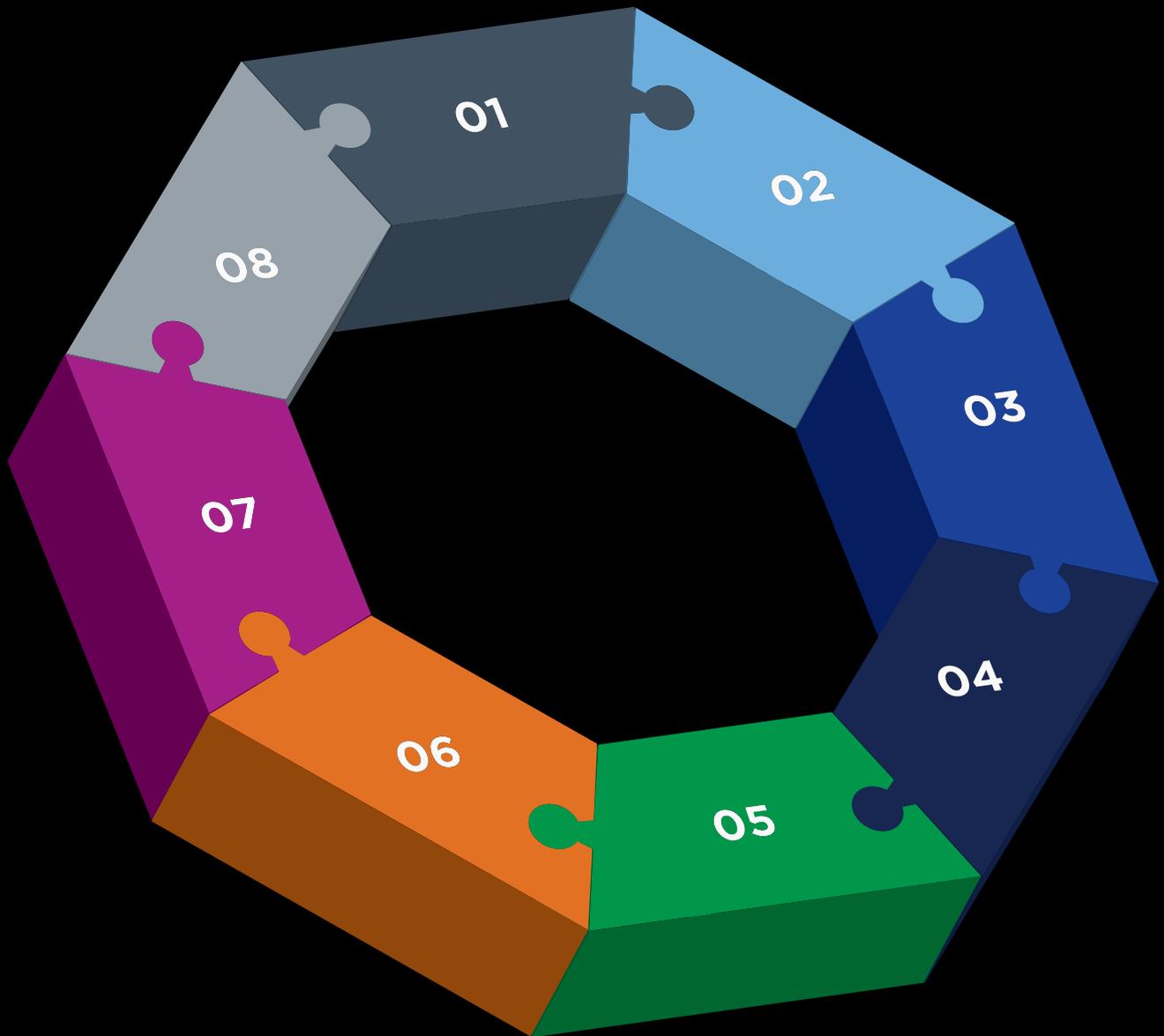
- By-law, Regs and the CPA Code: 2666
- Accounting/Assurance: 874
- Public Accounting: 592
- Miscellaneous: 400



**MEMBER AND FIRM CALL STATISTICS 2020**

- By-law, Regs and the CPA Code: 2761
- Accounting/Assurance: 823
- Public Accounting: 416
- Miscellaneous: 902

# PUBLICATIONS: APPLICATION GUIDANCE



Visit our [guidance page](#) for more information.

## **01 – ETHICS AND INDEPENDENCE – COVID 19**

Guides members on how to exercise heightened professional skepticism, and comply with the CPA Code, amidst the current pandemic.

## **02 – BOOKKEEPING SERVICES**

Provides guidance on what constitutes providing accounting services to the public, specifically with respect to bookkeeping services.

## **03 – TAXATION SERVICES**

Provides guidance on what constitutes providing accounting services to the public, specifically with respect to taxation services.

## **04 – RESIGNING FROM AN ASSURANCE ENGAGEMENT**

Discusses the professional and ethical consideration around resigning from an assurance engagement.

## **05 – CONFIDENTIALITY OF INFORMATION**

Discusses when and with whom you can share confidential information acquired as a result of professional, employment, or business relationships.

## **06 – SETTING AND COLLECTING FEES**

Provides guidance on setting appropriate fees, issuing billings and collecting payments for professional service.

## **07 – ELECTION GUIDANCE**

Guidance for members who are either chief financial officers, official agents, or auditors of election candidates.

## **08 – APPLICATION OF THE CPA CODE**

Explains the structure of the CPA Code, its fundamental principles, and how the rules apply to all members, members providing professional services, and members in public accounting.

# COMMON AREAS OF CONCERN RELATED TO COVID-19

- How should the receipt of government assistance related to the pandemic be accounted for in the financial statements?
- What considerations do practitioners and management need to make when assessing the impacts of Covid-19 on an entity's ability to continue as a going concern?
- What alternative audit procedures can be performed if the inventory counts cannot be conducted in person due to Covid-19 restrictions?
- Is there any guidance on ethics and independence considerations due to the impact of Covid-19?
- Can I assist my assurance client in preparing their application for Covid-19 government relief programs?

