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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 BRIAN D.
MULLIGAN, CPA, CA, A MEMBER OF CPA
ONTARIO, BEFORE THE DISCIPLINE
COMMITTEE

SETTLEMENT 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 Brian D. Mulligan, CPA, CA ("Mulligan") **Doc 1**.
2. The draft Allegations pertain to Mulligan's failure to perform professional work in accordance with generally accepted standards of practice of the profession with respect to the following engagements:
 - a) the audit of the financial statements of "ASORC" for the year ended March 31, 2014; **Doc 4**
 - b) the audit of the financial statements of "CP Association" for the year ended October 31, 2015; **Doc 6** and
 - c) the audit of the financial statements of "JSC Ltd." for the year ended February 28, 2014. **Doc 8**

3. In addition, the draft Allegations pertain to Mulligan's failure to respond in writing to communications from the Director of Standards Enforcement of CPA Ontario to which written replies were required, with respect to two complaints made against him.
4. The documents referred to in this agreement are found in the Document Brief ("**Doc**"). The applicable *CPA Canada Handbook* sections are found in the Brief of Authorities ("**Tab**").
5. The Professional Conduct Committee ("**PCC**") and Mulligan agree with the facts and conclusions set out in this settlement agreement for the purpose of this proceeding only, and further agree that this agreement of facts and conclusions is without prejudice to Mulligan 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 of the Member

5. Mulligan received his CA designation in 1973 while working in the Toronto office of PriceWaterhouse Coopers ("**PWC**"). He worked as an Audit Supervisor and Manager in PWC's Toronto and Ottawa offices prior to registering as a sole practitioner with the ICAO in 1985. He has been at his current office location in Nepean since 1999.
6. At all material times, Mulligan's practice consisted mainly of bookkeeping, preparation of tax returns, payrolls, and non-assurance engagements. He completes roughly 600 personal income tax returns annually, as well as 40 compilation engagements for small incorporated businesses. In addition, Mulligan completes 3 audit engagements for two not-for-profit organizations and one investment company. He has no review engagements.

7. **Mulligan holds a valid public accounting licence.**
8. **The member has 3 full time, non-designated employees. Their duties are limited to bookkeeping and payrolls. Mulligan is largely responsible for the preparation of T1's and the compilation and audit working paper files and financial statements.**
9. **The member does not use practice management software for scheduling his workload, time records, or invoices. He does not record his own hours and each staff person maintains a record of their hours on a spreadsheet Mulligan uses these hours, an estimate of his time, and the previous year's invoice to prepare the current year's invoices. Mulligan uses TaxPrep and Caseware to prepare tax returns and working paper files.**
10. **Mulligan has no off-site storage for working paper files. Ten years of personal tax return files and 15 years of compilation and audit files are stored in boxes in his office, hallways and reception area. At the time of the investigation no arrangements were planned for off-site storage.**
11. **Mulligan does not have a Practice Quality Control Manual. He accesses the CPA Canada *Handbook* and the CPA Ontario *Member's Handbook* online. Although he formerly conferred with another member from time to time on practice matters, that individual is now deceased. Mulligan currently maintains no association with other professional accountants.**
12. **Mulligan came to the attention of the PCC as a result of a report received from the Practice Inspection Committee dated January 28, 2015. The referral was made following a partial re-inspection of his practice in 2011, a full re-inspection in 2013, and a further inspection in 2014. Doc 2 Mulligan replied to the complaint against him on May 4, 2015. Doc 3**
13. **Mr. Robert Robertson, CPA, CA, was appointed to investigate.**

14. In the fall of 2015, while the investigation into Mulligan's standards of practice was ongoing, Standards Enforcement received two additional complaints with respect to Mulligan from members of the public.

