CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT AGAINST **KHA DINH DANG, CPA, CA**, BEFORE THE DISCIPLINE COMMITTEE

SETTLEMENT AGREEMENT

Made pursuant to Section 34 (3) (c) of the *Chartered Professional Accountants of Ontario Act, 2017* and CPAO Regulation 6-2, s.19

Contents

Introduction

1. On September 15, 2023, the Professional Conduct Committee (PCC) filed Allegations of Professional Misconduct against Kha Dinh Dang, CPA, CA (Dang) dated August 28, 2023, (Allegations) the particulars of which are set out below. The documents referred to in this Settlement Agreement (Agreement) are found in the Document Brief. The applicable CPA Handbook sections are found in the Standards Brief.

2. The Allegations **[Doc 1]** pertain to Dang's failure to perform his professional work in accordance with generally accepted standards of the profession, contrary to Rule 206.1 of the Chartered Professional Accountants of Ontario Code of Professional Conduct (Code), with respect to the following engagements:

   (a) The review of the financial statements of "TFFS" for the year ended June 30, 2020; **[Doc 2]**

   (b) The audit of the financial statements of "GAV" for the year ended March 31, 2020; **[Doc 3]**

   (c) The review of the financial statements of "PLI" for the year ended December 31, 2021; **[Doc 4]**

   (d) The audit of the financial statements of "VMBC" for the year ended December 31, 2021. **[Doc 5]**

3. The PCC and Dang 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 Dang 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. Dang obtained his Chartered Accountant designation in 2005. He operates through a professional corporation as a partner at Dang & Associates CPA Professional Corporation (Dang & Associates or the Firm). The Firm currently operates in Mississauga Ontario and employs seven staff members.

5. As of May 2023, Dang's professional practice consisted of three audit clients. He has completed Ontario Elections audits for one political association and one elections campaign. He had two review engagements and approximately 55 compilation engagements. Dang has a significant tax practice and he estimated his total professional fee revenue for 2022 to be $800,000

6. Dang & Associates uses the Professional Engagement Guide ("PEG") checklist files to set up the procedures for his audit and review engagements. The Firm also uses Caseware and Caseview software to organize the documentation and the preparation of the financial statements.

7. Dang obtained his Public Accounting Licence (PAL) in 2013 and maintains a current PAL, firm registration and liability insurance.

The Complaint

8. On January 28, 2022, the Practice Inspection Committee (PIC) advised the Standards Enforcement Branch of CPA Ontario that following an inspection of Dang's practice, it concluded that his failure to maintain professional standards was sufficiently serious to reflect adversely upon his professional competence.

9. The PIC also provided a detailed listing of reportable deficiencies with respect to the review of "TFFS" for the year ended June 30, 2020 and the audit of "GAV" for the year ended March 31, 2020, that are subject of the Allegations. The PIC also reviewed the financial statements associated with the compilation of "RPD" and found no significant deficiencies.

10. On February 13, 2023, the PCC appointed Jennifer Fisher, FCPA, FCA, (Investigator) to investigate Dang's standards of practice and the circumstances surrounding the complaint.

11. As part of her investigation, the Investigator reviewed Dang's standards of practice in relation to the two engagements in which deficiencies were identified by the PIC inspection and two additional assurance engagement files: review of the financial statements of "PLI" for the year ended December 31, 2021, and audit of the financial statements of "VMBC" for the year ended December 31, 2021. The Investigator released her report on May 19, 2023.

Failure to Maintain Professional Standards

12. Dang and the PCC agree that Dang failed to perform his professional services in accordance with generally accepted standards of practice of the profession as described below.

13. Dang admits that the Allegations, set out below, accurately particularize his failure to perform his professional services in accordance with generally accepted standards of practice of the profession.

Generally Accepted Auditing Standards

14. The auditing standards applicable to the two audits and two reviews detailed above are described by generally accepted auditing standards (GAAS). During 2020-2022, GAAS were published in the Assurance section of the CPA Canada Handbook.

15. GAAS requires auditors to obtain reasonable assurance that an entity's audited financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high, but not absolute, level of assurance that

reduces to an acceptably low level, the risk of incorrectly opining on misstated financial statements.

16. To obtain reasonable assurance, GAAS set out various standards to be met, requirements to be fulfilled and steps to be taken. They include obtaining sufficient appropriate audit evidence while exercising professional skepticism, as well as completing Engagement Quality Control Reviews (EQCR) as required by GAAS.

17. CAS 200 “Overall objectives of the independent auditor and the conduct of an audit in accordance with Canadian Auditing Standards” describes the sufficiency and appropriateness of audit evidence as being interrelated, as follows:

A31. Audit evidence is necessary to support the auditor’s opinion and report. It is cumulative in nature and is primarily obtained from audit procedures performed during the course of the audit. It may, however, also include information obtained from other sources such as previous audits (provided the auditor has determined whether changes have occurred since the previous audit that may affect its relevance to the current audit) or through the information obtained by the firm in the acceptance or continuance of the client relationship or engagement. In addition to other sources inside and outside the entity, the entity’s accounting records are an important source of audit evidence. Also, information that may be used as audit evidence may have been prepared by an expert employed or engaged by the entity. Audit evidence comprises both information that supports and corroborates management’s assertions, and any information that contradicts such assertions. In addition, some cases, the absence of information (for example, management’s refusal to provide a requested representation) is used by the auditor and therefore, also constitutes audit evidence. Most of the auditor’s work in forming the auditor’s opinion consists of obtaining and evaluating audit evidence.

A32. The sufficiency and appropriateness of audit evidence are interrelated. Sufficiency is the measure of the quantity of audit evidence. The quantity of audit evidence needed is affected by the auditor’s assessment of the risks of misstatement (the higher the assessed risks, the more audit evidence is likely to be required) and also by the quality of such audit evidence (the higher the quality, the less may be required). Obtaining more audit evidence, however, may not compensate for its poor quality.

A33. Appropriateness is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based. The reliability of evidence is influenced by its source and by its nature and is dependent on the individual circumstances under which it is obtained.