Member inquiries helped to identify areas of practice that required additional guidance and support, which in turn led to the issuing of guidance on the application of the CPA Code, By-law and Regulations on specific topics ranging from firm registration to resigning from professional services. Members accessed these guidance articles more than 6500 times. In the upcoming year, we plan to add additional guidance articles, further improve their design and searchability, and make them more accessible to members.

resources and guidance that will support them in their professional and regulatory obligations. Website improvements will make it easier for members to find the material they're looking for and a new landing page will act as a one-stop shop for all regulatory updates, including new and revised standards, updated guidance, and content from The Regulatory Standard newsletter. These improvements will make it easier for members to access the information they need to stay up to date with the latest changes in the accounting profession, professional standards and regulatory requirements.



## WHAT MEMBERS ARE SAYING ABOUT PROFESSIONAL ADVISORY SERVICES

The Professional Advisor took the time to call me to explain the matter after sending the email as well. Thank you again for your timely and effective help with our issue. Professional Advisory Services is worth the price of annual membership dues.

The guidance I receive is usually always timely, helpful, professional and competent. Thank you for providing this service as I consider it to be an invaluable service.

The Professional Advisor spent the time to understand my issue clearly and provided advice that was on point.

It's wonderful to have this resource when you're a sole practitioner.

Any time I called Professional Advisory Services they got back to me within 24 hours. The information was very helpful.

Love the fact that I can get an answer within 24 hours.

I have used Professional Advisory Services very often. I like to abide by the rules so I like to get their advice before making any decisions. They are very responsive, knowledgeable, polite and helpful.

# REGISTRAR'S OFFICE



97,121

**MEMBERSHIP:**

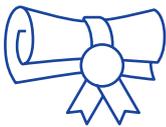
F20: 94,770  
2% increase year over year.



4,081

**PUBLIC ACCOUNTING LICENSEES:**

F20: 4202



1,178

**CERTIFICATE OF AUTHORIZATION HOLDERS:**

F20: 1199



7,408

**FIRMS:**

F20: 7117

The Registrar's Office is responsible for core administrative and regulatory functions related to membership in the profession, including:

- Admission to the profession;
- Monitoring and assessing compliance with CPA Ontario's regulations and by-laws;
- Licensing members as public accountants through the Public Accounting Licensing Board;
- Registering firms;
- Maintaining the public register and directories of members, firms and licensees; and
- Implementing a fitness to practise program.

Even as business activities across the province were disrupted, the Registrar's Office's delivery on its core mandate continued unimpeded, facilitated as it was by the move to remote work.

One of the key roles of the Registrar is to ensure membership applicants meet all requirements for admission to the profession, including providing evidence of good character. It is important for the public to be able to trust in CPAs, which is why we examine character when considering a potential member's admission. When an applicant does not provide satisfactory evidence of their good character or when an evaluation requires an assessment of an applicant's credibility,

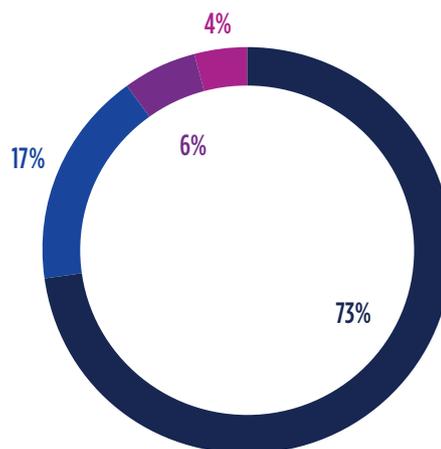
the Registrar refers the matter to an oral hearing before the Admission and Registration Committee (ARC).

To date, the Registrar has referred 13 matters to the ARC. The decisions in respect of these matters can be found on the CPA Ontario [website](#).

This year, internationally trained accountants submitted a record number of applications. Lockdowns and office closings posed difficulties in terms of securing appropriate documentation, but it was critical to keep the profession open to qualified candidates. Working closely with regulatory bodies, CPA Ontario was able to gather appropriate digital documentation to move international applicants a step closer to beginning their career in Ontario.

Last year, we introduced additional outreach efforts in response to the need for more support for members and firms to help them meet their compliance obligations during a difficult time. Not only does this benefit members and firms, it also helps us resolve problems before they arise, reducing the number of suspensions, revocations and deregistrations.

For instance, we continued to proactively inform firms that their professional liability insurance (PLI) was set to expire and reminded them of their obligation to report details of insurance coverage annually through My Portal. PLI is



### ADMISSION NUMBERS

- Student: 73%
- Direct admission under international agreements: 17%
- Provincial Transfer: 6%
- Memorandum of Understanding: 4%

# SUSPENSIONS, REVOCATIONS AND DEREGISTRATIONS

## Membership

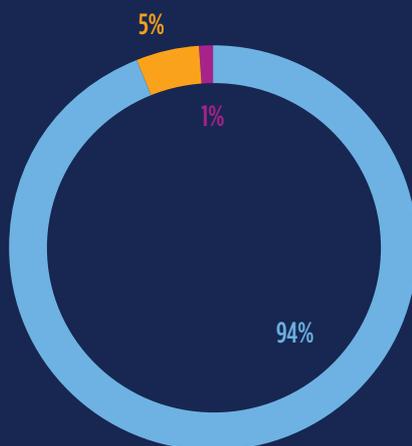
- 1161 Suspensions [last year 966]
- 585 Revocations [last year 583]

## Licences

- 71 Suspensions [last year 28]

## Firms

- 189 Suspensions [last year 52]
- 5 Deregistrations [last year 9]



## CPD AUDITS

- Compliance: 94%
- Guidance Provided: 5%
- Suspension: 1%

an important requirement in place to protect members of the public who engage CPAs. This allowed firms to address the issue before falling out of compliance and avoiding suspension of both the firm and the member responsible for the firms' compliance.

In order to maintain confidence in the CPA designation, CPA Ontario must ensure that those using it are meeting the standards set out in our governing documents. The Registrar's Office conducts regular audits of specific compliance areas, including Continuing Professional Development (CPD) hours, eligibility for reductions or exemptions from annual member dues and minimum professional liability insurance requirements.

CPD enables members to maintain and improve the skills and proficiencies the public expects of them as CPAs. Businesses across Ontario rely on CPAs to provide their insights and expertise to manage the challenges of these times.

This year we audited over 2800 members and required detailed information about their CPD activities. While overall compliance is high at 94 per cent, some members were issued guidance on acceptable CPD. We reminded some public accounting licence holders that they are required to obtain CPD hours in topics specific to licensure as set out in the regulations in order to meet eligibility requirement for licence renewal.

