



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: Carlo Viola, CPA, CA

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against, Carlo Viola, CPA, CA, a member of CPA Ontario:

1. THAT the said Carlo Viola, in or about the period of February 8, 2021, to April 27, 2021, while engaged to perform an audit of "MCC" for the year ended December 31, 2020, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct, in that:
 - a. He failed to obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements;
 - b. He failed to obtain sufficient appropriate audit evidence with respect to government assistance;
 - c. He failed to obtain sufficient appropriate audit evidence with respect to impairment of goodwill of "V" one of the cash generating units of MCC;
 - d. He failed to obtain sufficient appropriate audit evidence with respect to impairment of goodwill of "N" one of the cash generating units of MCC;
 - e. He failed to obtain sufficient and appropriate audit evidence with respect to the valuation of intangibles in the business combination;
 - f. He failed to address the presumed risk of fraud in revenue;
 - g. He failed to test journal entries for management override;

- h. He failed to identify an instance of potential fraud and assess its impact on the nature, timing and extent of audit procedures required to respond to the assessed risks;
 - i. He failed to assess the susceptibility of financial statements to fraud and error;
 - j. He failed to document audit procedures for account balances with respect to accounts receivable;
 - k. He failed to document audit procedures for transactions with respect to revenues;
 - l. He failed to document audit procedures for account balances with respect to capital assets;
 - m. He failed to document audit procedures for account balances with respect to convertible debt;
 - n. He failed to document audit procedures for account balances with respect to accrued liabilities;
 - o. He failed to obtain sufficient appropriate audit evidence with respect to share-based payment arrangements;
 - p. He failed to obtain sufficient appropriate audit evidence with respect to earnings per share;
 - q. He failed to determine an appropriate sample size to test salaries and benefits and to determine whether services were rendered; and,
 - r. He failed to plan and perform the audit with professional skepticism.
- 2. THAT the said Carlo Viola, in or about the period of May 20, 2021, to June 24, 2021, while engaged to perform a review engagement of "PEI" for the year ended March 31, 2021, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct, in that:
 - a. He failed to obtain sufficient appropriate review evidence to form a conclusion with respect to accounts receivable;

- b. He failed to include the required disclosure relating to the allowance for doubtful accounts;
 - c. He failed to obtain sufficient appropriate review evidence to form a conclusion with respect to work in progress;
 - d. He failed to obtain sufficient appropriate review evidence to form a conclusion with respect to related party transactions;
 - e. He failed to obtain sufficient appropriate review evidence with respect to the gross margin;
 - f. He failed to obtain sufficient appropriate review evidence with respect to the accounts payable cut-off; and.
 - g. He failed to obtain sufficient appropriate review evidence with respect to prepaid insurance and insurance expense.
3. THAT the said Carlo Viola, in or about the period of January 26, 2022, to April 8, 2022, while engaged to perform an audit engagement of “PFI” for the year ended December 31, 2021, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct, in that:
- a. He failed to obtain sufficient appropriate audit evidence with respect to related party transactions;
 - b. He failed to obtain sufficient appropriate audit evidence with respect to government assistance;
 - c. He failed to obtain sufficient appropriate audit evidence with respect to investments;
 - d. He failed to obtain sufficient appropriate audit evidence with respect to real estate deposits; and,
 - e. He failed to maintain professional skepticism in assessing the implications of the breach of the covenant to the bank;
4. THAT the said Carlo Viola, in or about the period of April 23, 2021, to June 23, 2021, while engaged to perform an audit engagement of “MII” for the year ended March 31,

2021, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct, in that:

- a. He failed to properly identify and address economic dependency; and
- b. He failed to design sufficient appropriate analytical procedure with respect to sales.

Dated at Toronto, Ontario, this 29 day of March, 2023



JANICE DEGANIS, CPA, CGA – DEPUTY CHAIR

PROFESSIONAL CONDUCT COMMITTEE