

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST **CHRISTOPHER MARTIN, 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

Introduction

1. The Professional Conduct Committee (PCC) approved draft Allegations of Professional Misconduct (Allegations) against Christopher Martin, CPA, CA (Martin or the Member), 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 Canada Handbook (CPAH) sections are found in the Standards Brief.
2. The draft Allegations **[Doc 1]** pertain to Martin'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 audit of the financial statements of "WH" for the year ended April 30, 2022; **[Doc 2]**
 - (b) The review of the financial statements of "422OL" for the year ended December 31, 2022; **[Doc 3]**



3. The draft Allegations also pertain to Martin's failure to maintain the good reputation of the profession, contrary to Rule 201.1 of the Code, in that he modified or completed the aforementioned assurance files after being notified that those files had been selected for practice inspection.
4. The PCC and Martin 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 Martin 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

5. Martin obtained a Bachelor of Business Administration degree in 1998. He obtained his practical experience in Toronto with PKF Hill LLP (now merged with Grant Thornton). Martin obtained his legacy CA designation in 2000.
6. Martin worked from 2001 to 2003 with Rudson Valuation Group where he obtained his training for his CBV designation. In 2006, he joined Symons Wearn & Smith LLP ("SWS") in Woodstock, Ontario as a partner. In 2017 SWS became a two-partner firm, and in November 2023 SWS merged with Marsers Professional Corporation.
7. Martin is responsible for the administrative functions for SWS. The SWS roster currently consists of a senior accountant, four accounting technicians, a CPA (who is on contract) and one administrative staff.
8. Martin obtained his Public Accounting Licence (PAL) in 2018 and maintains a current PAL. In 2023, Martin had two audit clients and one review client. The remainder of his practice consisted of compilation engagements and business advisory and tax planning services.



The Complaint

9. On November 30, 2023, the Practice Inspection Committee ("PIC") advised the Standards Enforcement branch of CPA Ontario that following an inspection of Martin's practice in November 2023, it concluded that his failure to maintain professional standards was sufficiently serious as to reflect adversely upon his professional competence.

10. The assigned practice inspector inspected two of Martin's files and it appeared that on these files, Martin's review, as the engagement partner, was performed long after the report date however, sign-off was backdated to before the report date.

11. On April 11, 2024, the PCC appointed Jennifer Fisher, FCPA, FCA, ("Investigator") to investigate Martin's standards of practice and the circumstances surrounding the complaint.

Failure to Maintain Professional Standards

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

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

The Draft Allegations

Allegation 1 – The audit of "WH" 2022 - Backdating

THAT the said Christopher Martin, in or about the period of April 1, 2022 to August 31, 2023, while engaged to perform the audit of "WH", for the year ended April 30, 2022, 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 Ontario Code of Professional Conduct, in that:



- a. **He failed, on or before the date of the Independent Auditor's Report, to satisfy himself, through a review of the documentation, that sufficient appropriate inquiry and analytical procedures had been conducted to support the conclusions reached and the Independent Auditor's report to be issued;**
- b. **He failed to take responsibility for the overall quality of the audit engagement and for the direction, supervision, planning and performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements;**
- c. **He failed to prepare audit documentation in a timely manner or in a manner to enable another experienced auditor to understand the timing of the audit procedures performed, or to correctly record the date the audit work was fully completed and reviewed;**
- d. **He participated in the modification or backdating of WH 2022 working papers after the date of the Independent Auditor's Report;**

14. The Independent Auditor's Report WH was dated September 11, 2022. The financial statements were prepared using Canadian Auditing Standards ("CAS").

15. The WH 2022 audit was prepared using CaseWare. CaseWare can generate a report that details the history of the access and activity by date, individual, type of action and start and end time of the activity ("CaseWare History Report" or "CHR"). The details of this report identify Martin's involvement in the documentation of the partner review of the working papers to support the issuance of the audit opinion.

16. The CaseWare index ("CWI") is list of documents that are linked to the electronic engagement file and report the document reference, document name, completed by initials, reviewed by initials and date and modified date and time.

17. The CWI indicates that Martin signed off as Reviewer on 114 documents between July 22 and September 12, 2022. These dates on the CWI appear to support that the partner review was completed by September 12, 2022, which approximates the date of the Independent Auditor's Report of September 11, 2022.