18. Further, GAAS requires auditors to plan and perform their audits using professional skepticism, recognizing that circumstances may exist that cause the financial statements to be materially misstated. Professional skepticism requires a questioning attitude which is alert to conditions which may indicate a possible misstatement due to error or fraud. Professional skepticism requires an auditor to conduct a critical assessment of the audit evidence.

19. Pursuant to CAS 200.18-23, compliance with CAS is not optional.

Generally Accepted Standards for Review Engagements

20. The standards applicable to the review engagements detailed herein are described by generally accepted standards for review engagements. During 2020-2022, these standards were published in the Assurance section of the CPA Canada Handbook.

21. The generally accepted standards for review engagements require practitioners to obtain limited assurance by performing inquiry and analytical procedures to determine whether an entity's reviewed financial statements as a whole are free from material misstatement. The practitioner may then express a conclusion on whether anything has come to the practitioner's attention that causes the practitioner to believe that the financial statements are not prepared in all material respects in accordance with an applicable financial reporting framework.

22. To obtain reasonable assurance, the Canadian Standard on Review Engagements CSRE 2400 – Engagements to review historical financial statements sets out the

standards to be met, requirements to be fulfilled and steps to be taken. They include performing primarily inquiry and analytical procedures, obtaining sufficient appropriate evidence while exercising professional skepticism, as well as adhering to the Canadian Standard on Quality Control CSQC 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance Engagements.

23. Further, the generally accepted standard for review engagements requires practitioners to plan and perform the review engagement with professional skepticism, recognizing that circumstances may exist that cause the financial statements to be materially misstated. Professional skepticism requires a questioning attitude which is alert to conditions which may indicate a possible misstatement due to error or fraud. Professional skepticism requires the practitioner to conduct a critical assessment of the evidence.

24. Pursuant to CSRE 2400.7 to CSRE 2400.10, compliance with CSRE is not optional.

The Allegations

Allegation 1
Kha Dinh Dang, in or about the period of June 1, 2020 to December 31, 2020, while engaged to perform a review of the financial statements of "TFFS" for the year ended June 30, 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:

25. The financial statements for "TFFS" for the year ended June 30, 2020 together with the Review Engagement Report, were issued on December 3, 2020. **[Doc 2]** The financial statements were prepared using Canadian Accounting Standards for Private Enterprises ("ASPE").

26. Canadian Standard on Review Engagements (CSRE) 2400 outlines the practitioner's responsibilities when engaged to perform a review of annual or interim historical financial statements.

(a) <u>He failed to retain a full copy of the signed engagement letter</u>

27. CSRE 2400.35, Engagements to Review Historical Financial Statements, outlines what should be recorded in an engagement letter for the agreed terms of the review engagement.

28. The “TFFS” working papers linked in Caseware did not include an engagement letter. Dang did provide a pdf of the engagement letter sent to the client **[Doc 6]** and a single page with the client’s signature on it **[Doc 7]**. Dang explained during the interview on April 3, 2023, that his client was not very experienced in scanning documents and so he signed and returned the single signature page of the engagement letter. For completeness of the acceptance of the terms of the engagement, the engagement letter should be retained as the single document which includes the client’s signature.

b. <u>He failed to retain a full copy of the signed written representation from management;</u>

29. CSRE 2400.68 states that the practitioner shall request management to provide a written representation that management has fulfilled its responsibilities described in the agreed terms of engagement.

30. 2400.69 states that the practitioner shall request management's written representations that management has disclosed to the practitioner:
   (a) The identity of the entity's related parties and all the related party relationships and transactions of which management is aware;
   (b) Significant facts relating to any frauds or suspected frauds known to management that may have affected the entity;

(c) Known actual or possible non-compliance with laws and regulations for which the effects of non-compliance affect the entity's financial statements;

(d) All information relevant to use of the going concern assumption in the financial statements;

(e) That all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure, have been adjusted or disclosed;

(f) Material commitments, contractual obligations or contingencies that have affected or may affect the entity's financial statements, including disclosures; and

(g) Material non-monetary transactions or transactions for no consideration undertaken by the entity in the financial reporting period under consideration.

31. 2400.70 states that the practitioner shall request a written representation of management about whether they believe the effects of uncorrected misstatements are immaterial, individually or in the aggregate, to the financial statements as a whole. A summary of such items shall be included in or attached to the written representation.

32. There was no signed client letter of representation in the Caseware working papers. Dang provided separately a letter on the client's letterhead dated December 3, 2020 which was not signed by the client **[Doc 8]**. In addition, he provided a single page with the client's signature **[Doc 9]**. Dang provided the same explanation for the non-linked documents as he did for the engagement letter. For completeness of the representations provided by the client, the client's letter of representation should be retained as the single document which includes the client's signature.

c. He failed to document areas in the financial statements where material misstatements are likely to arise;

33. CSRE 2400.45 requires a practitioner in conducting a review engagement and based on the practitioner's understanding, to identify areas in the financial statements where material misstatements are likely to arise.

34. Dang did not document that he had performed this review procedure at the commencement of the engagement.

35. CSRE 2400.46 requires a practitioner, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements, to design and perform inquiry and analytical procedures to address all material items in the financial statements, including disclosures and, to focus on addressing areas in the financial statements where material misstatements are likely to arise.

36. The documentation included in the working papers for TFFS was insufficient for the following areas: cash, inventories, balances and financial statement assertions and income tax.

d. ***He failed to sufficiently document the reconciliation of cash and bank loan overdrafts which comprised of Canadian and US dollar amounts;***

37. "TFFS" reported Cash of $222,284 and bank loans overdrafts of $103,369 which comprised Canadian dollar accounts and US dollar accounts. The reconciliation of cash and the bank loan was not sufficiently documented. While the components of the reconciliation were included in the working papers, they not clearly referenced.

e. ***He failed to sufficiently document review procedures conducted on inventory;***

38. "TFFS" reported inventories of $3,267,843 at the year end. The working paper to support the inventory balance was a schedule with account history reporting 18,596,835,067.76 11300 Inventory at Cost and a balance of -18,580,586,989.83 **[Doc 10]**. The netting of these amounts would be $16,248,078. This balance does not agree with the amount that was reported on the trial balance used in the review engagement.