Allegation 1 – The Audit of the Financial Statements of ASORC for the year ended March 31, 2014

15. ASORC has been a client of Mulligan's since 1987. It employs over 30 people and provides care and guidance to patients and caregivers in the Ottawa area. The operations are funded by charitable donations, fundraising activities and government grants. Mulligan attends at the ASORC office for two weeks to conduct the audit, prepares audited financial statements and CRA filings and reports to a Board of Directors.
16. The financial statements for ASORC for the year ended March 31, 2014 are reproduced in the Document Brief at Doc 4.
17. Mulligan signed the Independent Auditor's Report and prepared and issued the financial statements on or about May 23, 2014. Doc 4 Pg. 4002

Statement of Financial Position – Disclosure and Classification (1 a)

18. Investments of \$669,985 are inappropriately classified as current assets. *CPA Canada Handbook Part II Section 1510.03* requires that only assets realizable within one year from the date of the balance sheet be classified as a current asset. Tab 1, Doc 4 Pg. 4003
19. The member's file does not identify which investments are realizable within one year however his file documents investments in mutual funds and equities.

20. Cash of \$331,522 and Investments of \$669,985 are in part subject to restrictions and are inappropriately fully classified as current assets. *CPA Canada Handbook Part II Section 1510.07* requires the amount that cannot be utilized to satisfy current obligations to be excluded from current assets. **Tab 1 , Doc 4 Pg. 4003**
21. Deferred revenues of \$111,577 for the purchase of capital assets are incorrectly disclosed as a current liability. *CPA Canada Handbook Part II Section 1510.08* requires the long term portion to be disclosed as a long term liability. **Tab 1 , Doc 4 Pg. 4003**
22. The member's file did not identify the current and long term portion, but working papers document that the deferred revenue is being amortized and included in revenue over the same period that the equipment purchased is being amortized.

Financial Instruments (1 b)

23. Investments of \$669,985 were not measured at fair value. *CPA Canada Handbook Part II Section 3856.12* requires changes in the fair value to these financial instruments to be recognized in net income in the period incurred. An increase of \$40,000 is not otherwise recorded in the financial statements but is reported in Note 5. **Tab 4 , Doc 4 Pg. 4003**

Engagement Letter (1 c)

24. The engagement letter does not include the expected form and content of any reports. CAS 210 para. 10 requires a reference to the expected form and content of any reports and a statement that there may be circumstances in which the report may differ from the expected form and content. **Tab 7, Doc 5 Pg. 5016-5021**

Engagement Quality Control Review (1 d)

25. Mulligan did not evaluate the requirement for an engagement quality control review. CSQC 1 para. 35 provides specific criteria against which the auditor is to evaluate this requirement. Tab 6

Preliminary Analytical Procedures (1 e)

26. Preliminary analytics were not performed. CAS 240 paras. 16, 22 and CAS 315 para. 6 require analytic procedures be performed in developing risk assessments and overall audit planning. Tab 9, 11 In developing the risk assessment, the auditor shall consider whether unusual or unexpected relationships exist and include analytical procedures relating to revenue.

Materiality (1 f)

27. The member's file included a Materiality calculation determining the materiality as \$20,000. Doc 5 Pg. 5031-5033 CAS 320 paras. 10, 11 Tab 12 require the auditor to determine materiality for the purpose of assessing the risk of error and determining the nature, timing and extent of audit procedures.
28. There is no evidence that materiality was considered in determining audit procedures.

Risk of Material Misstatement (1 g)

29. Fraud risk factors were not considered in assessing the risks of material misstatement. The auditor shall consider whether other information obtained from other risk assessment procedures indicates risks of material misstatement due to fraud. CAS 240 para.s A23-A27 provides a list of fraud risk factors to be taken into consideration by the auditor. Tab 9

30. The risk of material misstatement, including the risk of material misstatement due to fraud, was not assessed at the financial statement level or at the assertion level for classes of transactions, account balances, and disclosures to provide a basis for designing and performing further audit procedures. The assessed risk of material misstatement, along with the effectiveness of internal controls, would then be considered together to determine the nature, timing and extent of further audit procedures necessary to reduce the audit risk to an acceptable level. CAS 240 para. 25, CAS 315 paras. 25-26, 32
Tab 9, 11

Discussions with Management; Management Communications to Employees (1 h, i)