18. However, these dates on the CWI can be modified by the user and do not agree with the CHR. The CHR indicates that the activity in the file and the date reviewed in the



CaseWare documents are not consistent for most documents and that Martin did not access many of the working papers at all until August 2023.

19. Martin acknowledges and the CHR shows that he accessed the WH 2022 file on 21 occasions combined on August 26, 2022 and September 1, 2022, prior to the Independent Auditor's Report being issued. However, between August 2 and 7, 2023, well after the Independent Auditor's Report was issued and in advance of a Practice Inspection, Martin accessed the WH 2022 file on 154 occasions.
20. CAS 220.17 requires that on or before the date of the auditor's report, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.
21. Martin failed to satisfy himself that sufficient appropriate inquiry and analytical procedures had been conducted to prior to issuing the Independent Auditor's Report as required by CAS 220.17 (Allegation a.).
22. CAS 220.16 requires that the engagement partner take responsibility for reviews being performed in accordance with the firm's review policies and procedures.
23. The Firm's Quality Assurance Manual ("QAM") outlines the requirement for working paper reviews, in accordance with the Canadian Standard on Quality Control ("CSQC") 1.33 and CAS 220. The engagement partner is responsible for ensuring both a detailed review and a general review are performed on every assurance engagement. A general review (performed by the engagement partner) is confined to the inspection of selected working papers that enable the reviewer to make an objective evaluation of:
 - i. The adequacy of work performed in sensitive and key risk areas;
 - ii. Significant judgments made; and
 - iii. The conclusions reached.
24. The QAM further states: "When the 60-day assembly period has expired, the engagement documentation, of any nature, shall not be deleted, amended or replaced



until the end of the file retention period. If it becomes necessary to modify existing engagement documentation or add new documentation after the 60-day assembly period, a memorandum shall be prepared that documents:

- a. The specific reasons (and implications) for the changes or additions; and
- b. When and by whom the changes were made and reviewed.”

25. Martin’s review, as the engagement partner, was performed long after the report date with sign-off was backdated to before the report date. In the face of a practice inspection, Martin modified files to include backdated documentation of engagement partner review procedures that were not performed prior to the date of the Independent Auditor’s Report (Allegation d.).

26. Backdating obscures when and what work was performed and reviewed. The act of backdating creates questions about the accuracy or timeliness of audit documentation and the quality of the audit.

27. Martin also failed to take responsibility for the overall quality of the audit engagement and for the direction, supervision, planning and performance of the audit engagement by failing to review audit documentation prior to the date of the Independent Auditor’s Report (Allegation b.)

28. CAS 230.8 requires the auditor to prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed to comply with the CAS and applicable legal and regulatory requirements, and the results of the audit procedures performed and the audit evidence obtained.

29. By backdating his sign offs on many of the working papers, Martin did not enable another experienced auditor to accurately understand when the audit work was fully completed and reviewed (Allegation c.).

- e. **He failed to comply with the Quality Assurance Manual policy to complete the assembly of final engagement files within 60 days of the finalization of the**



engagement reports of the financial statements; and

30. The Firm's QAM states that "at the end of an engagement, it is the responsibility of the engagement team to assemble and collate the engagement documentation into a completed engagement file within 60 days after the date of the engagement report". The requirement to assemble a file on a timely basis is also required by CAS (230.14, 230.A21 CSQM1).
31. Martin failed to assemble and collate the engagement documentation into a completed file within 60 days of the Independent Auditor's Report by November 11, 2022.
- f. He failed to comply with the Quality Assurance Manual policy which prohibits deletion, amendment, or replacement of engagement documentation following the 60 day finalization period, unless a modification is necessary, whereby a memorandum shall be prepared that documents the specific reasons (and implications) for the changes or additions; and when and by whom the changes were made and reviewed.**
32. The Firm's QAM states: "When the 60-day assembly period has expired, the engagement documentation, of any nature, shall not be deleted, amended or replaced until the end of the file retention period. If it becomes necessary to modify existing engagement documentation or add new documentation after the 60-day assembly period, a memorandum shall be prepared that documents:
- a. The specific reasons (and implications) for the changes or additions; and
 - b. When and by whom the changes were made and reviewed."
33. Martin amended and signed off as Reviewer on working papers in August 2023 following the date of the Independent Auditor's Report on September 11, 2022 and following the 60 day assembly period expiring on November 11, 2022. Martin did so in anticipation of the engagement being reviewed by Practice Inspection and without a memorandum as described above.

Allegation 2 – The review of "422OL" 2022 - Backdating

THAT the said Christopher Martin, in or about the period of December 1, 2022, to August 31, 2023, while engaged to perform the review of "422OL", for the year ended December



31, 2022, 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 Ontario Code of Professional Conduct, in that:

- a. He failed, on or before the date of the Independent Practitioner’s Review Engagement Report, to satisfy himself, through a review of the documentation, that sufficient appropriate procedures had been conducted to support the conclusions reached and the report to be issued;**
- b. He failed to take responsibility for the overall quality of the review engagement and for the direction, supervision, planning and performance of the review engagement in compliance with professional standards and applicable legal and regulatory requirements;**
- c. He failed to prepare review documentation in a timely manner or in a manner to enable another experienced practitioner to understand the timing of the procedures performed, or to correctly record the date the work was fully completed and reviewed;**
- d. He participated in the modification or backdating of working papers after the date of the Independent Practitioner’s Review Engagement Report;**

34. The Independent Practitioner’s Review Engagement Report was dated February 17, 2023.

35. As reported on the CWI, most of the working papers (106) were dated as completed and reviewed between January 26, 2023 and February 17, 2023 with two additional Reviewer sign offs on February 24, 2023.

36. However, the CaseWare History Report only shows two accesses on January 24, 2023 prior to the date of the Report. The remainder of Martin’s accesses occurred following the release of the report. The vast majority of the working papers were reviewed by Martin ahead of a practice inspection in August 2023 and backdated to a date before the date of the Independent Practitioner’s Review Engagement Report (Allegation d.).

37. Backdating obscures when and what work was performed and reviewed. The act of backdating creates questions about the accuracy or timeliness of audit documentation and the quality of the audit.



38. CSRE 2400.103 requires the practitioner to date the report no earlier than the date on which they have obtained sufficient appropriate evidence as the basis for their conclusion on the financial statements.
39. Martin failed to review the documentation to ensure that sufficient appropriate procedures had been conducted to support the conclusions reached prior to the date of the Independent Practitioner's Review Engagement Report (Allegation a.).
40. CSRE 2400.23 requires the engagement partner to take overall responsibility for:
 - a. Managing and achieving quality on each review engagement to which that partner is assigned and being sufficiently and appropriately involved throughout the engagement;
 - b. The direction, supervision, planning and performance of the review engagement in compliance with professional standards and applicable legal and regulatory requirements.
41. In failing to review and sign off on the majority of the working papers prior to the date of the Independent Practitioner's Review Engagement Report, he did not take responsibility for the overall quality of the review engagement in accordance with the applicable requirements (Allegation b.).
42. CSRE 2400.104 requires the preparation of documentation of specific aspects of the engagement to enable an experienced practitioner, with no prior connection to the engagement, to understand the procedures performed, the results obtained and the conclusions reached in the report.
43. CSRE 2400.105 requires the practitioner in documenting the nature, timing and extent of procedures performed to record who performed the work and the date such work was completed, and who reviewed the work performed for the purpose of quality management for the engagement, and the date and extent of the review.



44. By backdating his sign offs on many of the working papers, Martin did not enable another experienced accountant to understand when the review work was performed and fully completed (Allegation c.).

e. He failed to comply with the Quality Assurance Manual policy to complete the assembly of final engagement files within 60 days of the finalization of the engagement reports of the financial statements; and

45. The Firm's QAM states that "at the end of an engagement, it is the responsibility of the engagement team to assemble and collate the engagement documentation into a completed engagement file within 60 days after the date of the engagement report". CSRE 2400 A172 and CSQM 1 require firms to establish a quality objective that engagement documentation is assembled on a timely basis following the date of the engagement report.

46. Martin failed to assemble and collate the engagement documentation into a completed file within 60 days of the Independent Practitioner's Review Engagement Report by April 17, 2023.

f. He failed to comply with the Quality Assurance Manual policy which prohibits deletion, amendment, or replacement of engagement documentation following the 60 day finalization period, unless a modification is necessary, whereby a memorandum shall be prepared that documents the specific reasons (and implications) for the changes or additions; and when and by whom the changes were made and reviewed.