39. The working papers included a checklist for inventory – review procedures, where all the responses to the procedures to be considered were answered as "completed, no exceptions." **[Doc 11]** The responses to many of these procedures required review of the listing by major component, documentation of explanations, comparison analytics, client enquiries and evaluation of obsolescence of any inventory items and cut off procedures. None of this was documented in the working papers.

f. ***He failed to sufficiently document the valuation, classification and inter-relationship of certain financial statement components including capital assets, advances to shareholders, sales, cost of sales, expenses and foreign currency transactions;***

40. The valuation, classification and inter-relationship of certain financial statement components were not sufficiently documented. Dang indicated that "inquiry and analytical procedures were performed for all significant balances and documented with the note section of each leadsheet." **[Doc 12]** However, the leadsheet notes did not address all the balances and the financial statement assertions with respect to:

i. Capital assets;
ii. Advances to shareholders;
iii. Sales;
iv. Cost of Sales;
v. Expenses; and
vi. Foreign currency transactions.

g. ***He failed to sufficiently document the account balance relating to income tax;***

41. "TFFS" reported income tax recoverable of $38,951 at the year end. The documentation in the working papers was a copy of the CRA account transactions reporting an interim balance of $43,170. Dang provided a copy of the corporate income tax return that reported a refund of $38,951. He did not provide any support for the continuity from a payable of $61,576 at the beginning of the year to the refund

at the year end. This documentation should be included in the working paper file and should include the continuity of the account balance.

h. ***He failed to properly segregate the cost and accumulated depreciation for the assets subject to capital lease from other assets in note 8 to the financial statements;***

42. CPAH 3065 establishes standards for methods of accounting for lease transactions and circumstances in which these methods are appropriate. CPAH 3065.73 requires the cost and accumulated depreciation for the assets subject to capital lease are to be reported separately from other assets.

43. Note 8 to the financial statements did not segregate the information on the assets subject to capital lease.

i. ***He failed to properly present income tax liabilities and income tax assets separately from other liabilities and assets;***

44. CPAH 3465 establishes standards for the recognition, measurement, presentation and disclosure of income and refundable taxes in an enterprise's financial statements. CPAH 3465.81 requires income tax liabilities and income tax assets to be presented separately from other liabilities and assets.

45. The balance sheet reports $60,449 as Taxes Recoverable. This amount represents a combination of corporate income taxes recoverable of $38,951 and a receivable for HST of $21,498.

j. ***He failed to properly report the amount of inventories recognized as an expense during the year and the values of inventories at the beginning and end of year in the Statement of Operations and Retained Earnings;***

46. CPAH 1520 establishes the line items to be separately presented in the income statement. CPAH 1520.04(o) requires the amount of inventories recognized as an

expense during the period to be presented separately on the face of the income statement or disclosed in the notes to the financial statements

47. The “TFFS” Statement of Operations and Retained Earnings did not report the values of inventories at the beginning and end of year as it should have been and incorrectly reported a single line of Cost of Sales of $14,928,102, nor disclosed in the notes to the financial statements.

k. ***He failed to properly identify the Canada Emergency Wage Subsidy in the amount of $40,382 as a reduction of the salaries and benefits expense;***

48. CPAH 1000 describes the concepts underlying the development and use of accounting principles in general purpose financial statements. Such financial statements are designed to meet the common information needs of external users of financial information about an entity. CPAH 1000.17 provides that for the information provided in financial statements to be useful, it must be relevant to the decisions made by users. Information is relevant by its nature when it can influence the decisions of users by helping them evaluate the financial impact of past, present or future transactions and events or confirm, or correct, previous evaluations. Relevance is achieved through information that has predictive value or feedback value and by its timeliness.

49. During the year, “TFFS” received $40,382 as a Canada Emergency Wage Subsidy. This amount was reported as a reduction of the salaries and benefits expense, but the amount was not identified on the financial statements as a reduction of the expense. The predictive value of the income statement is enhanced if irregular items, such as the Canada Emergency Wage Subsidy, are separately disclosed.

l. ***He failed to properly document his review of the bank loan in the amount of $775,000, where the supporting documentation reflected a $45,000 discrepancy;***

50. As previously indicated, CSRE 2400.46 requires a practitioner, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements, to design and

perform inquiry and analytical procedures to address all material items in the financial statements, including disclosures and, to focus on addressing areas in the financial statements where material misstatements are likely to arise.

51. The balance sheet reported a bank loan of $775,000 at the year end. The working paper supporting this balance was a History Report from the bank showing the transactions for the year and a balance at the end of the year of $730,000. Dang could not provide an explanation for the difference in the balances.

m. <u>He failed to include details in the working papers supporting the reporting of share capital of $100 as common shares issued;</u>

52. "TFFS" reported share capital of $100 as common shares issued. There were no details in the working paper to support to whom the shares were issued. In his response to where the support was for the amount reported as common shares and the shareholder details, Dang provided the financial statements for 2015 from the predecessor accountant and advised that "the share structure has not changed since we have taken over after 2015." **[Doc 13]**

n. <u>He failed to document any inquiries concerning completeness and possible unrecorded liabilities, guarantees and contractual commitments relating to accounts payable and accrued liabilities;</u>

53. The working paper for the Accounts payable and accrued liabilities – review procedures included responses of "completed, no exceptions" to requirements to inquire whether all significant accrued liabilities have been accrued on a consistent basis and what that basis and rationale was and possible unrecorded liabilities, guarantees and contractual commitments. There was no documentation in the working papers to support these inquiries.

o. <u>He failed to document any review procedures relating to subsequent events transactions.</u>

54. CSRE 2400.47(e) requires the practitioner's inquiries of management and others within the entity, as appropriate, to include whether management has identified and addressed events occurring between the date of the financial statements and the date of the practitioner's report that require adjustment of, or disclosure in, the financial statements.

