

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: Atul Mehra, 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 Atul Mehra, CPA, CA, a member of CPA Ontario:

1. That the said Atul Mehra, in or about the period of November 1, 2023 to December 31, 2023, failed to conduct himself in a manner that will maintain the good reputation of the profession and serve the public interest contrary to Rule 201.1 of the Code of Professional Conduct (Code), in that he altered a working paper associated with the audit file of "CCCC Ltd." for the year ended December 31, 2021, following meeting with practice inspector.
2. THAT the said Atul Mehra, in or about the period of December 1, 2021 to July 31, 2022, while engaged to perform an audit of the financial statements of "CCCC Ltd." 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 Code, in that:
 - a. He failed to ensure the reporting of the policy for revenue recognition for all the sources of revenue;
 - b. he failed to ensure proper disclosure on the Statement of Cash Flows "Capital Asset" since amounts included non-cash transactions of vehicle purchased through dealer financing;
 - c. He failed to ensure proper disclosure of contingent liability for repayment with respect to government assistance;
 - d. He failed to ensure proper disclosure on the financial statement "Advances from Shareholders";
 - e. He failed to identify the correct title of each statement comprising the financial statements in the Opinion section of the auditor's report;

- f. He failed to obtain an understanding of internal controls relevant to the audit and evaluate the design of those controls and determine whether they have been implemented;
- g. He failed to obtain an understanding of the entity's control activities related to risks from IT;
- h. He failed to sufficiently document his assessment of the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances and disclosures;
- i. He failed to sufficiently document his design, procedures and evaluation of the results for audit sampling with respect to the following:
 - i. Payroll expenses,
 - ii. Daycare revenue
 - iii. Administrative expenses;
- j. He failed to obtain sufficient appropriate audit evidence with respect to the following:
 - i. Note 7 – current portion loan payable 11,407 and loan payable 64,589
 - ii. Note 10 – income taxes payable 12,694 and income taxes provision 12,694
 - iii. Advances from shareholders 38,619
 - iv. Advances from related company 104,704
 - v. Canada Emergency Wage Subsidy 199,105
 - vi. Canada Emergency Rent Subsidy 54,285
 - vii. Wages and benefits 840,430
 - viii. City of Brantford Wage Enhancement Grant 136,279
- k. He failed to obtain sufficient appropriate evidence for revenue cut off related to revenues for Billings to Parents, City of Brantford Fee Subsidy and City of Brantford Wage Enhancement Grant;
- l. He failed to sufficiently document audit procedures in relation to the liability for the Canada Emergency Business Account;
- m. He failed to sufficiently document audit procedures in relation to bank confirmations;
- n. He failed to sufficiently document audit procedures in relation to accounts payable and accrued liabilities;
- o. He failed to sufficiently document audit procedures with respect to payroll cut off;
- p. He failed to communicate with those charged with governance the planned scope and timing of the audit, including significant risks identified by the auditor;
- q. He failed to communicate with those charged with governance the auditor's views about 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 other significant matters arising during the audit

that, in the auditor's professional judgment, are relevant to the oversight of the financial reporting process;

- r. He failed to determine through review of audit documentation and discussion with the engagement team, that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issue on or before the date of the auditor's report;
- s. He failed to assemble and collate the engagement documentation into a completed engagement file within 60 days after the date of the engagement report.

3. THAT the said Atul Mehra, in or about the period of December 1, 2022 to August 31, 2023, while engaged to perform an audit of the financial statements of "GACCC Ltd." for the year ended December 31, 2022, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Code of Professional Conduct, in that:

- a. He failed to ensure proper disclosure of contingent liability for repayment with respect to government assistance;
- b. He failed to ensure proper disclosure of the amount of reduction of salaries and wages expense, by the Canada Emergency Wage Subsidy;
- c. He failed to identify the correct title of each statement comprising the financial statements in the Opinion section of the auditor's report;
- d. He failed to sufficiently document his review (or audit) of the reconciliation package and sign the "Applicable Supplementary Audit Review Form" with respect to Regional Municipality of Halton Wage Enhancement Grant;
- e. He failed to sufficiently document his design, procedures and evaluation of the results for audit sampling with respect to the following:
 - i. Parent fees
 - ii. Payroll expenses
- f. He failed to obtain sufficient appropriate audit evidence with respect to the following:
 - i. Cash 83,364
 - ii. Subsidy receivable at year end
 - iii. Advances to related company 94,704
 - iv. Accounts payable and accrued liabilities 37,390
 - v. Deferred fees 49,752
 - vi. Advances from shareholders 121,477
 - vii. Canada Emergency Business Account loan 40,000
 - viii. Note 9 - fees and subsidies 779,123
 - ix. Note 10 - salaries and wages 512,122

- g. He failed to obtain from those charged with governance information relevant to the risk of fraud;
 - h. He failed 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;
 - i. He failed to design and perform analytical procedures prepared near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.
4. THAT the said Atul Mehra, in or about the period of December 1, 2022 to September 30, 2023, while engaged to perform a review of the financial statements of "A Ltd." for the year ended December 31, 2022, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Code of Professional Conduct, in that:
- a. He failed to ensure proper disclosure of the nature of the existing related party relationship for a related party transaction;
 - b. He failed to ensure proper disclosure on the Statement of Cash Flows since amounts included non-cash transactions of the acquisition of vehicles under capital lease arrangement;
 - c. He failed to ensure proper disclosure of the policy for determining the composition of cash and cash equivalents presented in its cash flow statement.;
 - d. He failed to obtain sufficient appropriate review evidence about whether the opening balances for an initial review engagement contain misstatements that materially affect the current period's financial statements;
 - e. He failed to properly document his assessment of "low-risk engagement" in accepting the review engagement;
 - f. He failed to document his review of the working papers as required by his firm's Quality Assurance Manual;
 - g. He failed to obtain sufficient appropriate review evidence with respect to the following:
 - i. Accrued wages (para. 114a)
 - ii. Accounts payable and accrued liabilities 1,080,077
 - iii. Government remittances payable 254,240 - HST
 - iv. Government remittances payable 254,240 - EHT
 - v. Related party transaction - due to D** L 948,605
 - vi. Advances from Shareholders – 240,000

- h. He failed to properly document a general review of the work performed to make an objective evaluation of the adequacy of the work performed in sensitive and key risk areas, significant judgments made and the conclusions reached;
5. THAT the said Atul Mehra, in or about the period of December 1, 2020 to December 31, 2023, failed to perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct, in that the Quality Assurance Manual prepared and put in place by him, did not establish a quality objective that engagement documentation for review engagements is assembled on a timely basis after the date of the engagement.

Dated at Waterloo, Ontario this 4 day of June, 2024.

Janice C
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Digitally signed by Janice C Deganis
DN: cn=Janice C Deganis, o=CPA, email=j.deganis@cpa.ca, c=CA
Date: 2024.06.04 12:04:30 -04'00'

J. DEGANIS, FCPA, FCA, FCMA, LPA
DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE