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THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF:

ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST ALAN L. ANDREWS A SUSPENDED
MEMBER OF CPA ONTARIO,
BEFORE THE DISCIPLINE COMMITTEE

AGREEMENT

*Made pursuant to Section 34 (3) (c) of the Chartered
Professional Accountants of Ontario Act, 2017 and to
CPAO Regulation 7-1, s.22.4*

Introduction

1. The Professional Conduct Committee approved draft Allegations against Alan L. Andrews (Suspended) ("Andrews"). The documents referred to in this settlement agreement (the "Agreement") are contained in the Document Brief ("DOC").
2. The draft Allegations, pertain to Andrews' failure to register his practice and maintain professional liability insurance, and to his failure to maintain a Public Accounting Licence ("PAL") while engaged in the practice of public accounting with respect to the following: **Doc 1**
 - a. the issuance of the audited financial statements for the year ended December 31, 2014 report of "CC5XX" for the year ended December 31, 2014; **Doc 2**
and

- b. the issuance of approximately twenty-eight additional audited financial statements and/or review engagement reports for the years ended December 31, 2014 and 2015. **Doc 3**
3. The Professional Conduct Committee and Andrews agree with the facts and conclusions set out in this Agreement for the purpose of this proceeding only, and further agree that this agreement of facts and conclusions is without prejudice to Andrews in any other proceedings of any kind, including, but without limiting the generality of the foregoing, any civil or other proceedings which may be brought by any other person, corporation, regulatory body or agency

Background

4. In 1967, Andrews entered the five-year CA program and became a member of the Institute of Chartered Accountants of Ontario in 1972. Andrews articulated with Gray, Butcher, Frost and Co., Chartered Accountants from 1967 to 1974.
5. From 1975 to 2014, Andrews was a partner at Millard, Deslauriers & Shoemaker Chartered Accountants ("MDS"). He retired in 2014 and transitioned out of MDS. At the time of the transition, the engagements performed by Andrews were primarily assurance engagements with some additional taxation and consultant work.
6. After his retirement from MDS, Andrews retained approximately thirty clients, most of which were condominium corporation audits.
7. Currently, Andrews is a sole practitioner working from his home office in Scarborough, Ontario. Additionally, Andrews acts as an advisor to his brother's firm, David R. Andrews and Associates CPA. CA. Andrews utilizes his son, a non-licensed accountant, for assistance with some controller functions.

8. On February 8, 2017, Andrews' membership with CPA Ontario was suspended for not completing the required continuing professional development.

The Complaints

9. Andrews came to the attention of the Professional Conduct Committee by way of a complaint dated October 30, 2015. The complainant "JS" is a member of CPA Ontario working for "EAAI", an investigation company that specializes in condominium fraud. EAAI was contacted by "NN", a unit owner of CC5XX who expressed the concern that Andrews, without holding a valid PAL: (1) issued audited financial statements for CC5XX; and (2) offered commentary on his audit opinion during CC5XX's Annual General Meeting on October 29, 2015. **Doc 4**
10. On December 8, 2016, Mr. W. David Sanderson, FCPA, FCA, CFP, CPA (Illinois), was appointed to investigate.
11. Subsequent to Mr. Sanderson's appointment, CPA Ontario received a second complaint directly from the unit owner, "NN". In the complaint, NN confirmed that NN contacted EAAI and discussed the concerns. **Doc 5**

Allegation 1 – Practicing Public Accounting Without a Licence

12. In 2013, while still with MDS, Andrews accepted the engagement with CC5XX. On November 1, 2014, Andrews PAL expired due to his failure to fulfill his continuing professional development requirements ("CPD"). Between November 1, 2014 and July 2016 (the "Relevant Time") Andrews did not hold a valid PAL.
13. Nevertheless, on December 1, 2014, Andrews signed an engagement letter to perform the 2014 audit of CC5XX. **Doc 6**

14 Further, during the Relevant Time Andrews continued to practice public accounting as follows:

- i. on June 1, 2015, when he issued the financial statements of CC5XX for the year ended December 31, 2014; **Doc 2**
- ii. on June 1, 2015 when he issued without reservation, the audit opinion for CC5XX for the year ended December 31, 2014; and **Doc 2, page 27**
- iii. on October 29, 2015, when he offered commentary on the audit opinion at the annual general meeting. **Doc 7**

15. Andrews states he was aware his PAL expired prior to issuing the report and attending the AGM. **Doc 7**

16. Throughout 2015 and part of 2016, Andrews continued to perform audit engagements for his clients' 2014 and 2015 year ends without a PAL. Andrews performed approximately twenty-one review and/or audit engagements for clients whose fiscal years ended in 2014 or 2015. **Doc 3**

Allegation 2- Practicing without Registration & Liability Insurance

17. Andrews states that during the Relevant Time he continued to perform audit engagements for clients without a PAL, and was also providing accounting services to the public without having registered his practice with CPA Ontario, and without holding professional liability insurance. **Doc 3 and Doc 7**

18. Andrews states that during the Relevant Time he was aware of the requirements of bylaws 4.13 and 4.17, but did not register as a sole practitioner nor obtain insurance.