55. There was no documentation in the working papers to support review procedures relating to ensuring events occurring between the date of the financial statement and the date of the Practitioner's Report were considered for the potential impact on the financial statements.

Allegation 2
Kha Dinh Dang, in or about the period of March 1, 2020 to December 31, 2020, while engaged to perform an audit of the financial statements of "GAV" for the year ended March 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:

56. The Independent Auditor's Report was dated December 22, 2020. **[Doc 14]** The financial statements were prepared using Canadian Accounting Standards for Not-For-Profit Organizations ("ASPNO"). **[Doc 3]**

a. ***He failed to retain a full copy of the signed engagement letter;***

57. CAS 210 deals with the auditor's responsibilities in agreeing the terms of the audit engagement with management and, where appropriate, those charged with governance. This includes establishing that certain preconditions for an audit, responsibility for which rests with management and, where appropriate, those charged with governance, are present.

58. CAS 210.10 states that the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and outlines what should be recorded in an engagement letter for the agreed terms of the

audit engagement.

59. The working papers linked in Caseware included a single page with two clients' signatures on it. **[Doc 15]** Dang explained that there were multiple parties signing the letter and "it was too hard for everyone to move the full letter around". For completeness of the acceptance of the terms of the engagement, the engagement letter should be retained as the single document which includes the clients' signature.

b. <u>He failed to document any audit procedures to test journal entries for unauthorized entries and for management override;</u>

60. CAS 240 deals with the auditor's responsibilities relating to fraud in an audit of financial statements.

61. CAS 240.33(a) states that Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. In designing and performing audit procedures for such tests, the auditor shall:
    i. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
    ii. Select journal entries and other adjustments made at the end of a reporting period; and
    iii. Consider the need to test journal entries and other adjustments throughout the period.

62. The audit procedures performed did not comply with the recommendations in that journal entries were not tested for unauthorized entries and management override. Dang did not document adherence to this standard, stating that "since we had a copy of the entity's QBO [Quick books] file, we reviewed the QBO file as the basis for

completing WP670 Use of Journal Entries." **[Doc 16]** The checklist Form 670 Use of Journal Entries had many responses to documentation required as "completed, no exceptions." **[Doc 17]** There was no documentation other than the completed checklist Form 670.

c. <u>He failed to document his identification and assessment of the risks of material misstatement due to fraud at the financial statement level and the assertion level of classes of transactions, account balances and disclosures;</u>

63. CAS 240.17 states that when performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, required by CAS 315, the auditor shall perform the procedures as specified to obtain information for use in identifying the risks of material misstatement due to fraud.

64. Dang stated that his normal procedure is to interview the bookkeeper and some members of the BOD at the initial stages of the engagement. During these interviews and discussions, he would also discuss and assess fraud risk factors. **[Doc 12]** The working papers included details of these discussions. The detail provided in the working papers did address the discussions with management and members of the Board of Directors. However, CAS 240.17 requires the auditor to also perform analytical procedures as an evaluation of risks of material misstatement. This analytical procedure was not documented in the working papers.

d. <u>He failed to document analytical procedures as an evaluation of risks of material misstatement;</u>

65. CAS 240.26 requires the auditor to identify and assess the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures.

66. Dang referred to the working paper FSA Financial Statement Areas worksheet as to the adherence to this requirement. This worksheet was not completed sufficiently to identify and assess the risks as required under this standard.

e. ***He failed to obtain sufficient and appropriate audit evidence for deferred revenue;***

67. CAS 500 explains what constitutes audit evidence in an audit of financial statements and deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion. CAS 500.6 requires the auditor to design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.

68. The working papers for the following areas did not provide sufficient appropriate audit evidence for deferred revenue. The deferred revenue of $39,766 was supported by two documents which did not reconcile into the amount of $39,766:
   (a) A letter advising of a $10,000 grant with first payment to be paid on October 4, 2019 and balance upon completion of the project and submission of final report; and,
   (b) An email chain between various Board of Directors and attached news release of a grant of $25,000 for delivery of food to seniors and reference that there were meals provided from April 20 to June 14 [2020].

69. There was no documentation to support how much of the $35,000 in total had been applied to revenue for recovery of the costs of these programs. Also, there was no reconciliation as to these amounts and other amounts that would agree to the total deferred amount at the year-end of $39,766.

f. ***He failed to adequately document analytical procedures to support an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity;***

70. CAS 520 deals with the auditor's use of analytical procedures as substantive procedures. It also deals with the auditor's responsibility to perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion on the financial statements. CAS 520.6 requires the working papers to evidence analytical procedures near the end of the audit that assist when forming an

overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.

71. The working papers included an excel document for FS Analytical Final 2020 which reported the "% changes" and "Changes" for Balance Sheet and the Income Statement, but with no comments on the analysis of the changes.

g. ***He failed to obtain sufficient and appropriate audit evidence for donations and fundraising revenue;***

72. "GAV" reported donations and fundraising revenue of $269,092. The working paper to support this revenue was a copy of the general ledger for the applicable general ledger accounts and a reference beside some of the revenue items of "Found". The sufficient and appropriate audit evidence for this revenue required by CAS 500.6 would include the details of the audit procedures completed, examination of the charitable donation receipts, reconciliation of charitable donation receipt issued to revenue reported. The audit evidence should also include the internal controls around the acceptance of donations and the issuance of donation receipts, including the issuance of donation receipts for in kind donations.

h. ***He failed to obtain sufficient and appropriate audit evidence for expenditures;***

73. "GAV" reported expenditures of $295,796. Similar to the documentation for the donations and fundraising revenue, the working paper to support this financial statement item was a copy of the general ledger for the applicable general ledger accounts and a reference beside some of the expenditure items of "Found". This is not sufficient nor appropriate audit evidence as required by CAS 500.6.

i. ***He failed to ensure that the subsequent events audit procedures sufficiently covered the period of time between the date of the financial statements and the date of the Independent Auditor's Report;***

74. CAS 560 deals with the auditor's responsibilities relating to subsequent events in an audit of financial statements. It does not deal with matters relating to the auditor's responsibilities for other information obtained after the date of the auditor's report.

