

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

DISCIPLINE COMMITTEE

IN THE MATTER OF: A proposed Settlement Agreement between the Professional Conduct Committee of the Chartered Professional Accountants of Ontario and **GEOFFREY DUKE-MAINYE OSINDE, CPA, CGA.**

TO: Mr. Geoffrey Duke-Mainye Osinde

AND TO: The Professional Conduct Committee

DECISION MADE MARCH 4, 2019

DECISION

After considering the submissions of the parties and the proposed Settlement Agreement itself, the Panel hereby approves the Settlement Agreement, dated January 31, 2019.

DATED at Toronto, this 4th day of March, 2019.



Randal Adamkowski, CPA, CA
Discipline Committee – Deputy Chair



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CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT AGAINST
GEOFFREY DUKE-MAINYE OSINDE, CPA, CGA, 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 Regulations 6-2, s. 19 and 15-1, s. 26.4.**

INTRODUCTION

1. The Professional Conduct Committee ("PCC") approved draft Allegations against Geoffrey Duke-Mainye Osinde, CPA, CGA ("Osinde"). The documents referred to in this settlement agreement are found in the **Document Brief ("Doc")**. The applicable CPA Handbook sections are found in the **Brief of Authorities ("Tab")**.
2. The draft Allegations (**Doc 1**) pertain to Osinde's failure to maintain a Public Accounting License ("PAL") while engaged in the practice of public accounting; his failure to obtain a written agreement to preserve confidentiality; his failure to maintain working papers and documentation; and his failure to perform professional work in accordance with generally accepted standards of the profession with respect to the following engagements:
 - a) the audit of the financial statements of ACFOLA for the years ended December 31, 2012 to 2014; and



- b) the compilation engagement for ACFOLA for the year ended December 31, 2015.
3. The PCC and Osinde 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 Osinde 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

4. Osinde came to Canada in 2003. Prior to coming to Canada, he previously lived in Kenya.
5. Osinde obtained his CGA designation in September 2010. He has worked in industry since coming to Canada in 2003 and continues to do so.
6. Since September 2017, Osinde has been employed as controller at DA in London, Ontario.
7. Osinde practices through OBG Consulting ("OBG") which was started in or about 2014/2015 and was registered with CPA Ontario in 2015. OBG was incorporated in May 2017.
8. Osinde employs a part-time bookkeeper who does not have professional qualifications. Osinde has never held a PAL.
9. Osinde states that he has copies of the *CPA Canada Handbooks – Accounting and Assurance*. Osinde states that he has accessed the CPA Ontario Member's Handbook online.

BACKGROUND OF THE COMPLAINT

10. This matter came to the attention of the PCC on July 28, 2017 by way of a self-report from Osinde. Osinde disclosed that he had performed an audit engagement for a Not-for-Profit organization, ACFOLA, for the years ended December 31, 2012-2014, without a PAL.
11. Upon review of the documentation provided by Osinde, it appeared to Standards Enforcement staff that the financial statements were not prepared in accordance with the requirements of



the *CPA Canada Handbooks – Assurance and Accounting* and that the audit may not have been performed following Generally Accepted Auditing Standards. On December 19, 2017, the PCC appointed Mr. C Dirk Joustra, CPA, CA, (the “Investigator”) to investigate the member’s standards of practice. As part of his investigation, the Investigator reviewed the member’s standards of practice in relation to the following engagements:

- a) The audit engagement for ACFOLA for the years ended December 31, 2012 to 2014; and
- b) The compilation engagement for ACFOLA for the year ended December 31, 2015.