31. Except for the note in the Engagement Letter, **Doc 5 Pg. 5016-5021** there is no documented evidence that Mulligan discussed with management their knowledge of an actual, suspected or alleged fraud, their assessment that the financial statements may be materially misstated due to fraud and the processes they undertook for identifying and responding to the risk of fraud. CAS 240 paras. 17-18, CAS 315 para. 6 Tab 9, 11

32. CAS 240 para. 18 requires management's assessment that the financial statements might be materially misstated due to fraud. There is no evidence that this assessment was considered. Tab 9

33. CAS 240 para. 17 and CAS 315 para. 6 require evidence that management had communicated to employees its views on ethical business practices and the processes for identifying and responding to the risk of fraud and error. There is no documentation of this communication. Tab 9, 11

Audit Procedure – Risk of Material Misstatement (1 j)

34. Mulligan did not document the audit procedures whose nature, timing and extent that are responsive to the assessed risks of material misstatement at the assertion level, including risks of material misstatement due to fraud. The auditor's assessment of the identified risks at the assertion level provides a basis for considering the appropriate audit approach for designing and performing audit procedures. The auditor is required to include in the audit documentation the linkage of those procedures with the assessed risks at the assertion level. CAS 240 paras. 28-30, 45; CAS 300 para. 9, CAS 330 paras. 5-7, 28 **Tab 9, 10, 13**

Testing of Journal Entries (1 k)

35. The audit procedures did not comply with CAS 240 para. 32 and CAS 330 para. 20 in that the journal entries were not tested for unauthorized entries of management override. **Tab 9, 13**

Documentation (1 l, m)

36. The substantive audit procedures performed on material classes of transactions and account balances were not sufficiently documented with respect to:
- a. HST paid – no documentation of testing for reasonableness of total amounts paid during the year, in addition to substantive procedures with respect to year-end returns/balances;
 - b. Revenues – there was no documentation of completeness, occurrence, accuracy or cut-off. CAS 330 paras. 18, 25-28, 30; CAS 500 para. 6 **Tab 13, 15**

37. The entity used a service organization to process certain transactions. Documentation of risk assessment procedures did not include an understanding and assessment of how the entity use the services of the service organization in the entity's operations, including evaluation of the design and implementation of relevant controls at the entity that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization. CAS 402 paras. 9-12 Tab 14

Analytical Procedures – End of Engagement (1 n)

38. Mulligan did not perform analytic procedures near the end of the engagement to ensure that the financial statements were consistent with his understanding as required by CAS 520 paras. 5, 6. Tab 17

Allegation 2 - The Audit of the Financial Statements of CP Association for the Year Ended May 31, 2015

39. A client of Mulligan's since 2005, the Association has over 450 members and 3 full time employees. The organization represents parking lot owners and contractors, issues a quarterly newsletter and is funded by annual membership fees. The client records are delivered to Mulligan's office and he prepares audited financial statements and reports directly to the Association's Board of Directors.
40. The financial statements for CP Association for the year ended May 31, 2015 are reproduced in the Document Brief at Doc 6.
41. Mulligan signed the Independent Auditor's Report and prepared and issued the financial statements on or about October 15, 2015. Doc 6 Pg. 6002-6003

Guaranteed Investment Certificates (2 a)

42. There is no documentation in the file concerning the guaranteed investment certificates of \$353,876. The member failed to obtain sufficient appropriate audit evidence to support the Statement of Financial Position item "Guaranteed Investment Certificates 353,876." Doc 6 Pg. 6004 CAS 330 paras. 18, 25-28, 30 and CAS 500 para. 6 Tab 13, 15

Statement of Financial Position – Disclosure and Classification (2 b)

43. The guaranteed investment certificates of \$353,876 are inappropriately classified as current assets. There is no documentation in the file with respect to these assets, including no information as to when they are realizable. *CPA Canada Handbook* Part II Section 1510.03 requires that only assets realizable within one year from the date of the balance sheet be classified as a current asset. Doc 6 Pg. 6004 Tab 1
44. The Statement of Financial Position item "Cash 82,817" is in part subject to restrictions and is inappropriately fully classified as a current asset. Note 4 to the financial statements identifies \$48,049 in a restricted surplus for use in future periods. *CPA Canada Handbook* Part II Section 1510.07 requires the amount that cannot be utilized to satisfy current obligations to be excluded from current assets. Tab 1 Doc 6 Pg. 6010
45. An investment relating to the reserve surplus of \$48,049 was included in cash and cash equivalents. *CPA Canada Handbook* Part II Section 1540.08 requires that only cash equivalents held for the purpose of meeting short term cash commitments be classified as cash equivalents. Tab 2