CAS 560.7 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.

75. The checklist Form 650 Subsequent Events dated September 15, 2020, was completed by an employee at Dang & Associates. **[Doc 18]** It referenced the date of approval of the financial statements on September 4, 2020, and date of the auditor's report of September 30, 2020. Dang signed off on the working paper on November 4, 2020, and the Independent Auditor's Report was dated December 22, 2020. The subsequent events audit procedures did not sufficiently cover the period from the year end to the date of the Independent Auditor's Report.

j. ***He failed to record Unrestricted Assets in a deficit as a going concern issue in the Independent Auditor's Report;***

76. ASNPO 4400 establishes presentation and disclosure standards for financial statements of not-for-profit organizations. ASNPO 4400.24B states that under the deferral method of accounting for contributions, one common type of internal restriction is to present net assets invested in capital assets as a component of net assets separately from the unrestricted net assets balance. Organizations that adopt this form of internal restriction consider that the internally restricted amount represents net assets that are not available for other purposes because they have been invested in capital assets. When an organization segregates the amount of net assets invested in capital assets, the organization may either present the amount as a component of net assets in the statement of financial position or disclose the amount in a note to the financial statements. Net assets invested in capital assets are generally presented as the unamortized portion of capital assets purchased with unrestricted resources, less related debt, plus the carrying amount, less related debt, of capital assets that will not be amortized. Under the restricted fund method, net assets (fund balances) invested in capital assets may also be internally restricted and generally represent the net book value of all capital assets, less related debt.

77. The financial statements were prepared using the deferral method of accounting for grants and contributions. In addition, the Net Assets Invested in Property and Equipment were segregated from Unrestricted Assets in the Statements of Changes in Net Assets. The amount reported as Net Assets invested in Property and Equipment was not reduced by the amount of the mortgage secured by the property. As a result of not calculating this offset, the Unrestricted Assets are in a deficit of $1,672,737, which was not addressed as a going concern issue in the Independent Auditor's Report, the financial statements nor the working papers for the audit.

k. He failed to disclose the details of the interest paid on a related party transaction in the financial statements;

78. CPAH 3840 establishes standards for the measurement of non-financial items in a related party transaction and disclosure of related party transactions in the financial statements of profit-oriented enterprises. CPAH 3840.51 states that an enterprise shall disclose the following information about its transactions with related parties: a description of the relationship between the transacting parties;

(a) A description of the transaction(s), including those for which no amount has been recognized;
(b) The recognized amount of the transactions classified by financial statement category;
(c) The measurement basis used;
(d) Amounts due to or from related parties and the terms and conditions relating thereto;
(e) Contractual obligations with related parties, separate from other contractual obligations; and
(f) Contingencies involving related parties, separate from other contingencies.

79. During the year, "GAV" refinanced its long-term debt with a TD Bank mortgage to replace a mortgage with the organization's Vice President of Internal Affairs. The details of the interest paid on the related party transaction should be disclosed in the financial statements but were not.

l. ***<u>He failed to disclose the details of an available line of credit in the notes to the financial statements;</u>***

80. CPAH 3856 establishes standards for:
    (a) Recognizing and measuring financial assets, financial liabilities and specified contracts to buy or sell non-financial items;
    (b) The classification of financial instruments, from the perspective of the issuer, between liabilities and equity;
    (c) The classification of related interest, dividends, losses and gains;
    (d) The circumstances in which financial assets and financial liabilities are offset;
    (e) When and how hedge accounting may be applied; and
    (f) Disclosures about financial assets and financial liabilities.

81. CPAH 3856.43 states that, for bonds, debentures and similar securities, mortgages and other long-term debt, an enterprise shall disclose:
    (a) The title or description of the liability;
    (b) The interest rate;
    (c) The maturity date;
    (d) The amount outstanding, separated between principal and accrued interest;
    (e) The currency in which the debt is payable if it is not repayable in the currency in which the enterprise measures items in its financial statements; and
    (f) The repayment terms, including the existence of sinking fund, redemption and conversion provisions.

82. The working papers included a mortgage agreement with a credit limit of $150,000 for a business line of credit. At the end of year, there was no amount of this line of credit outstanding. The details of this available line of credit should be disclosed in the notes to the financials statements, as required by CPAH 3856.43.

m. ***<u>He failed to properly disclose the aggregate amount of payment estimated to be required in each of the next five years to meet repayment provisions of financial liabilities;</u>***

83. CPAH 3856.45 states that an enterprise shall disclose the aggregate amount of payments estimated to be required in each of the next five years to meet repayment, sinking fund or retirement provisions of financial liabilities.

84. The mortgage agreement refers to a fixed term date of January 2023. The notes to the financials statements incorrectly reported principal repayments for years ending after March 31, 2023.

n. He failed to disclose details in the notes to the financial statements relating to loans from members of the Board of Directors, as related party transactions;

85. As previously stated, CPAH 3840.51 requires disclosure for information about transactions with related parties.

86. At the year end, "GAV" had a number of loans payable totalling $485,755 for loans related to the purchase of the property. Some of these were loans from members of the Board of Directors, who represent related parties. The details of the loans from members of the Board of Directors should be disclosed in the notes to the financial statements.

o. He failed to ensure that the Independent Auditor's Report was the current version of the report;

87. CAS 700 provides the details as to the form and content of the auditor's report issued as a result of an audit of financial statements, for audits of financial statements for periods ending on or after December 15, 2018. The Independent Auditor's Report issued by Dang was not this current version of the report.

p. He failed to issue required communication to those charged with governance; and

88. CAS 260 deals with the auditor's responsibility to communicate with those charged with governance in an audit of financial statements. CAS 260.15 states that the auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor.

89. CAS 260.16 The auditor shall communicate with those charged with governance:

(a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity;

(b) Significant difficulties, if any, encountered during the audit;

(c) Unless all of those charged with governance are involved in managing the entity:

i. Significant matters arising during the audit that were discussed, or subject to correspondence, with management; and

ii. Written representations the auditor is requesting;

(d) Circumstances that affect the form and content of the auditor's report, if any; and

(e) Any other significant matters arising during the audit that, in the auditor's professional judgment, are relevant to the oversight of the financial reporting process.