Allegation 1 – Practicing Public Accounting Without a Licence

- 12. On July 28, 2017 Osinde self-reported to the PCC that he had performed an audit engagement for a Not-for-Profit organization without a PAL. The audit engagement in question is for ACFOLA for the years ended December 31, 2012 to 2014.
- 13. Osinde indicated it was his intention to provide an audit report in collaboration with QZEE Accounting Services (“QZEE”), who Osinde believed were licensed to practice accounting in Ontario.
- 14. Osinde subsequently discovered that QZEE is not a firm registered with CPA Ontario and is not licensed to practice public accounting.
- 15. Osinde signed the Auditor’s Report as OBG even though he does not have a PAL (**Doc 2**). While the report is undated, documentation provided by Osinde indicates that the engagement was completed between June 2015 and December 2015.
- 16. Osinde has recently received guidance for performing an assurance engagement without holding a PAL. In November 2016, Osinde was given the following guidance:

In November 2016, the Professional Conduct Committee (the Committee) drew the member’s attention to Rule 101, which requires a member to comply with CPA Ontario bylaws, regulations and rules. The Committee advised that, as a member of CPA Ontario, it was the member’s responsibility to be aware of all bylaws, regulations and rules, including the respective requirements of registering a firm where he provide accounting services to the public and holding a PAL when providing audit or review deliverables. Likewise, as a



member of CGA Ontario, he was required to follow the CGA Ontario bylaws, regulations and Code of Ethical Principles and Rules of Conduct.

The Committee accepted the member's explanation that it was never his intention to issue a review engagement report, nor will he be seeking a PAL to provide such services. Furthermore, the Committee noted that he had remedied that particular situation. The Committee has also acknowledged that he had since registered his firm and was providing services that qualified as provision of accounting services to the public through that firm, in accordance with bylaws and regulations of CPA Ontario.

17. Osinde did not disclose the ACFOLA audit engagement in the course of the review of the above noted matter, despite specifically being asked whether he performed any other assurance engagements.
18. Based on the Investigator's review of Osinde's invoices (although not complete), it does not appear that Osinde performed any other assurance engagements. Osinde states that he has not performed any other assurance engagements.

Failure to Maintain Professional Standards: Allegations 2 and 3

Allegation 2 – The Audit of the Financial Statements of ACFOLA for the years ended December 2012 to 2014

19. The financial statements for ACFOLA for the years ended December 2012 to 2014, together with the Auditor's Report were signed by Osinde. The report is undated however, the (unsigned) representation letter is dated August 8, 2015. (DOC 2, 3, 4).

Particular 2 (a): Form and Content of Auditor's Report

20. Osinde failed to ensure that the Auditor's Report was accurate in the form and content prescribed by the Canadian Auditing Standards ("CAS").
21. The reporting standards are set out in *CPA Canada Handbook – Assurance CAS 700, Forming an Opinion and Reporting on Financial Statements. (Tab 1)*
22. CAS 700.24-.27 deals with management's responsibility for the financial statements. Paragraph 700-25 requires that the Auditor's Report include a section with the heading "Management's Responsibility for the Financial Statements." The Auditor's Report for ACFOLA



does not have a heading "Management's Responsibility for the Financial Statements", the disclosure is not in accordance with CAS 700 and is therefore inadequate.

23. CAS 700.28-.33 deals with the auditor's responsibility. Paragraph 700.28 requires that the Auditor's Report includes a section with the heading "Auditor's Responsibility". The Auditor's Report for ACFOLA does not have a heading "Auditor's Responsibility", the disclosure is not in accordance with CAS 700 and is therefore inadequate.
24. CAS 700.34-.37 deals with the Auditor's Opinion. Paragraph CAS 700.34 requires that the Auditor's Report includes a section with the heading "Opinion". The Auditor's Report for ACFOLA does not have a heading "Opinion", however the opinion paragraph is in accordance with CAS 700.
25. *CPA Canada Handbook – Assurance, CAS 705 (Tab 2)* deals with Modifications to the Opinion in the Independent Auditor's report. Paragraph 705.7 indicates when the auditor shall express a qualified opinion:
 - (a) *The Auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or*
 - (b) *The auditor is unable to obtain sufficient audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.*
26. Since ACFOLA received contributions and donations from businesses and individuals, the completeness of which is not susceptible to satisfactory audit verification, Osinde should have issued a qualified opinion rather than a "clean" opinion.
27. In addition, included in the Auditor's Report should be a section with the heading "Basis for Qualified Opinion" which explains the reason for the qualified opinion, in this case the inability to verify the completeness of contributions and donations.
28. Finally, the Auditor's Report is not dated as required by CAS 700.43(h) (Tab 1) and the Auditor's Report is incorrectly signed "Chartered Accountants", as opposed to "Chartered Professional Accountants", as required.