While we try to help bring members and firms back into compliance, when they prove unable or unwilling to meet their professional obligations they are subject to administrative action, which includes membership suspension and revocation, and the loss of their public accounting licence.

In the year ahead, new programs and tools will facilitate compliance and help members to better understand their obligations. One such tool is Meet Your Regulator, a free professional development series that will provide an overview of the various obligations that apply to members,

firms and public accounting licence holders and supply tips that will help members and firms meet their obligations and ensure awareness of the consequences of failing to comply.

During the year the Registrar's Office continued process improvement efforts to increase regulatory effectiveness and oversight over an increasing membership population while providing a better member experience. These included quicker response times and a shorter turnaround for reinstatement to the profession. This year will see the introduction of robotic process automation to annual licence renewal, which will simplify routine matters and allow CPA Ontario to provide enhanced service for more complex issues.

Finally, we will continue to conduct risk-modelling that will make us more effective in identifying and addressing those at the highest risk of non-compliance. Again, this will allow us to make better use of our internal resources so that we can improve overall service for members, students and firms.

## AREAS OF CONCERN

With the goal of increasing compliance with CPA Ontario's regulations, the Registrar's Office has compiled a list of the most commonly encountered issues and ways to avoid them.

### MEMBERS

- CPD obligations must be met by December 31 each year. As a reminder, CPD must meet the specific requirements set out in the regulation, including the need to take four hours of ethics training.
- Members continue to miss the annual member dues deadline and incur unnecessary additional costs. CPA Ontario recommends adding a calendar reminder to complete the process by June 1.
- Members are required to update their contact information in My Portal. Please be sure to log in and update your information whenever it changes.

### FIRMS

- Many firms fail to update their professional liability insurance information in My Portal. Please log in annually to update your information.
- Firm names that include legacy designations are no longer permitted. Please update your firm name in My Portal before December 31, 2021, to remain in compliance.

# PRACTICE INSPECTION

Practice Inspection remains a key component of CPA Ontario’s regulatory process, contributing to the protection of the public interest by promoting the highest standards of integrity and expertise.

Protecting the public remained the top priority for the Practice Inspection team as we adapted to the changing circumstances of the global pandemic and shifted our approach to effectively regulate our members. We quickly rolled out procedural changes for remote inspections, allowing members to meet their regulatory obligations without sacrificing the integrity of the inspection process. Maintaining our inspection timetable is vitally important to fulfilling our mandate to protect the public.

This year, CPA Ontario inspected 1256 practising offices, of which 489 were assurance offices and 767 were compilation only. Approximately 87 per cent of inspected assurance offices and 99 per cent of compilation-only offices did not require further action or require a specific course of action. The remaining practising offices had significant reportable deficiencies of such concern that they were subject to remedial action, ranging from reinspection to referral to the Professional Conduct Committee (PCC) for possible disciplinary action.

Last year, we targeted assurance engagements in two emerging industries—cannabis and crypto-assets—for inspection due to the unique risks and assurance issues in these industries. This year,

we continued to focus closely on the cannabis industry, inspecting four files from four practising offices. We found that the most complicated issues in that industry relate to accounting for the biological assets of an entity growing cannabis.

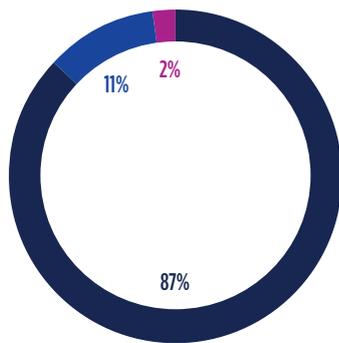
There was a significant decline in the number of crypto-asset engagements this year by our regulated firms. As a result, there were no crypto files inspected. However, we will continue to monitor industry developments and resume targeted inspections as needed.

Each year, the Practice Inspection team reviews inspections resulting in reinspection or referral and performs a root cause analysis to identify the reasons why practices fail to meet the standards set out for them. This year, we focused our analysis on practitioners’ lack of professional skepticism. Developing a thorough understanding of the client, their operations and the industry in which they operate is an essential first step to effectively apply professional skepticism. This allows the practitioner to adequately evaluate evidence and ultimately challenge management’s representations when appropriate.

Though there was not a significant year-over-year change in the number of practices subject to remedial action, it is important to remember that the pandemic only began to affect businesses in March 2020 and that inspections conducted in the 2020 inspection year were pre-pandemic files, although there were pandemic impacts

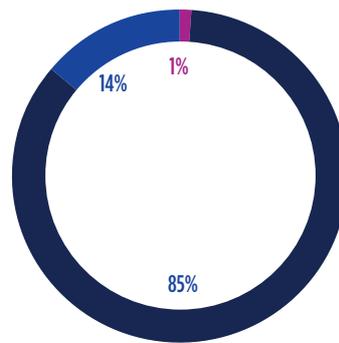
## RESULTS OF ASSURANCE PRACTICE INSPECTIONS

FY2021



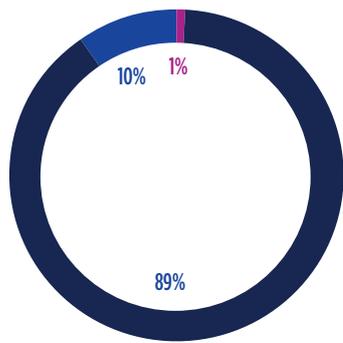
■ NO FURTHER ACTION OR ACTION PLAN RESPONSE

FY2020



■ REINSPECTION

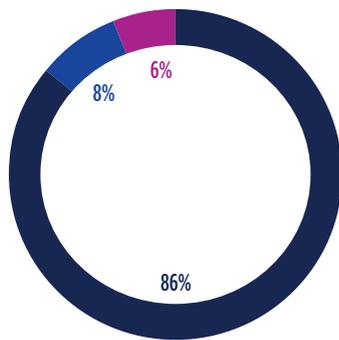
FY2019



■ REFERRAL TO THE PCC

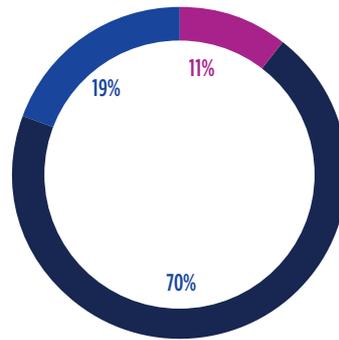
## RESULTS OF ASSURANCE PRACTICE REINSPECTIONS