90. Dang did not issue either communication to the Board of Directors of "GAV". He advised that he verbally communicated the audit plan to the Board of Directors and as there were no audit findings in 2020 that was communicated verbally to the Board of Directors.

q. He failed to obtain written representations from management as required in the completion of an audit engagement.

91. CAS 580 deals with the auditor's responsibility to obtain written representations from management and, where appropriate, those charged with governance in an audit of financial statements.

92. There was no signed client letter of representation in the Caseware working papers. Dang provided separately a letter on the client's letterhead dated December 22, 2020 which was signed by the client. **[Doc 19]** The letter does not acknowledge the

acceptance of the eight adjustments that Dang applied to the financial statements which resulted in a decrease of Excess of Revenues over Expenditures, pre audit of $49,456 to a final amount of $15,376.

<u>Allegation 3</u>
<u>Kha Dinh Dang, in or about the period of December 1, 2021 to July 31, 2022, while engaged to perform a review of the financial statements of "PLI" 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:</u>

93. The financial statements for "PLI" for the year ended December 31, 2021, **[Doc 4]** together with the Review Engagement Report were issued on July 13, 2022. The financial statements were prepared using Canadian Accounting Standards for Private Enterprises ("ASPE").

a. ***<u>He failed to ensure that the income tax refund reported in the Statement of Operations and Retained Earnings agreed with Note 9 to the financial statements;</u>***

94. CPAH 3465 establishes standards for the recognition, measurement, presentation and disclosure of income and refundable taxes in an enterprise's financial statements.

95. CPAH 3465.88 states: When an enterprise applies the taxes payable method of accounting for income taxes, the financial statements shall disclose the following:
(a) (deleted)
(b) A reconciliation of the income tax rate or expense related to income or loss for the period before discontinued operations to the statutory income tax rate or the dollar amount that would result from its application, including the nature and amount of each significant reconciling item;
(c) The amount and timing of capital gain reserves and similar reserves to be included in taxable income within five years;

(d) The amount of unused income tax losses carried forward and unused income tax credits; and

(e) The portion of income tax expense (benefit) related to transactions charged (or credited) to equity.

96. The Statement of Operations and Retained Earnings reported a Provision for income tax refund of $70,848. This was referenced to Note 9 which reported a provision for income taxes of $nil. The reconciliation in Note 9 should agree with the amount reported on the Statement of Operations and Retained Earnings. In addition, there was no amount reported as unused income tax losses carried forward.

b. He failed to accurately report amounts owing for payroll remittances and HST separately as a liability on the Balance Sheet;

97. CPAH 1510 establishes presentation and disclosure standards for current assets and current liabilities. CPAH 1510.15 states that entities shall disclose the amount payable at the end of the period in respect of government remittances (other than income taxes).

98. Included in Accounts payable and accrued liabilities of $1,083,265 is a total of $158,115 for amounts owing for payroll remittances and HST. This $158,115 should be reported separately as a liability on the Balance Sheet.

c. He failed to include all information in the financial statements for a fair presentation of a $40,000 Canada Emergency Bank Account loan;

99. CPAH 1400 establishes general standards of financial statement presentation. CPAH 1400.09 states that financial statements, including notes to such statements and supporting schedules to which the financial statements are cross-referenced, shall include all information required for a fair presentation in accordance with generally accepted accounting principles.

100. Note 12 provides disclosure for the various bank loans outstanding at the year end. During the year and outstanding at the year end was a $40,000 Canada Emergency Bank Account loan, which is non-interest bearing, and has a $10,000 refundable portion if the loan is repaid by December 31, 2023. This information was not provided in the details of Note 12. In addition, the amounts reported for Note 12 do not reference directly to the balances reported on the Balance Sheet for Bank Loan – current and long-term liabilities.

d. <u>He failed to disclose details relating to the financial covenants of a loan secured by guarantees from the shareholders, postponement and subordination of claims by a related party company;</u>

101. CPAH 3856 establishes standards for:
   (a) Recognizing and measuring financial assets, financial liabilities and specified contracts to buy or sell non-financial items;
   (b) The classification of financial instruments, from the perspective of the issuer, between liabilities and equity;
   (c) The classification of related interest, dividends, losses and gains;
   (d) The circumstances in which financial assets and financial liabilities are offset;
   (e) When and how hedge accounting may be applied; and
   (f) Disclosures about financial assets and financial liabilities.

102. CPAH 3856.44 states that the financial statements should disclose the carrying amount of any financial liabilities that are secured. An enterprise shall also disclose:
   (a) The carrying amount of assets it has pledged as collateral for liabilities; and
   (b) The terms and conditions relating to its pledge.

103. CPAH 3856.46 states that, for financial liabilities recognized at the balance sheet date, an enterprise shall disclose:
   (a) Whether any financial liabilities were in default or in breach of any term or covenant during the period that would permit a lender to demand accelerated repayment; and

(b) Whether the default was remedied, or the terms of the liability were renegotiated, before the financial statements were completed.

104. The $839,933 loan from RBC was secured by guarantees from the shareholders, postponement and subordination of claims by a related party company. The financial statement notes do not include the details of this support for the bank loans.

e. <u>He failed to retain a signed copy of the engagement letter prior to performing the engagement; and</u>

105. CSRE 2400.34 requires that the terms of the engagement with management be agreed prior to performing the engagement. CSRE 2400.35 outlines what should be recorded in an engagement letter for the agreed terms of the review engagement.