29. Osinde states that he did not consult the *CPA Canada Handbook – Assurance*, as he thought this was more of a management report rather than a standard Auditor's Report.
30. Osinde states that he was not aware of a "Qualified Opinion" nor the circumstances which lead to having to issue a "Qualified Opinion."

Particular 2(b): Disclosure in Financial Statements

31. Osinde failed to ensure disclosure of a Basis of Presentation statement disclosing that the financial statements are prepared in accordance with Canadian Accounting Standards for not-for-profit organizations, as required by *CPA Canada Handbook – Accounting – Part III*, paragraph III.8 (Tab 3).
32. Osinde failed to ensure disclosure of a description of the organization's purpose, its legal form, its intended community service and its status under income tax legislation, as required by *CPA Canada Handbook – Accounting – Part III*, paragraph 4400.04 (Tab 4).
33. Osinde failed to ensure disclosure of a description of significant accounting policies regarding use of estimates, financial instruments and government grants as required by *CPA Canada Handbook – Accounting – Part II*, paragraph 1505.03 (Tab 5).
34. Regarding accounting policies not included in the financial statements, Osinde states that these were discussed with ACFOLA management, were included in the representation letter, and he was under the impression it was not necessary to repeat them in the financial statements.

Allegation 2 (c): Acceptance of Client Relationships and Audit Engagements

35. Osinde failed to satisfy himself that appropriate procedures regarding the acceptance of client relationships and audit engagements were followed and that the conclusions reached were appropriate, as required.
36. CAS 220.12 and .13 (Tab 6) deal with the Acceptance and Continuance of Client Relationships and Audit Engagements and require that the engagement partner be satisfied that "appropriate procedures regarding the acceptance and continuance of client relationships and audit



engagements have been followed, and shall determine that conclusions reached in this regard are appropriate.”

37. The Investigator did not locate any documentation to indicate that Osinde addressed the requirements of CAS 220.

Allegation 2 (d): Audit Work Documentation

38. Osinde failed to produce documentation detailing the audit work performed as required by CAS 230.8-.11 (Tab 7).
39. Osinde was not able to provide the Investigator with any documentation detailing the audit work performed, other than what is indicated on the schedule entitled “ACFOLA Work Scope for 2012, 2013 and 2014 Financial Statement and Compilation Work” (Doc 5). While this document lists a number of activities, it does not indicate the nature, timing and extent of the audit procedures to be performed to comply with CAS 230.8-.11 and appropriate legal and regulatory requirements. In addition, the document does not indicate the results of the audit procedures performed and the audit evidence obtained.

Allegation 2 (e): Final Audit File

40. Osinde failed to assemble a final audit file as required by CAS 230.14, which states that *“The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor’s report. (Ref: Para. A21-A22).”*

Allegations 2 (f)-(g): Material Misstatement due to Fraud

41. Osinde failed to obtain sufficient and appropriate audit evidence to assess the risk of a material misstatement due to fraud in accordance with CAS 240.25-27 (Tab 8). Osinde did not produce any documentation to indicate that an assessment of the risks of material misstatement due to fraud was made.
42. Osinde failed to produce documentation indicating that an assessment of the risks of material misstatements was made in accordance with CAS 315 sections .5-.10 (Tab 9).



Allegation 2 (h): Audit Plan

43. Osinde failed to document an audit plan.
44. The planning of an audit of financial statements is described in CAS 300 (**Tab 10**).
45. While Osinde provided the Investigator with a document entitled "OBG Audit Approach for year ending December 31, 2013 and 2014" (**Doc 6**), it does not constitute a proper audit plan. The items required by CAS 300, including the determination of materiality, are not adequately covered or documented in the document prepared by Osinde. This document also does not address the December 31, 2012 audit.