Acknowledgement

19. Andrews admits and acknowledges that he failed to maintain the good reputation of the profession and serve the public interest by continuing to perform audit and review engagements for his client's 2014 and 2015 year ends knowing that his PAL had expired. Andrews states that this conduct continued until he stopped performing such engagements in 2016, contrary to the CPA Ontario Code of Professional Conduct and Rules of Professional Conduct.
20. Andrews admits and acknowledges that he was aware of the requirements but that he did not register as a sole practitioner or obtain professional liability insurance after his departure from MDS, and while he was providing accounting services to the public in contravention of bylaws 4.13 and 4.17, as well as CPA Ontario Regulations 4-4 and 4-6
21. Andrews states and the Professional Conduct Committee accepts that the member has experienced significant and challenging personal circumstances which may have prevented him from completing the requirements of maintaining his license.
22. Andrews expresses remorse for his actions and has been forthcoming with CPA Ontario.

Terms of Settlement

23. Andrews and the Professional Conduct Committee agree to the following Terms of Settlement:
- a. A written reprimand;
 - b. Andrews will pay a fine in the amount of \$5,000;
 - c. Andrews irrevocably undertakes and agrees to the following:

- i. to file an irrevocable application to resign from membership in CPA Ontario with the Registrar within ten days of this Agreement receiving approval of the Discipline Committee;
 - ii. to surrender his Certificate of Membership in CPA Ontario to the Secretary to the Discipline Committee within ten days of this Agreement receiving approval of the Discipline Committee, and no later than he submits his application to resign;
 - iii. not to re-apply for membership in CPA Ontario;
 - iv. not to apply to be a licensed public accountant;
 - v. not to practice chartered professional accounting, or hold himself out as a CPA, CA or as a CPA, CGA;
 - vi. not to practice public accounting or hold himself out as a public accountant.
- d. Notification of the terms of this Agreement to be given to all members of CPA Ontario, the Public Accountants Council, and to CPA Provincial Bodies in accordance with section 22 of CPA Ontario Regulation 7-3;
- e. Publication of the terms of the Agreement on the CPA Ontario website in accordance with the provisions of section 26 of CPA Ontario Regulation 7-3;
- f. payment of costs in the amount of \$5,500;
- g. Andrews will be allowed 18 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to herein.
24. Should Andrews fail to comply with any of the terms of settlement, his membership in CPA Ontario shall be revoked with full publicity in accordance with section 23 of CPA Ontario Regulation 7-3.
25. Should the Discipline Committee accept this Agreement, Andrews agrees to waive his right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon the member fulfilling the requirements of this Agreement, the draft

allegations approved by the Professional Conduct Committee in March 2018, shall be forever stayed.

26. If for any reason this Agreement is not approved by the Discipline Committee, then:
- a. This Agreement and its terms, including all Settlement Negotiations between the Professional Conduct Committee and Andrews leading up to its presentation to the Discipline Committee, shall be without prejudice to the Professional Conduct Committee and Andrews; and
 - b. The Professional Conduct Committee and Andrews shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations, or negotiating a new Agreement, unaffected by this Agreement or the Settlement Negotiations.

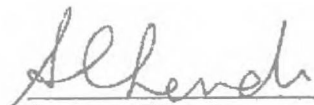
Disclosure of the Agreement


27. This Agreement and its terms will be treated as confidential by the Professional Conduct Committee and Andrews, until approved by the Discipline Committee, and forever if for any reason whatsoever this Agreement is not approved by the Discipline Committee, except with the written consent of the Professional Conduct Committee and Andrews, or, as may be required by law.

28. Any obligations of confidentiality shall terminate upon approval of the Agreement by the Discipline Committee.

All of which is agreed to for the purpose of this proceeding alone this 2018.

15th day of June


Swapna Chandra


Alan L. Andrews, (Suspended)
On his own behalf

On behalf of:
THE PROFESSIONAL CONDUCT COMMITTEE