FY2021



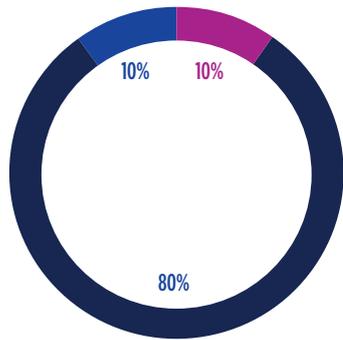
■ NO FURTHER ACTION OR ACTION PLAN RESPONSE

FY2020



■ REINSPECTION

FY2019



■ REFERRAL TO THE PCC

# COMMONLY IDENTIFIED ISSUES FOR AUDIT ENGAGEMENTS

## AUDITING REVENUE

- Failure to disaggregate revenue streams and evaluate discrete revenue streams.
- Lack of substantive and/or controls testing to mitigate risk.
- Documentation not showing the purpose of procedures, items tested, characteristics being evaluated, and results and conclusions drawn.

## AUDITING OF ACCOUNTING ESTIMATES

- Inadequate assessment of significant and complex estimates and judgments.
- Failure to challenge management's representations by seeking out third-party evidence.
- Lack of audit procedures that directly address the risks associated with areas in which complex estimates and judgments are used.

## AUDITOR'S USE OF A SERVICE ORGANIZATION

- Only either identifying the service organization as part of their understanding of the entity or inserting a type 2 report into their file without performing further procedures.
- Not reviewing the scope of a type 2 report.
- Failure to obtain an understanding of the nature and significance of the services provided, inquire with management as to any knowledge of fraud at the service organization, and design and perform audit procedures to respond to identified risks.

reported through subsequent event disclosures. This means that the full effects of the pandemic on the engagements performed by practices have not yet been assessed.

We were able to observe that the most successful practitioners were those able to pivot their operations to a remote environment with minimal disruption. Practitioners able to make use of electronic working papers were able to serve their clients without interruption while practitioners who continued to use paper files struggled.

As we begin a new inspection year and examine files related to work produced during the pandemic, we will be evaluating how practitioners performed their engagements while taking into account the full effects of the pandemic. In the interim, we have prepared for this year's inspection season by identifying common areas where practitioners may see the effects of the pandemic on the work they will be conducting: Risk Assessment, Professional Skepticism, Supervision and Review, Financial Statement Disclosures, and Going Concern Assessment.

A more detailed summary of this year's inspection activities is available in the annual [Focus on Practice Inspection](#) report, which provides an overview of inspection results, trends and critical observations arising from our annual practice inspections.

# MAINTAINING THE PUBLIC TRUST

## OVERVIEW OF CPA ONTARIO'S DISCIPLINARY PROCESS



Intake and Assessment staff review complaints received, gather facts from the relevant parties and provide the following direction.



- No breach found —file closed.
- Refer to Professional Conduct Committee (PCC).
- Refer to Vice-President, Investigations and Prosecutions to appoint investigator. Investigator reports findings to the PCC.



PCC reviews complaints and provides the following direction.



- No breach found —file closed.
- Possible breach— guidance and advice provided to member, student or firm to assist them and then file closed.
- Appoint investigator to gather additional facts. Committee reviews the investigator report and may instruct Investigations and Prosecutions staff to prepare allegations of misconduct and go to Discipline Committee, or it may close the file or provide guidance or admonishment to the member, student or firm.



Discipline Committee holds a contested or settlement hearing.

# STANDARDS ENFORCEMENT

As the conduit to CPA Ontario’s disciplinary process, the Standards Enforcement team plays a critical role in the assessment and evaluation of complaints of professional misconduct. The team is responsible for reviewing complaints against members, students and firms. It reviews every complaint to ensure that the public can expect effective and efficient regulation of the profession and that members, students and firms who may be subject to a complaint are granted timely due process.

Failure to observe high professional and ethical standards in professional and non-professional interactions with the public can harm the reputation and value of the CPA designation and undermine public confidence in the self-regulation of the profession. CPA Ontario is responsible for protecting the public interest by ensuring that its members, students and firms

act in accordance with the expectation set out in our rules and regulations.

In the spirit of transparency, Standards Enforcement shares its timeline commitments:

- Acknowledging receipt of a complaint within 24 hours of receiving it;
- Conducting an initial review of a complaint within 30 days of receiving sufficient supporting information; and
- On average, concluding complaints within eight months unless they proceed to a formal Investigation or Discipline Committee proceeding.

We met each of those commitments even as the volume of complaints rose significantly in the past year.

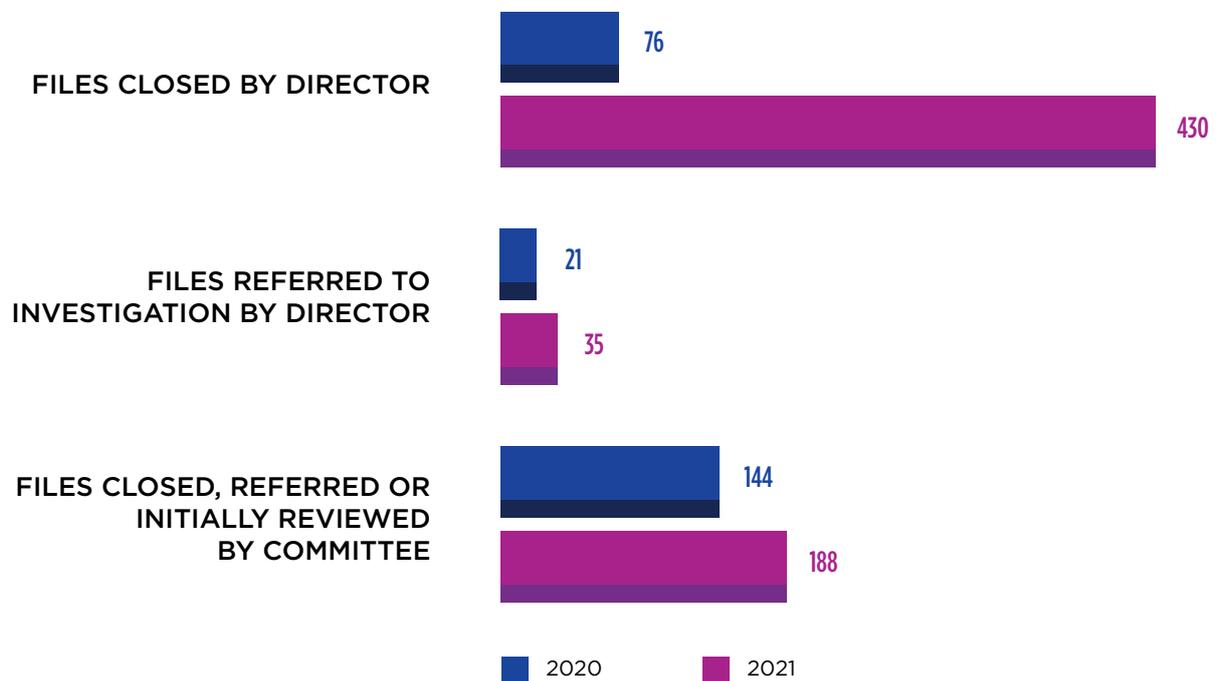
This year we saw a significant increase in the overall volume of complaints. In part, the increase was driven by the adoption of electronic complaint submission, making the process much simpler and less time consuming for complainants. In reviewing the substance of the complaints, we also saw a significant portion of the increase was driven by a surge in nuisance complaints—a use of the regulatory process in order to relitigate historical matters, advance civil proceedings or raise matters relating to other jurisdictions.