Allegation 2 (i): Auditor's Response to Assessed Risks

46. Osinde failed to consider or document the auditor's response to assessed risks which is detailed in CAS 330 (**Tab 11**).

Allegation 2 (j): Audit Evidence

47. Osinde failed to adequately document what audit evidence was obtained.
48. CAS 500.6 states that *"The auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence"* (**Tab 12**).
49. There is no documentation to indicate what audit evidence was obtained.
50. CAS 501.3 (**Tab 13**) states that *"The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the:*
 - (a) *Existence and condition of inventory;*
 - (b) *Completeness of litigation and claims involving the entity; and*
 - (c) *Presentation and disclosure of segment information in accordance with the applicable financial framework."*



51. While inventory and segmented information do not apply in the case of ACFOLA, there is no documentation to indicate that an inquiry was made regarding litigation and claims against ACFOLA.

Allegation 2 (k-m): Audit Procedures

52. No Analytical procedures were performed as required by CAS 520 (Tab 14).
53. No audit sampling was performed as required by CAS 530 (Tab 15).
54. No audit procedures were performed to identify related parties and transactions with related parties as required by CAS 550 (Tab 16).

Allegation 2 (n): Subsequent Events Review Procedures

55. Osinde failed to document any subsequent events review procedures that were performed for the period December 31, 2014 to August 8, 2015.
56. CAS 560.6 (Tab 17) requires the auditor to *"perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified."*
57. The date of the financial statements is December 31, 2014. The Auditor's Report is undated, however the (unsigned) representation letter is dated August 8, 2015. The Report should be dated the date that those with the recognized authority have asserted that they have taken responsibility for the financial statements. Accordingly, the Report date should be August 8, 2015. (Doc 3, 4).
58. There is no documentation to indicate that audit procedures were performed for the period December 31, 2014 to August 8, 2015.
59. Osinde states that he reviewed subsequent events for about three months after December 31, 2014, however this is not documented.



Allegation 3 - The Compilation Engagement for ACFOLA for the December 31, 2015 year end.

60. Subsequent to performing the audit engagement, Osinde advised the ACFOLA Board that if it wished OBG to prepare its 2015 report, it would have to be a Notice to Reader ("NTR"). Osinde, through OBG, subsequently signed an NTR for the year ended December 31, 2015, on August 24, 2016. Osinde was the file responsible practitioner (**Doc 7**).
61. There is no agreement in writing with the client for this engagement, nor is there any documentation that an agreement was reached.
62. Section 9200 of the *CPA Canada Handbook – Assurance* (**Tab 18**) details the requirements for a compilation engagement. Paragraphs 9200.13 and .14 deal with reaching a clear understanding between the client and the public accountant as to the nature and the extent of the services to be provided. Paragraph 9200.15 states that when an agreement has been reached, it is highly desirable that it be put in writing to avoid misunderstandings. Paragraph 9200.16 requires that an understanding and agreement be reached with the client as to the services to be provided.
63. Osinde states that no "contract" was signed as this service was provided on a volunteer basis and the firm did not receive remuneration.
64. The professional standards applicable to compilation standards are detailed in Section 9200.17 to .20 of the *CPA Canada Handbook – Assurance* (**Tab 18**). The standards set out in paragraph 9200.18 are as follows:
 - (a) *The services should be performed and the communication should be prepared by a person or persons having adequate technical training and proficiency in accounting, and with due care; and*
 - (b) *The work should be adequately planned and properly executed and, if assistants are employed, they should be properly supervised.*
65. Osinde failed to accurately record the statement of cash flows in that the amounts of cash and cash equivalents at the beginning of the year and at the end of the year do not agree to the balance sheet amounts. The difference amounts to \$173,299. (**Doc 7, pages 5-6**)
66. In addition, Osinde failed to accurately record the comparative numbers for the year ended December 31, 2014 in the statement of cash flows.



67. Finally, Note 2, Significant Accounting Policies, states that amortization of tangible capital assets is provided annually at certain rates. (Doc 7, page 7). However, no amortization was provided in the year ended December 31, 2015.
68. Osinde states that the above deficiencies were oversights.