106. The engagement letter was dated by Dang on March 2, 2022, but signed by the client on October 19, 2022. Dang advised that he "had misplaced the original signed rep letter in July, when everything was signed in July, when everything was signed off manually, we had to ask the client to sign again when we reviewed our file." **[Doc 20]**

f. <u>He failed to include sufficient documentation in the working papers relating to:</u>

i. <u>trade receivables aged older than 90 days of $238,565;</u>

ii. <u>advances from shareholders of $36,097;</u>

iii. <u>provision for income tax refund of $70,848;</u>

iv. <u>GST/HST deferred liability from sale of trailers of $115,117; and</u>

v. <u>terms of the credit facilities by the company's financial institution.</u>

107. In completing a review engagement, CSRE 2400.46 requires the practitioner, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements, to design and perform inquiry and analytical procedures to address all material items in the financial statements, including disclosures and, to focus on addressing areas in the financial statements where material misstatements are likely to arise.

108. The documentation included in the working papers for “PLI” were insufficient for the following areas:

(a) Accounts receivable of $1,655,675 includes trade receivables aged older than 90 days of $238,565. Dang advised during the interview on April 3, 2023 that he confirmed there was no collectability issue with the owner but cannot find the documentation for this. The determination that no amount was required for an allowance for doubtful accounts should have been documented in the working papers;

(b) The balance sheet includes Advances from Shareholders of $36,097(2020 - $48,023). There is no documentation in the working papers to support the year-end balance nor for the transactions during the year;

(c) The Statement of Operations and Retained Earnings includes a Provision for Income Tax Refund of $70,848. The support for this recovery is a copy of the Corporation Notice of Reassessment for the year ended December 31, 2018. **[Doc 21]** The Notice references to reassessments for the 2016 and 2017 year ends; neither of which are included in the working papers. The Notice refers to interest earned on the 2018 reassessment but this has not been separated from the income tax refund and should be accounted for as income;

(d) The accounts payable and accrued liabilities include a balance of $115,117 identified as GST/HST deferred liability from sale of trailers. The working papers provided a list of the GST on the sale of the applicable trailers. This balance was outstanding at the end of the previous year and there was no documentation in the working papers as to why the balance was still unpaid; and

(e) The terms of the credit facilities by PLI’s’ banker changed during the year and the updated agreement was not included in the working papers. The new credit terms were not documented as evaluated for compliance with the financial covenants.

<u>Allegation 4</u>
<u>Kha Dinh Dang, in or about the period of December 1, 2021 to May 31, 2022, while engaged to perform an audit of the financial statements of "VMBC" 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:</u>

109. The financial statements for "VMBC" for the year ended December 31, 2021, **[Doc 5]** together with the Review Engagement Report were issued on May 19, 2022. The financial statements were prepared using ASPNO.

a. ***<u>He failed to correctly record a contingent gain relating to a refundable Canada Emergency Business Account loan;</u>***

110. CPAH 3290 establishes standards for the treatment of contingencies in financial statements. CPAH 3290.16 states that contingent gains are not accrued in financial statements, as this accounting treatment could result in the recognition of revenue that may never be realized. CPAH 3290.17 states that contingent gains shall not be accrued in financial statements. CPAH 3290.22 states: "When it is likely that a future event will confirm that an asset had been acquired or a liability reduced at the date of the financial statements, the existence of a contingent gain shall be disclosed in notes to the financial statements." CPAH 3290.23 states: "At a minimum, the note disclosure shall include:
(a) The nature of the contingency; and
(b) An estimate of the amount of the contingent gain or a statement that such an estimate cannot be made.

111. "VMBC" received a refundable Canada Emergency Business Account (CEBA) loan of $60,000. The potential forgiveness of this loan was reported as a source of income of $10,000 in each of 2020 and 2021. The provision of the forgiveness of the $20,000 CEBA loan is contingent on the repayment of the balance on or before December 31, 2023. The forgiveness of the CEBA loan, therefore, will not be confirmed until December 2023.

112. In reporting this early forgiveness of the CEBA loan, “VMBC” would need to address its ability to repay the loan at that time. Although at December 31, 2021 “VMBC” had sufficient cash to repay the CEBA loan, there is still the potential that at December 31, 2023 there would not be cash available to repay it. Accordingly, the early recognition of the forgiveness of the CEBA loan was inappropriate.

b. <u>He failed to ensure that the Independent Auditor’s Report that was issued was a current version of the report;</u>

113. CAS 700 deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements for periods ending on or after December 15, 2018. CAS 700.20 to CAS 700.49 provide specific requirements for the independent auditor’s report.

114. The Independent Auditor’s Report issued by Dang was not this current version of the report.

c. <u>He failed to issue required communications to those charged with governance;</u>

115. As previously indicated, CAS 260 requires certain communication with those charged with governance, including:
    (a) CAS 260.15 An overview of the planned scope and timing of the audit, which includes communication about the significant risks identified by the auditor; and
    (b) CAS 260.16 Significant findings from the audit – significant qualitative aspects of the entity’s accounting practices; significant difficulties encountered during the audit; circumstances that affect the form and content of the auditor’s report; and any other significant matter arising during the audit that, in the auditor’s professional judgment, are relevant to the oversight of the financial reporting process.

116. Dang did not issue either communication to the Board of Directors of “VMBC”.

d. ***He failed to adequately document audit procedures to test journal entries for unauthorized entries and management override;***

117. As previously indicated, CAS 240 deals with the auditor's responsibilities relating to fraud in an audit of financial statements. CAS 240.33(a) requires the auditor to design and perform audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. The auditor is to select journal entries and other adjustments made at the end of the reporting period and consider the need to test journal entries and other adjustments throughout the period.

118. Dang did not document adherence to this standard, stating that "since we had a copy of the entity's QBO [Quick books] file, we reviewed the QBO file as the basis for completing WP670 Use of Journal Entries." **[Doc 22]** The checklist Form 670 Use of Journal Entries had many responses to documentation required as "completed, no exceptions". There was no documentation other than the completed checklist Form 670. Dang's response to the lack of documentation to support the identification and investigation of journal entries was: "We are provided a copy of the QB backup file. We would review scan all the year end journal entries for any unusual transactions."

e. ***He failed to document sufficient and appropriate audit evidence for the following financial statement areas:***
   i. ***Completeness of accounts payable and accrued liabilities;***
   ii. ***Details of a Canada Emergency Business Account loan of $60,000;***
   iii. ***Donation revenue of $23,081; and***
   iv. ***Payroll and remittances to CRA.***

119. As previously indicated, CAS 500 explains what constitutes audit evidence in an audit of financial statements and deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion. CAS 500.6 requires the auditor to design and perform audit procedures that are appropriate in

the circumstances for the purpose of obtaining sufficient appropriate audit evidence.