While we discourage the use of the complaint process in that manner, the increase did not

**COMPLAINTS  
RECEIVED 2021: 610**

**COMPLAINTS  
RECEIVED 2020: 360**

**INCREASE  
PERCENTAGE: 69%**



affect our overall efficiency or effectiveness. During the year, we delivered 653 decisions, with an average age of closure of 6.25 months from the date the complaint was received against a target of eight months. This is a significant improvement over the prior year’s results of 11 months. This can be attributed to the efficiencies gained by digitized workflows and business process reengineering, both of which were augmented by the spread of Covid-19 and the associated move to virtual work.

Of these decisions, 71 per cent were made by the Director of Standards Enforcement,

versus 40 per cent in the prior year, resulting in expedient outcomes for both complainants and respondents. Timely decision-making serves as one of the primary deterrents against future misconduct and strengthens CPA Ontario’s reputation as a steward of the profession; it corrects inappropriate behaviour as soon as possible and demonstrates our commitment to applying strong oversight.

We also saw an increase in the type of complaints submitted and an increase in alleged misconduct taking place outside traditional settings. For instance, there was intensification in complaints

# TOP FIVE REASONS FOR ISSUING GUIDANCE:

1

LACK OF DUE CARE IN PERFORMING PROFESSIONAL SERVICES

2

FAILURE TO MAINTAIN APPROPRIATE LEVELS OF CLIENT SERVICE DELIVERY STANDARDS, INCLUDING FAILURE TO PROVIDE SERVICES ENGAGED TO PERFORM

3

FAILURE TO ACT IN A MANNER THAT UPHOLDS THE REPUTATION OF THE PROFESSION

4

UNRESPONSIVENESS AND LACK OF TIMELY RESPONSES WITH CLIENTS AND SUCCESSOR ACCOUNTANT

5

FAILURE TO RETURN CLIENT RECORDS, INCLUDING WITHHOLDING CLIENT RECORDS AS LEVERAGE FOR PAYMENT

regarding reputation-based misconduct as well as misconduct originating on social media platforms. This presented a very clear departure from complaints focused on misconduct taking place in traditional workplaces. Many of these new types of complaints are rooted in a disregard for the reputation of the profession and, in some cases, a lack of professionalism. Members, students and firms are reminded that their behaviour—even when it occurs outside the workplace—always reflects on the profession and, as such, is subject to regulatory oversight.

Additionally, we saw an increase in complaints directly correlated with the pandemic and the shift to virtual service arrangements and paperless interactions. Complaints associated with informal service delivery structures and inadequate supervision appear to be on the rise and are expected to continue as more employers transition to either remote or hybrid work models.

Due to its changing complaint landscape and the increase in the volume and diversity of complaints, Standards Enforcement introduced risk-based assessments to prioritize and manage resources while monitoring the imminent risk of harm. We evaluate a variety of risk factors, including, among others, the technical nature of the matter, the potential for legal proceedings and overall risk to the public.

As the team looks to the year ahead, we plan to continue making process efficiencies and implement additional tools that leverage digital innovation. These will allow us to meet our targets while delivering on our mandate to protect the public interest.

# INVESTIGATIONS AND PROSECUTIONS

Our Investigations and Prosecutions team investigates and litigates cases involving violations of the CPA Code of Professional Conduct. The team also prosecutes non-members under the Provincial Offences Act in court for misuse of the CPA designation or other unauthorized practice to protect the public from harm that may be caused by these individuals.

To further our public interest mandate, we continued to focus on reducing the timeline for investigations to be brought to the Professional Conduct Committee (PCC) for consideration. We posted a public commitment to conclude 85 per cent of cases in the investigation process in an average of five months. This year, we met that commitment to efficient, effective regulation, in part by expanding our in-house investigations team and by enhancing our network of external expertise.

Despite the Covid-19 environment, investigations continued unhindered with the benefit of electronic processes, including investigative interviews and PCC meetings conducted via videoconference. When warranted, allegations of professional misconduct were prosecuted before the Discipline Committee in electronic hearings.

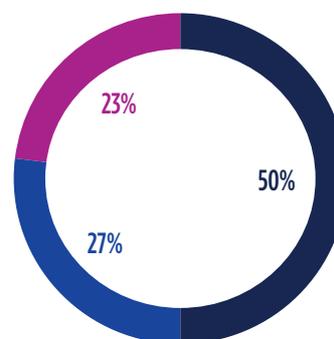
This year we completed 64 investigations, which was 39 per cent higher than the previous year's 46 investigations. Of the 64 investigations, 36 per cent were closed, 28 per cent were closed

with guidance or admonishment from the PCC and 36 per cent were being referred to the Discipline Committee.

## CONCLUDED PROCEEDINGS

### TRIBUNAL OUTCOMES

In fiscal 2021, we completed 25 discipline/settlement and one appeal hearing, the results and sanctions for which are set out below.