Government Remittances (2 c)

46. Amounts payable at the end of the period with respect to payroll remittances were not disclosed as required by *CPA Canada Handbook* Part II Section 1510.15. Tab 1

Significant Accounting Policies (2 d)

47. *CPA Canada Handbook* 4410.10 requires a not-for-profit organization to recognize contributions in accordance with the deferral or restricted fund method. The deferral method requires contributions with externally imposed restrictions be deferred until the restriction has been fulfilled. There is no documentation concerning the deferred revenue of \$82,039 or disclosure of the method used to account for these contributions. Tab 5 Doc 6 Pg. 6004

Safeguarding Threats to Independence (2 e)

48. Mulligan's staff prepares the payroll for this client. Although Mulligan identified this threat, CAS 220 para. 11 and RPC 204-204.6 require the auditor to document that sufficient safeguards have been identified and applied to reduce the threat to independence to an acceptable level. The auditor issued an opinion in respect of the engagement but there is no documentation of safeguards taken to reduce the threat to independence. Tab 8

Engagement Quality Control Review (2 f)

49. Mulligan did not evaluate the requirement for an engagement quality control review. CSQC 1 para. 35 provides specific criteria against which the auditor is to evaluate this requirement. Tab 6

Materiality (2 g)

50. The member calculates materiality as \$5,000 and the working paper files include a discussion concerning fraud and the risk of a material misstatement in the financial statements due to fraud and error. However, there is no evidence that the audit procedures adopted relate to these assessed risks and materiality. For example, the member has failed to identify the risk that Membership Revenues may not be complete. There are no audit procedures to determine the completeness of Revenues or to ensure proper cut-off. **Doc 7 Pg. 7025**
51. CAS 320 paras. 10, 11 **Tab 12** require the auditor to determine materiality and performance materiality for the purpose of assessing the risk of error and determining the nature, timing and extent of audit procedures.

Engagement Letter (2 h)

52. There is no written agreement with management on the terms of the engagement. CAS 210 paras. 9-10 and CAS 300 para. 6 require the auditor to establish a written understanding of the engagement. **Tab 7, 10**

Management Communications to Employees (2 i)

53. CAS 240 para. 17 requires evidence that management had communicated to employees its views on ethical business practices and the processes for identifying and responding to the risk of fraud and error. There is no documentation of this communication. **Tab 9**

Risk of Material Misstatement (2 j)

54. Mulligan did not assess the risk of material misstatement at the financial statement level or at the assertion level for classes of transactions, account

balances and disclosure as required by CAS 240 para. 25, and by CAS 315 paras. 25-26 and 32. Tab 9, 11

Documentation (2 k, l)

55. The member did not document audit procedures whose nature, timing and extent respond to assessed risks of material misstatement, including the risk of material misstatement due to fraud. CAS 240 paras. 28-30, 45; CAS 300 para. 9; CAS 330 paraas. 5-7, 28 Tab 10, 13

56. The substantive audit procedures performed on material classes of transactions an account balances were not sufficiently documented with respect to:

- a. Accounts payable cut-off – agreement to suppliers' statements (existence, completeness and valuation) and search for unrecorded liaibilities (completeness);
- b. HST reasonability– no documentation of testing for reasonableness of total amounts paid during the year, in addition to substantive procedures with respect to year-end returns/balances;
- c. Membership revenue – there was no documentation of completeness, occurrence, accuracy or cut-off. Doc 7 Pg. 7053 CAS 330 paras. 18, 25-28, 30; CAS 500 para. 6 Tab 13, 15

Analytical Procedures – End of Engagement (1 m)

57. Mulligan did not perform analytic procedures near the end of the engagement to ensure that the financial statements were consistent with his understanding as required by CAS 520 paras. 5, 6. Tab 17