47. The Firm's QAM states: "When the 60-day assembly period has expired, the engagement documentation, of any nature, shall not be deleted, amended or replaced until the end of the file retention period. If it becomes necessary to modify existing engagement documentation or add new documentation after the 60-day assembly period, a memorandum shall be prepared that documents:

- a. The specific reasons (and implications) for the changes or additions; and
- b. When and by whom the changes were made and reviewed."



48. Martin amended and signed off as Reviewer on working papers in August 2023 following the date of the Independent Practitioner's Review Engagement Report on February 17, 2023 in the face of a Practice Inspection without a memorandum as described above.

Allegation 3 – Modification of Files in the face of a Practice Inspection

THAT the said Christopher Martin, in or about the period of April 1, 2022 to August 31, 2023, failed to maintain the good reputation of the profession, in that, he modified or completed files after being notified, in June 2023, that the files were selected for a practice inspection, contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct

49. The various standards referenced above (CAS 220 and 230, CSRE 2400) require that the Engagement Partner on audit and review files review the work performed and sign off contemporaneously with their review.

50. Martin provided a list of completed assurance engagements to Practice Inspection. When he was advised that the engagement files for "WH 2022" and "422OL 2022" had been selected to be inspected, Martin modified the files including backdating his sign offs as Reviewer on several working papers.

51. In many instances, the working papers had not been reviewed at all prior to the date of the Reports.

52. By failing to perform his professional services in accordance with the generally accepted standards of practice of the profession and subsequently trying to conceal this in the course of the Practice Inspection process, he failed to maintain the good reputation of the profession.

Acknowledgement

53. Martin admits that, while acting as the engagement partner for the following engagements:

- (a) The audit of the financial statements of "WH" for the year ended April 30, 2022;
[Doc 2]



- (b) The review of the financial statements of "422OL" for the year ended December 31, 2022; **[Doc 3]**

he failed to perform his professional services in accordance with generally accepted standards of practice of the profession in the manner described above, contrary to Rule 206.1 of the Code.

- 54. Martin further acknowledges that he failed to maintain the good reputation of the profession, in that, he modified or completed files after being notified in June 2023, that the files were selected for Practice Inspection, contrary to Rule 201.1.

Mitigating Factors

- 55. Martin has been cooperative throughout the CPA Ontario investigation. In making the admissions herein, Martin has saved the PCC and the Discipline Committee the time and expense of a lengthy hearing.

Terms of Settlement

- 56. Martin and the PCC agree to the following Terms of Settlement:

- (a) Martin shall pay a fine of \$10,000 to CPA Ontario;
- (b) Martin shall complete the "Ethics for Accountants" professional development course, or relevant successor course, offered through CPA Ontario within one year of the date this agreement is accepted by the Discipline Committee;
- (c) 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, and shall be made available to the public;
- (d) Martin shall pay costs in the amount of \$14,500 to CPA Ontario;
- (e) Martin will be allowed 12 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to in paragraphs 56(a) and (d);
and,



- (f) A failure by Martin 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.
57. The PCC and Martin expressly consent to and authorize the Registrar to take any actions associated with Martin's membership in CPA Ontario as prescribed and agreed to herein.
58. The PCC and Martin 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.
59. Should the Discipline Committee accept this Agreement, Martin agrees to and hereby waives his right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon Martin's fulfillment of the requirements of this Agreement, the draft Allegations approved by the PCC shall be permanently stayed.
60. 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.
61. 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 Martin leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and Martin; and
 - (b) The PCC and Martin 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

- 62. This Agreement and its terms will be treated as confidential by the PCC and Martin, 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 Martin, or, as may be required by law.

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

- 64. Martin agrees and confirms that he has been advised of his right to legal counsel and has decided to proceed without the assistance of legal counsel. However, Martin 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 18th day of November, 2024.

A handwritten signature in blue ink, appearing to read "L. Bandini".

Lindsay Bandini, J.D.
On behalf of The Professional
Conduct Committee

A handwritten signature in black ink, appearing to read "Christopher Martin".

Christopher Martin, CPA, CA
on his own behalf