### NATURE OF CASES

- Profession's reputation: 50%
- Professional standards and competence: 27%
- Non-co-operation: 23%

## TRIBUNAL SANCTIONS

The purpose of sanctioning professional misconduct is to protect members of the public, promote public confidence in the profession, deter members of the profession from engaging in similar misconduct, and maintain high ethical standards in the profession.

To promote consistency, fairness and transparency in applying sanctions, CPA Ontario also published [Sanction Guidelines](#) this year, which identify factors that may be considered by the PCC in forming sanction recommendations. The guidelines also provide guidance to the Discipline Committee in determining an appropriate sanction and to the Appeal Committee when considering an appeal.

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.

Contributing to the increase in overall fines and costs this year was a significant outcome in a single case as detailed in the Summary of Discipline Actions in Appendix A.

	FY21	FY20
Number of Proceedings Concluded	26	19
<b>SANCTIONS</b>		
Fines	\$884,500	\$327,500
Suspensions	3	2
Revocations	13	7
Practice Restrictions	4	3
Costs Ordered	\$1,483,780	\$501,524

## COURT PROCEEDINGS

CPA Ontario concluded the prosecution of one individual in provincial court for various offences under the Provincial Offences Act, and the Act. The fine resulting from this prosecution was \$16,000.

# APPENDIX A

## SUMMARY OF DISCIPLINARY ACTIONS

### **HAKIM BANDUK, former CPA, CMA**

1985, Toronto (Settlement Agreement)

**Conduct:** The member signed reports providing negative assurance without a public accounting licence; failed to perform professional services in accordance with generally accepted standards of practice for the profession; permitted a non-member to sign reports providing negative assurance, and submitted signed Continuous Waiver declarations to CPA Ontario that were false and misleading.

**Sanction:** On August 10, 2020, the following settlement terms were approved:

- Revocation of membership
- Publication in the Toronto Star

---

### **HOWARD BROMBERG, former CPA, CA**

1972, Concord

**Rule:** Rule 201.1 – Maintenance of the good reputation of the profession  
Rule 205 – False or misleading documents and oral representations

**Conduct:** Between August 2016 through April 2019, the member failed to act in a manner that maintained the good reputation of the profession by providing public accounting services to six clients without the benefit of a public accounting licence. The member associated himself with a Practice Inspection Report that he knew to be false or misleading, and submitted to CPA Ontario a Public Accounting Licence Experience Certification Report which he knew to be false or misleading.

**Finding:** On October 8, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1 and Rule 205 of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$10,000 fine
- Revocation
- Notice to all members of CPA Ontario, the Public Accountant's Council, and all provincial CPA bodies
- Newspaper publication

**Costs:** \$5000

## **LIN (SOPHIA) CHENG, former CPA, CA**

2015, North York

**Rule:** Rule 104.2(a) - Requirement to cooperate

**Conduct:** Between February 6 and December 3, 2019, the member failed to respond to communications from CPA Ontario that specifically required a written response

**Finding:** On June 25, 2020, the member was found to have committed professional misconduct by breaching Rule 104.2(a) of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$5000 fine
- Cooperation with the regulatory processes of CPA Ontario

**Costs:** \$3300

As a result of her failure to comply with the terms of this Order, Ms. Cheng's membership with CPA Ontario was revoked, effective August 4, 2020

---

## **PETER CHOY, CPA, CGA**

1983, Markham

**Rule:** Rule 104.2(a) - Requirement to cooperate

**Conduct:** Between January 20 and March 5, 2020, the member failed to fully respond to communications from CPA Ontario that specifically required a written response.

**Finding:** On August 6, 2020, the member was found to have committed professional misconduct by breaching Rule 104.2(a) of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$5,000 fine
- Cooperation with the regulatory processes of CPA Ontario

**Costs:** \$3500

## **FRED CLIFFORD, CPA, CA**

1989, Toronto (Settlement Agreement)

**Conduct:** As the engagement partner for an audit of the consolidated financial statements of a publicly traded company for the year ended December 31, 2010, he failed to perform his professional services in accordance with the generally accepted standards of practice of the profession. The audit contained numerous deficiencies, the details of which are set out in the Settlement Agreement.

**Terms:** On June 17, 2020, the following settlement terms were approved:

- \$400,000 fine
  - Retirement from his firm, by June 30, 2020
  - Irrevocable surrender of his public accounting licence, by June 17, 2020
  - Publication of the terms of settlement in the Globe and Mail and National Post newspapers
  - Notice to all members of CPA Ontario, the Public Accountant's Council, and all provincial CPA bodies
  - \$1,000,000 costs
- 

## **JAMES ESSEX, CPA, CA**

1974, Thornhill (Settlement Agreement)

**Conduct:** The member failed to perform professional work in accordance with generally accepted standards of the profession in his review of the financial statements of four corporations.

**Terms:** On June 29, 2020, the following settlement terms were approved:

- \$7500 fine
- Practice restriction
- Professional Development courses
- \$12,000 costs

## **JULIUS FAGBEMI, student**

- Rule:** Rule 402 Student Code of Conduct – Requirement to cooperate
- Conduct:** Between October 14 and December 3, 2019, the student failed to promptly respond to communications from CPA Ontario that specifically required a written response.
- Finding:** On May 25, 2020, the student was found to have committed professional misconduct by breaching Rule 402 of the Student Code of Conduct.
- Sanction:**
- Reprimand
  - \$5000 fine
  - Cooperation with the regulatory processes of CPA Ontario
- Costs:** \$3000

As a result of the student’s failure to comply with the terms of the Order, he was deregistered with CPA Ontario, effective July 25, 2020

---

## **STIVE FARRONATO CPA, CA**

1992, Oakville

- Rule:** Rule 101 – Compliance with governing legislation, bylaws, regulations and the CPA Code  
Rule 409 – Practice of public accounting in corporate form  
Rule 205 – False or misleading documents and oral representations
- Conduct:** The member engaged in the practice of public accounting or provided accounting services to the public outside of the firm that he had registered with CPA Ontario and filed Declarations representing that he did not perform any compilation engagements, when in fact he had done so.
- Finding:** On March 8, 2019, the member was found to have committed professional misconduct by breaching Rule 101 and Rule 409 of the Rules of Professional Conduct. Allegation 1(b) and Allegation 3, both under Rule 205, association with false or misleading documents, were not proven.
- On August 27, 2020, the Appeal Committee dismissed the appeal brought by the Professional Conduct Committee and upheld the decision of the Discipline Committee.
- Sanction:**
- Reprimand
  - \$10,000 fine (Discipline)
    - Ordered in FY2019
  - Professional Development courses
- Costs:** \$54,000 (Discipline)
  - Ordered in FY2019
- No costs ordered, as constrained by section 38(2) of the Chartered Professional Accountants of Ontario Act, 2017 (Appeal)

## **DESMOND GIBB, CPA, CA**

1980, Kitchener (Settlement Agreement)

**Conduct:** The member was found to have failed to maintain generally accepted standards of practice with regard to two files. He also failed to perform professional services with due care in facilitating closure of his practice from October 2018 through May 2019.