Litigation and Claims (2 n)

58. The member did not perform any audit procedures to identify litigation and claims in accordance with the requirements of CAS 501 para. 9. **Tab 16**

Allegation 3 - The Audit of the Financial Statements of JSC Ltd. for the Year Ended February 28, 2014

59. This corporation has been Mulligan's client since 1993. Its sole shareholder, "CS" has requested that Mulligan review all of his investment transactions, prepare the accounting records and prepare and issue and audit report. The financial statements are provided to lenders to support a personal line of credit. In 2015, this engagement was changed to be a compilation.
60. The financial statements for JSC Ltd. for the year ended February 28, 2014 are reproduced at **Doc 8**.
61. Mulligan signed the Independent Auditor's Report and prepared and issued the financial statements on or about July 10, 2014. **Doc 8 Pg. 8002**

Statement of Financial Position – Disclosure and Classification (3 a)

62. Investments of \$631,542 are inappropriately classified as current assets. **Doc 8 Pg. 8003** They include some fixed income securities that have maturity dates beyond one year. *CPA Canada Handbook Part II Section 1510.03* requires that only assets realizable within one year from the date of the balance sheet be classified as a current asset. **Tab 1**

Financial Instruments (3 b)

63. Investments of \$631,542 were not measured at fair value. Doc 8 Pg. 8003, 8007 CPA Canada Handbook Part II Section 3856.12 requires changes in the fair value to these financial instruments to be recognized in net income in the period a change occurs. An increase of over \$5,000 is not otherwise recorded in the financial statements but is reported in Note 5. Tab 4

Significant Accounting Policies – Revenue Recognition (3 c)

64. The significant accounting policy for revenue recognition is incorrectly disclosed. Note 2b states that revenue is reported on the accrual method, but unrealizable gains in the value of investment are not recorded. Doc 8 Pg. 8006 CPA Canada Handbook 3400.31 Tab 3

Engagement Letter (3d)

65. The engagement letter Doc 9 Pg. 9001-9005 does not include the expected form and content of any reports. CAS 210 para. 10 requires a reference to the expected form and content of any reports and a statement that there may be circumstances in which the report may differ from the expected form and content. Tab 7
66. In addition, the terms of the engagement, including the work to be performed by the auditor, are not documented in the letter.

Engagement Quality Control Review (3 e)

67. Mulligan did not evaluate the requirement for an engagement quality control review. CSQC 1 para. 35 provides specific criteria against which the auditor is to evaluate this requirement. Tab 6

Materiality (3 f)

68. There is no documentation of the amounts and factors considered in determining materiality, either for the financial statements as a whole, for particular classes of transactions, account balances or disclosures, or for performance materiality for purposes of assessing risks of material misstatement. The member has assessed materiality at \$0 based on the shareholder's request that all transactions be reviewed. Doc 9 Pg. 9020 CAS 320 paras. 10-11 Tab 12

Preliminary Analytical Procedures (3 g)

69. Analytic procedures were not performed as part of the risk assessment to obtain an understanding of the entity and its environment as required by CAS 240 paras. 16, 22 and CAS 315 para. 6. Tab 9, 11 In developing the risk assessment, the auditor shall consider whether unusual or unexpected relationships exist and include analytical procedures relating to revenue.

Discussions with Management – Fraud Risk (3 h)

70. As part of the risk assessment there is no documentation or discussion with the shareholder regarding fraud and fraud risk factors including knowledge of any actual, suspected or alleged fraud, their assessment that the financial statements may be materially misstated due to fraud and the processes they undertook for identifying and responding to the risk of fraud. The member did not document audit procedures where a response to these risks was required. CAS 240 paras. 17-18; CAS 315 para. 6 Tab 9, 11

Risk of Material Misstatement (3 l)

71. The risk of material misstatement, including the risk of material misstatement due to fraud, was not assessed at the financial statement level or at the assertion level for classes of transactions, account balances, and disclosures to provide a basis for designing and performing further audit procedures. CAS 240 para. 25, CAS 315 paras. 25-26, 32 Tab 9, 11