Allegation 4 – Failure to Obtain Written Confidentiality Agreement

69. Osinde failed to obtain a written agreement of QZEE, a business which assisted in the audit of ACFOLA, to preserve the confidentiality of the information acquired.
70. Osinde states that he had a verbal understanding with QZEE regarding preserving the confidentiality of the client.

Allegation 5 – Failure to Maintain Working Papers and Documentation

71. Osinde was unable to provide to the Investigator sufficient documentation which evidences the nature and extent of the work done in respect of the ACFOLA audit.
72. Osinde states that he received most of the accounting information from ACFOLA via email and that in late 2015 his email was hacked and a lot of ACFOLA data was lost. Osinde contacted QZEE who had back up of some of the ACFOLA accounting information and provided it to Osinde who subsequently provided it to the Investigator.

MITIGATING CIRCUMSTANCES

73. Osinde states that it is his intention to continue practicing as a CPA, CGA in compliance with the Code of Professional Conduct and he is remorseful for the events that led to the draft Allegations of Professional Misconduct.
74. Aside from the prior guidance referred to above, Osinde has no prior history in the disciplinary process and was fully cooperative during the PCC's investigation into his conduct.

ACKNOWLEDGEMENT

75. It is agreed that, in or about the period June 1, 2015 through December 1, 2015, Osinde engaged in the practice of public accounting while he did not hold a PAL.



76. It is agreed that, with respect to the audit of the financial statements of ACFOLA for the years ended December 31, 2012-2014, Osinde failed to perform his professional services in accordance with generally accepted standards of practice of the profession, in the manner described above.
77. It is agreed that, with respect to the compilation for ACFOLA for the year ended December 31, 2015, Osinde failed to perform his professional services in accordance with generally accepted standards of practice of the profession, in the manner described above.
78. It is agreed that, while engaged to perform the audit of the financial statements of ACFOLA, Osinde failed to obtain a written confidentiality agreement of a business which assisted in the audit.
79. It is agreed that, Osinde failed to maintain working papers and documentation to evidence the nature and extent of work done in respect of professional services provided to ACFOLA.

TERMS OF SETTLEMENT

80. Osinde and the Professional Conduct Committee agree to the following Terms of Settlement:
 - a) Reprimand in writing by the Chair of the Discipline Committee;
 - b) Osinde will pay a fine in the amount of \$5,000 within 36 months of this agreement receiving approval of the Discipline Committee;
 - c) Osinde's practice shall be restricted to non-assurance engagements, restricting him from performing audit or review engagements;
 - d) Notice of the terms of this Settlement is to be published in the manner set out in CPA Ontario Regulation 6-2 sections 45 and 52 including notice to be given to all members of CPA Ontario, and all provincial CPA bodies. Notice of the restriction shall also be given in accordance with CPA Ontario Regulation 6-2, Section 48 in the newspaper in the geographic area where Osinde practices, being London, Ontario (i.e. in the *London Free Press*). All costs associated with the publication shall be borne by Osinde and shall be in addition to any other costs ordered by the Discipline Committee;



- e) Osinde will pay costs in the amount of \$10,000 within 36 months of this agreement receiving approval of the discipline committee;
 - f) A failure by Osinde 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 6-2 section 48.
81. Should the Discipline Committee accept this Settlement Agreement, Osinde 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 2018, shall be forever stayed.
82. 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 Osinde leading up to its presentation to the Discipline Committee, shall be without prejudice to the Professional Conduct Committee and Osinde; and
 - b) The Professional Conduct Committee and Osinde 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

83. This Settlement Agreement and its terms will be treated as confidential by the Professional Conduct Committee and Osinde, 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 Osinde, or, as may be required by law.



84. 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 31 day of January 2019.

A handwritten signature in black ink, appearing to read "Julia McNabb", written over a horizontal line.

Julia McNabb, J.D.
On behalf of
The Professional Conduct Committee

A handwritten signature in black ink, appearing to read "Geoffrey Duke-Mainye Osinde", written over a horizontal line.

Geoffrey Duke-Mainye Osinde, CPA, CGA
on his own behalf