**Terms:** On September 14, 2020, the following settlement terms were approved:

- \$7500 fine
- Practice restriction
- Notice to all members of CPA Ontario, the Public Accountant's Council, and all provincial CPA bodies
- \$5000 costs

---

## **MARGARET GOOD, former CPA, CGA**

1989, Brampton

**Rule:** Rule 108 – Conduct Unbecoming  
(Code of Ethical Principles and Rules of Conduct of CGA Ontario)  
Rule 201.1 – Maintenance of the good reputation of the profession  
Rule 207 – Unauthorized benefits

**Conduct:** Between July 2014 and May 2017, the member failed to act in a manner that maintained the good reputation of the profession by misappropriating funds from her employer and executing transactions for goods and services for which she or a third party personally benefited, without the knowledge of her employer.

**Finding:** On January 11, 2021, the member was found to have committed professional misconduct by breaching Rule 108 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario and Rule 201.1 and Rule 207 of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$35,000 fine
- Revocation
- Notice to all members of CPA Ontario and all provincial CPA bodies
- Newspaper publication

**Costs:** \$37,000

## **JONID HAMETAJ, CPA, CA**

2015, Hamilton

- Rule:** Rule 104.2(a) – Failure to cooperate with the regulatory process of CPA Ontario
- Conduct:** Between April 2020 through September 2020, the member failed to cooperate with the regulatory process of CPA Ontario in respect of three investigations by failing to reply promptly to communications from the Standards Enforcement Department of CPA Ontario.
- Finding:** On March 11, 2021, the member was found to have committed professional misconduct by breaching Rule 104.2(a) of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$8000 fine
  - Notice to all members of CPA Ontario and all provincial CPA bodies
- Costs:** \$3380

**This matter is currently under appeal.**

---

## **BRUCE D. HAWKINS, CPA, CA**

1988, Guelph (Settlement Agreement)

- Conduct:** The member failed to maintain generally accepted standards of practice with regard to six files.
- Terms:** On October 8, 2020, the following settlement terms were approved:
- \$7500 fine
  - Practice restriction
  - Notice to all members of CPA Ontario, the Public Accountant's Council, and all provincial CPA bodies
  - Publication of the terms of settlement in the Guelph Mercury newspapers
  - \$6000 costs

## **ATEET KAPADIA, CPA, CA**

2013, Toronto (Settlement Agreement)

**Conduct:** The member failed to maintain generally accepted standards of practice with regard to four files.

**Terms:** On November 17, 2020, the following settlement terms were approved:

- \$5000 fine
- Practice restriction
- Notice to all members of CPA Ontario, the Public Accountant's Council, and all provincial CPA bodies
- \$15,000 costs

---

## **HILDA LARBI, former CPA, CGA**

2016, Woodbridge

**Rule:** Rule 104.1 – Requirement to cooperate  
Rule 104.2(c) – Requirement to cooperate

**Conduct:** Between April 16 and July 28, 2020, the member failed to fully respond to and meet with the Investigator appointed by CPA Ontario and failed to attend before CPA Ontario as required by the Notice to a Member to Attend Before the Professional Conduct Committee of CPA Ontario.

**Finding:** On November 19, 2020, the member was found to have committed professional misconduct by breaching Rule 104.1 and Rule 104.2(c) of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$3000 fine
- Cooperation with the regulatory processes of CPA Ontario
- Notice to all members of CPA Ontario and all provincial CPA bodies

**Costs:** \$7,000

*As a result of her failure to comply with the terms of this Order, Ms. Larbi's membership with CPA Ontario was revoked, effective February 11, 2021.*

## **JONATHAN MACNEIL, CPA, CA**

2006, Oakville

- Rule:** Rule 206.1 - Failure to perform professional services in accordance with the generally accepted standards of the profession.
- Conduct:** From June 1, 2013 through March 31, 2014, while the engagement partner was auditing the consolidated financial statements of "PCAC" for the year ended September 30, 2013, gave an unqualified audit opinion, despite the audit containing numerous deficiencies.
- Finding:** On February 24, 2021, the member was found to have committed professional misconduct by breaching Rule 206.1 of the CPA Rules of Professional Conduct.
- Sanction:**
- Reprimand
  - \$75,000 fine
  - Notice to all members of CPA Ontario and all provincial CPA bodies
- Costs:** \$180,000

*This matter was appealed by the PCC and the appeal was abandoned.*

---

## **MICHAEL MAJEED, former CPA, CMA**

2009, Markham

- Rule:** Section 3.4(b) CMA Ontario Professional Misconduct and Code of Professional Ethics Regulation - Commission of acts discreditable to the profession
- Conduct:** The member participated in a fraudulent scheme and knowingly provided false information to a mortgage broker.
- Finding:** On May 27, 2020, the member was found to have committed professional misconduct by breaching section 3.4(b) of the CMA Ontario Professional Misconduct and Code of Professional Ethics Regulation of August 2011 and predecessor Regulations.
- Sanction:**
- Reprimand
  - \$75,000 fine
  - Not eligible to reapply for readmission to CPA Ontario for five years
  - Newspaper publication
- Costs:** \$5100

## **SEEMA MAKHIJA, former CPA, CGA**

2008, Brampton

**Rule:** Rule 201.1 – Maintenance of the good reputation of the profession  
Rule 202.2 – Integrity and due care and Objectivity  
Rule 205 – False or misleading documents and oral representations

**Conduct:** Between January 2017 and July 2018: the member, while acting as a mortgage broker, failed to properly administer a syndicated mortgage and supervise the use of those funds, enabling them to be diverted for purposes other than which they were intended; and while acting as a principal mortgage broker, associated herself with statements which she knew or should have known were false or misleading.