72. Fraud risk factors were not considered in assessing the risks of material misstatement. The auditor shall consider whether other information obtained from other risk assessment procedures indicates risks of material misstatement due to fraud. CAS 240 para.s A23-A27 provides a list of fraud risk factors to be taken into consideration by the auditor. Tab 9

Documentation (3 j, k, l)

73. The member did not document audit procedures whose nature, timing and extent respond to assessed risks of material misstatement, including the risk of material misstatement due to fraud. CAS 240 paras. 28-30, 45; CAS 300 para. 9; CAS 330 paras. 5-7, 28 Tab 9, 10, 13

74. The substantive audit procedures performed on material classes of transactions and account balances were not sufficiently documented with respect to payroll or revenue. CAS 330 paras. 18, 25-28, 30; CAS 500 para. 6 Tab 13, 15

75. A subsequent events review was not documented as required by CAS 560 paras. 6-8. Tab 18

Allegations 4 & 5 – Failure to Co-Operate with the Regulatory Processes of CPA Ontario

Letter of April 28, 2016

76. On September 23, 2015, the Director of Standards Enforcement wrote to Mulligan in respect of a complaint received from "CD," his former client. Mulligan's written response was required by October 15, 2015 however he did not respond. The complaint related to timeliness of completion of tax returns and the release of books and records.
77. Standards Enforcement sent additional correspondence to Mulligan on November 11, 2015, and on December 11, 2015, each time enclosing the prior related correspondence, and requiring his reply in writing by a given deadline. Again Mulligan did not respond.
78. The Director wrote to Mulligan again on January 19, 2016, requesting his written response to CD's complaint by February 16, 2016. Mulligan replied on that date, indicating that a close relative had died, and requesting an extension of time until February 26, 2016. That extension was granted. On February 25, 2016 Mulligan requested an additional few days to provide his response however it was not submitted.
79. On March 18, 2016 the Director wrote to Mulligan again, this time requiring his written response by March 28, 2016, indicating that no further extensions would be granted. Mulligan responded to the complaint on March 28, 2016.
80. The Director sent a follow-up letter to Mulligan on April 28, 2016, requesting additional information from him to clarify the responses he had provided. He was reminded of his obligation to cooperate with the regulatory process

of CPA Ontario, and advised that his written response was required by May 13, 2016, stipulating that no extensions would be granted.

81. As at June 21, 2016, the date on which the PCC met to consider the report of the investigator related to Mulligan's standards of practice, he had not provided the additional information requested however he did travel from Ottawa to attend and meet with the PCC.

Letters of January 19, and March 21, 2016

82. On November 11, 2015, the Director of Standards Enforcement wrote to Mulligan in respect of a complaint received from "BNT," his former clients. Mulligan's written response was required by December 4, 2015 however he did not respond. The complaint related to a failure to complete work related to an RRSP over-contribution, and the return of client tax records.
83. Standards Enforcement sent additional correspondence to Mulligan on December 14, 2015, enclosing the prior related correspondence, and requiring his reply in writing by January 8, 2016. Again Mulligan did not respond.
84. The Director wrote to Mulligan again on January 19, 2016, requesting his written response to CD's complaint by February 16, 2016. Mulligan replied on that date, indicating that a close relative had died, and requesting an extension of time until February 26, 2016. That extension was granted. On February 25, 2016 Mulligan requested an additional few days to provide his response however it was not submitted.
85. On March 21, 2016 the Director wrote to Mulligan again, this time requiring his written response by April 4, 2016, indicating that no further extensions would be granted.

86. Mulligan contacted Standards Enforcement staff by telephone on April 28, 2016, at which time he agreed to provide his written response to the BNT complaint by May 6, 2016.
87. As at June 21, 2016, the date on which the PCC met to consider the report of the investigator related to Mulligan's standards of practice, he had not provided a written response to the letters of January 19 and March 21, 2016 as required however he did travel from Ottawa to attend and meet with the PCC.