120. The working papers for the following financial statement areas did not provide sufficient appropriate audit evidence:

(a) For completeness of accounts payable and accrued liabilities, the auditor should perform a search for unrecorded liabilities at period end and document the findings. Dang advised that the copy of the "January 2022 bank statement would be reviewed for any subsequent payments." **[Doc 22]** This copy of the bank statement contained no notes as to the review and analysis of the bank transactions during the month following the year end;

(b) "VMBC" received a CEBA loan during the year of $20,000 (in addition to the $40,000 CEBA loan received in the previous year) – of which $10,000 was reported as revenue in 2021 (see note under Financial Statement). The total CEBA loan was $60,000 owing, of which $20,000 had been reported as revenue. The details of the loan were not documented in the working papers;

(c) "VMBC" reported $23,081 as donation revenue in its accounting records but did not identify donation revenue on the Statement of Operations. The working papers included copies of 6 donation receipts and letters from donors – amounts totaling $11,236. Dang stated: "For donations, we would have looked at the donation receipts (in file) and traced funds received to bank statements. The vouching was not documented properly." **[Doc 22]**

(d) "VMBC" uses a payroll service organization for preparation of its payroll and remittances to CRA. The working papers included Form 730 Payroll – Audit procedures. **[Doc 23]** Where a service organization is used, the audit procedure to follow is "obtain a Type 1 or Type 2 report, if available". The response on the checklist was "completed, no exceptions". However, there was no Type 1 or Type 2 report for the use of the payroll service included in the file documentation, and such a report should be included; and

(e) The payroll procedures outlined on Form 730, included analyzing the payroll expense by category or group of employees to salary levels and budgets; calculate average salary per employee. The documentation to support payroll was the schedule to allocate payroll expenses among administrative and individual programs. **[Doc 24]** In response to the question of what payroll expense audit procedures were completed and documented, Dang responded: “We would have reviewed an ADP report to ensure accuracy of payroll. This report was not included in the file.” **[Doc 22]**

Acknowledgement

121. Dang admits that, while acting as the engagement partner for the following engagements:

(a) The review of the financial statements of “TFFS” for the year ended June 30, 2020; **[Doc 2]**

(b) The audit of the financial statements of “GAV” for the year ended March 31, 2020; **[Doc 3]**

(c) The review of the financial statements of “PLI” for the year ended December 31, 2021; **[Doc 4]**

(d) The audit of the financial statements of “VMBC” for the year ended December 31, 2021. **[Doc 5]**

generally, and as owner/principal of Dang & Associates, failed to perform his professional services in accordance with generally accepted standards of practice for the profession, including the recommendations set out in the CPA Canada Handbook, in the manner described above, contrary to Rule 206.1 of the Code.

Mitigating Factors

122. Dang has been cooperative throughout the CPA Ontario investigation. It is not alleged in this proceeding that Dang acted dishonestly in the conduct of the assurance engagements which are the subject of the Allegations, or during the PCC’s investigation of same.

123. In making the admissions herein, Dang has saved the PCC and the Discipline Committee the time and expense of a lengthy hearing.

Terms of Settlement

124. Dang and the PCC agree to the following Terms of Settlement:

(a) Dang shall pay a fine of $7,500 to CPA Ontario;

(b) Dang 's practice shall be restricted by prohibiting him from carrying out any assurance engagements;

(c) Dang shall immediately and irrevocably surrender, and not seek any renewal of, his Public Accounting Licence to CPA Ontario at the time he executes this Agreement;

(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, 50 and 52 with notice to be given to all members of CPA Ontario, the Public Accounting Standards Committee, and all provincial CPA Bodies;

(e) Notice of Dang's voluntary restriction from assurance practice shall be published in the Toronto Star, with all costs borne by Dang;

(f) Dang shall pay costs in the amount of $16,000.00 to CPA Ontario;

(g) Dang will be allowed 18 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to herein; and

(h) A failure by Dang to comply with any of the terms of settlement will result in the immediate suspension of his CPA Ontario membership until he complies, if his suspension under this section exceeds 30 days his membership in CPA Ontario will be revoked forthwith without further notice to him.

125. The PCC and Dang expressly consent to and authorize the Registrar to take any actions associated with Dang 's membership in CPA Ontario as prescribed and agreed to herein.

126. The PCC and Dang expressly authorize and consent to CPA Ontario providing notice of the terms of this Agreement to all CPA Ontario members and all provincial CPA Bodies.

127. Should the Discipline Committee accept this Agreement, Dang agrees to and hereby waives his right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon Dang 's fulfillment of the requirements of this Agreement, the Allegations filed with the Discipline Committee, dated August 28, 2023, shall be abandoned.

128. Should the Discipline Committee approve this Settlement Agreement, no party will make any public statement that is inconsistent with this Settlement Agreement. Following approval, CPA Ontario may in its sole discretion issue a release in respect of this outcome.

129. If for any reason this Agreement is not approved by the Discipline Committee, then:
(a) The terms of this Agreement, including all settlement negotiations between the PCC and Dang leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and Dang; and
(b) The PCC and Dang 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 Agreement or the settlement negotiations.

Disclosure of Agreement and Independent Legal Advice

130. This Agreement and its terms will be treated as confidential by the PCC and Dang, 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 PCC and Dang, or, as may be required by law.

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

132. Dang agrees and confirms that he has been advised of his right to legal counsel and have decided to proceed without the assistance of legal counsel. However, Dang agrees and confirms that he fully understands the effect of this Agreement and the consequences of signing this Agreement.

All of which is agreed to for the purpose of this proceeding alone this 24th day of November 2023.

Jean C. H. Iu, LL.B. On behalf of The Professional Conduct Committee	Kha Dinh Dang, CPA, CA on his own behalf