**Finding:** On June 15, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1, Rule 202.2 and Rule 205 of the CPA Code of Professional Conduct.

**Sanction:**

- Reprimand
- \$25,000 fine
- Revocation
- Newspaper publicity

**Costs:** \$30,000

**This matter is currently under appeal.**

---

## **ABDUL H. MOOSA, former CPA, CGA**

2015, Stouffville, 1984 Alberta (Settlement Agreement)

**Conduct:** The member: issued audit and review engagement reports while restricted from conducting assurance engagements and without properly registering as a professional accounting firm with CPA Alberta; failed to maintain professional competence and to adequately supervise employees providing professional services; failed to provide professional services with integrity and due care; and misled CGA Alberta practice inspectors and failed to cooperate with the investigator assigned from CPA Alberta. The member has been sanctioned for this conduct by CPA Alberta.

**Terms:** On June 29, 2020, the following settlement terms were approved:

- Revocation of membership
- Newspaper publicity
- \$3500 costs

## **MAYEER Y. PEARL, CPA, CA**

2000, York

- Rule:** Rule 201.1 – Maintenance of the good reputation of the profession  
Rule 205 – False or misleading documents and representations
- Conduct:** The member failed to maintain the good reputation of the profession and its ability to serve the public interest by removing electronic data from his firm upon resignation and by submitting a written response to CPA Ontario that he knew to be false, contrary to Rule 201.1 and Rule 205.
- Finding:** On November 10, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1 and Rule 205 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$12,500 fine
  - Professional Development courses
  - Notice to all members of CPA Ontario and all provincial CPA bodies
- Costs:** \$22,500
- 

## **EDWARD REMPEL, suspended CPA, CMA**

1983, Brampton (Settlement Agreement)

- Conduct:** The member attempted to persuade a former employee to withdraw a complaint made to a financial regulator and offered a financial incentive to do so, and then denied to the regulator he had done so, and failed to notify CPA Ontario that he was subject to the disciplinary processes of two different financial regulators.
- Terms:** On June 29, 2020, the following settlement terms were approved:
- Reprimand
  - \$10,000 fine
  - One-year suspension of membership
  - Newspaper publicity
  - \$7500 costs

## **TONY C. SANFELICE, former CPA, CMA, CGA**

1995, Mississauga

- Rule:** Rule 201.1 – Maintenance of the good reputation of the profession
- Conduct:** The member failed to act in a manner which maintained the good reputation of the profession by breaching the Securities Act, RSO 1990, c S.5 by, among other offences, acting in a manner that perpetrated a fraud on a number of investors.
- Finding:** On December 8, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$40,000 fine
  - Revocation
  - Notice to all members of CPA Ontario and all provincial CPA bodies
  - Newspaper publication
- Costs:** \$4100
- 

## **RUTH SEGUIN, former CPA, CGA**

2000, Hamilton

- Rule:** Rule 201.1 – Maintenance of the good reputation of the profession
- Conduct:** The member was convicted for defrauding her employer of more than \$3 million.
- Finding:** On November 17, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$65,000 fine
  - Revocation
  - Notice to all members of CPA Ontario and all provincial CPA bodies
  - Newspaper publication
- Costs:** \$2600

## **RENZO SILVERI, CPA, CGA**

1988, North Bay

- Rule:** Rule 105.1 – Hindrance, inappropriate influence and intimidation  
Rule 201.1 – Maintenance of the good reputation of the profession
- Conduct:** Between March and December 2017, while acting as Director of a condominium corporation, the member caused the company to pay legal fees incurred by him personally; caused the company to issue improper Notices of Lien on units; failed to remit funds owing and failed to ensure that the Board acted in accordance with the Condominium Act, 1998.
- Finding:** On October 26, 2020, the member was found to have committed professional misconduct by breaching Rule 105.1 and Rule 201.1 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$25,000 fine
  - Suspension
  - Notice to all members of CPA Ontario and all provincial CPA bodies
  - Newspaper publication
- Costs:** \$91,500
- 

## **JEFFREY SPICER, former CPA, CGA**

1985, Welland

- Rule:** Rule 201.1 – Maintenance of the good reputation of the profession  
Rule 209.1 – Borrowing from clients
- Conduct:** Between November 2015 and July 2018, the member misappropriated funds from various clients.
- Finding:** On August 10, 2020, the member was found to have committed professional misconduct by breaching Rule 201.1 and Rule 209.1 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$25,000 fine
  - Revocation
  - Newspaper publication
- Costs:** \$14,000

## **SADAQUAT TANWEER, CPA, CMA**

2011, Mississauga

- Rule:** Rule 3.4(b) – CMA Code of Professional Ethics  
Rule 201.1 – Maintenance of the good reputation of the profession
- Conduct:** Between June 2013 and May 2019, the member permitted a third party to impersonate him when acting in a mortgage agreement, and to claim commissions from his employing brokerage.
- Finding:** On November 30, 2020, the member was found to have committed professional misconduct by breaching section 3.4(b) of the CMA Code of Professional Ethics and Rule 201.1 of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$30,000 fine
  - Suspension
  - Notice to all members of CPA Ontario and all provincial CPA bodies
  - Newspaper publication
  - Professional Development
- Costs:** \$18,000

**This matter is currently under appeal.**

---

## **ROSLYN VALENTINE, former CPA, CMA**

2015, North York

- Rule:** Rule 104.2(a) – Requirement to cooperate
- Conduct:** Between November 14, 2019, and March 5, 2020, the member failed to fully respond to communications from CPA Ontario that specifically required a written response.
- Finding:** On July 8, 2020, the member was found to have committed professional misconduct by breaching Rule 104.2(a) of the CPA Code of Professional Conduct.
- Sanction:**
- Reprimand
  - \$3500 fine
  - Cooperation with the regulatory processes of CPA Ontario
- Costs:** \$4800



[facebook.com/CPAOntario](https://facebook.com/CPAOntario)



[@CPA\\_Ontario](https://twitter.com/CPA_Ontario)



[@gocpaontario](https://instagram.com/gocpaontario)



[linkedin.com/company/cpa-ontario](https://linkedin.com/company/cpa-ontario)