Acknowledgement

88. It is agreed that, with respect to the audit of the financial statements of ASORC for the year ended March 31, 2014, the audit of the financial statements of CP Association for the year ended May 31, 2015, and the audit of the financial statements of JSC Ltd. for the year ended February 28, 2014, Mulligan failed to perform his professional services in accordance with generally accepted standards of practice of the profession, including the recommendations set out in the *CPA Canada Handbook*, in the manner described above.
89. It is agreed that Mulligan failed to promptly reply in writing to three communications from CPA Ontario to which a written reply was specifically required, and did thereby fail to co-operate with the regulatory process of CPA Ontario, in the manner described above.

Considerations Supporting Settlement

90. Mulligan states that he has given up performing assurance engagements.
91. Mulligan met with the PCC on June 21, 2016 to discuss the issues arising out of the investigation into his standards of practice, and his

unresponsiveness to correspondence from the Director of Standards Enforcement.

92. Mulligan states and the PCC accepts that commencing in the fall of 2015, the member began to experience personal medical difficulties requiring extensive medication and medical examinations. These issues and complications arising from them from time to time had the effect of delaying the investigation into Mulligan's standards, in that due to medical appointments and procedures, and due to periods of infirmity he was unable to meet with the investigator. The passing of a close relative also caused Mulligan to delay his interview with the investigator. Although Mulligan cancelled his scheduled interviews on several occasions, he was not unresponsive to the PCC investigator.
93. The PCC further accepts that Mulligan experienced these personal difficulties contemporaneously with his failures to provide written responses to the Director of Standards Enforcement about the CD and BNT complaints, which correspondence began in late September, 2015 as noted above. At the time of his meeting with the PCC, Mulligan acknowledged that he understood his obligation to respond.
94. Subsequent to his meeting with the Professional Conduct Committee, Mulligan cooperated with Standards Enforcement by providing written responses to the three letters from the Director related to the complaints as required.

Terms of Settlement

95. Mulligan and the Professional Conduct Committee agree to the following Terms of Settlement:

- a) Mulligan will pay a fine in the amount of \$5,000 within 24 months of this agreement receiving approval of the Discipline Committee;
 - b) Mulligan's practice will be restricted to non-assurance engagements, restricting him from performing audit or review engagements;
 - c) Mulligan will pay costs in the amount of \$11,700 within 24 months of this agreement receiving approval of the Discipline Committee;
 - d) Notice of the terms of this Settlement is to be published in accordance with the provisions of CPA Ontario Regulation 7-3, s. 22, including notice to be given to all members of CPA Ontario, the Public Accountant's Council, and to all provincial bodies; and
 - e) A failure by Mulligan to comply with any of the terms of settlement will result in his suspension from membership in CPA Ontario which suspension will continue until he complies PROVIDED THAT if his suspension under this section continues for three months his membership in CPA Ontario will be revoked with full publicity in accordance with Regulation 7-3 s.23.
96. Should the Discipline Committee accept this Settlement Agreement, Mulligan agrees to waive his right to a full hearing, judicial review or appeal of the matter subject to the Settlement Agreement. Upon the member fulfilling the requirements of this Settlement Agreement, the draft allegations approved by the Professional Conduct Committee and dated November, 2016, shall be forever stayed.
97. If for any reason this Settlement Agreement is not approved by the Discipline Committee, then:
- a) This Settlement Agreement and its terms, including all Settlement Negotiations between the Professional Conduct Committee and Mulligan leading up to its presentation to the Discipline Committee,

shall be without prejudice to the Professional Conduct Committee and Mulligan; and

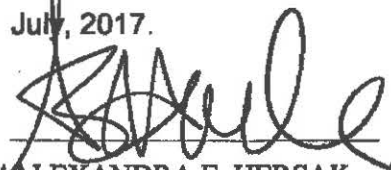
- b) The Professional Conduct Committee and Mulligan shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations, or negotiating a new Settlement Agreement, unaffected by this Settlement Agreement or the Settlement Negotiations.


Disclosure of Settlement Agreement

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

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

All of which is agreed to for the purpose of this proceeding alone this 31st day of July, 2017.


ALEXANDRA E. HERSAK


BRIAN D. MULLIGAN, CPA, CA,
on his own behalf

On behalf of:
THE PROFESSIONAL CONDUCT COMMITTEE