

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST **RITA SHRIMALI, 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 Rita Shrimali, CPA, CA (Shrimali 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 Shrimali's failure to conduct herself in a manner that will maintain the good reputation of the profession and serve the public interest for having backdated sign-offs in working papers after being notified that the files had been selected for practice inspection (PI), with respect to the review engagement of the financial statements of a private enterprise, "GMMI" for the year ended April 30, 2022 (GMMI Review) [**Doc 2**], contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct (Code).
3. The draft Allegations also pertain to Shrimali's failure to conduct herself in a manner that will maintain the good reputation of the profession and serve the public interest for having



backdated sign-offs in working papers for the review engagement of the financial statements of a private enterprise, “623 Canada”, for the year ended August 31, 2022 (623 Review), contrary to Rule 201.1 of the Code.

4. The draft Allegations also pertain to Shrimali’s failure, while acting as a member of the engagement team for the GMMI Review, to perform professional services with integrity and due care, contrary to Rule 202.1 of the Code.
5. The PCC and Shrimali 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 Shrimali 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

6. Shrimali obtained her Chartered Accountant designation from CPA Ontario in 2007. She has spent her career in public practice, starting at Karnish & Partners Chartered Accountants and Business Advisers in approximately 2004 and then RSM Richter from 2008 to 2010. She subsequently joined Martyn, Dooley & Partners, Chartered Accountants in 2010 and thereafter followed “CS”, CPA, CA, to “A LLP” (the Firm) in 2022, where she is employed full-time as a senior manager.
7. Shrimali’s client experience is exclusively with small and medium sized private entities in various industries. At the Firm she works exclusively for CS, a partner at the Firm, and manages all of CS’s assurance clients, which consists of two audits and approximately 20 review engagements.
8. The Firm is a full-service audit, tax, business advisory and financial consulting firm formed in approximately July 2022. The Firm’s Certificate of Authorization to perform public accounting commenced in September 2022.



9. In addition to Shrimali, “KS”, CPA, CA works as manager on review files for CS. If Shrimali completes documents on a file, KS will act as a first reviewer, and vice-versa.

The Complaint

10. In the course of an investigation into another matter, Standards Enforcement (SE) staff at CPA Ontario became aware that Shrimali may have been involved in backdating engagement working papers during her employment at the Firm. As a result, a complaint was initiated on July 2, 2024. The PCC determined that further information was required into Shrimali’s standards of practice.
11. On July 11, 2024, the PCC appointed Paul Rhodes, CPA, CA, (Investigator) to investigate the facts and circumstances of Shrimali modifying the GMMI Review file and sign offs prior to the Firm’s 2023 Practice Inspection.
12. The Investigator was also to investigate Shrimali’s standards of practice generally regarding the modification of files and signoffs.
13. The Investigator issued his report to the PCC on September 3, 2024.

Failure to Maintain the Good Reputation of the Profession and Serve the Public Interest

14. Shrimali and the PCC agree that Shrimali failed to conduct herself in a manner that maintained the good reputation of the profession and served the public interest as described below; and, Shrimali admits that the agreed facts set out below accurately particularize the manner in which she failed to do so.

Allegation 1

That the said Rita Shrimali, in or about the period of October 1, 2023 to October 31, 2023, failed to conduct herself in a manner that will maintain the good reputation of the profession and serve the public interest, contrary to Rule 201.1 of the CPA Code of Professional Conduct (“Code”), in that, after being notified



that the file was selected for practice inspection, she backdated sign-offs in working papers for the review engagement of the financial statements of a private enterprise, “GMMI”, for the year ended April 30, 2022 (“GMMI Review”)

15. Shrimali was involved as a member of the engagement team for the GMMI Review as detailed below. The file was prepared using Caseware.
16. KS was the file reviewer and because the file was not complex, Shrimali did not complete a secondary review. However, she was involved with the file in two relevant ways for the purposes of this Agreement:
 - (a) As required by the Firm’s quality control process, Shrimali reviewed certain documents related to inventory because KS had completed the documents related to the financial statements as a second quality control; and
 - (b) On October 30, 2022, Shrimali cleared an issue in the Caseware file that had been raised by KS on October 16, 2022. However, Shrimali failed to signoff or date the document upon clearing it.

As a result, Shrimali had involvement with the review file prior to the issuance of the Independent Practitioner’s Review Engagement Report (Review Report) on October 31, 2022.

17. The GMMI Review Report was prepared using Caseware. The Caseware document manager (CDM) lists all the documents that are included in the file. Caseware records certain types of Caseware changes made to documents, including “prepared by” and “reviewed by” signoffs of the document on the CDM.
18. Shrimali agrees that, as detailed below, she backdated her signoffs by manually overriding the default date field in Caseware. Shrimali stated that she has never signed off under another person’s identity nor asked anyone to do so on her behalf.
19. The term “practitioner” is used in the Canadian Standard on Review Engagements (CSRE) 2400 to mean “a professional accountant in public practice”. Depending on the

context, this applies to either the engagement partner alone or all members of the engagement team. As such, the distinctions are indicated below.

20. CSRE 2400.12 states that the engagement team's objectives in a review of financial statements in accordance with the standard are to obtain limited assurance, primarily by performing inquiry and analytical procedures, about whether the financial statements as a whole are free from material misstatement. Limited assurance enables the engagement partner to express a conclusion on whether anything has come to their attention that causes them to believe the financial statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework. A review engagement results in the engagement partner issuing a report on the financial statements as a whole.
21. CSRE 2400.19 & A17 also requires the engagement team in the conduct of a review engagement to comply with relevant ethical requirements, which include, amongst other requirements: integrity, objectivity, professional competence and due care.
22. CSRE 2400.104 requires the preparation of documentation for the review that provides evidence that the review was performed in accordance with the standard and a sufficient and appropriate record of the basis for the practitioner's report. The engagement team is required to document the following aspects of the engagement in a timely manner, sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand:
 - (a) The nature, timing and extent of the procedures performed;
 - (b) Results obtained from the procedures, and the practitioner's conclusions formed on the basis of those results; and
 - (c) Significant matters arising during the engagement, the practitioner's conclusions reached thereon, and significant professional judgements made in reaching those conclusions.
23. CSRE 2400.105 requires that in documenting the nature, timing and extent of procedures performed, the engagement team shall record:

- (a) Who performed the work and the date the work was completed; and
- (b) Who reviewed the work performed for the purpose of quality control for the engagement, and the date and extent of review.

24. Additionally, CSQM 1.31 & A83, states that an appropriate time limit within which to complete the assembly of the final review file is ordinarily not more than 60 days after the date of the review report.
25. The Review Report for GMMI was issued by CS on October 31, 2022. At the time of the report being issued, and as will be discussed in more detail with respect to Allegation 3, Shrimali had not signed off or dated her review of the documents referenced in paragraph 16, above.
26. On October 19, 2023, the practice inspector notified the Firm of the files selected for inspection, including the GMMI Review.
27. Once notified that the file had been selected, on October 19, 2023, Shrimali added her “reviewed by” checkmarks to every document in the GMMI Review file that she had previously reviewed. She then changed the dates on those role completions to reflect the dates appropriate to the files, for example, on the engagement and acceptance documents they were backdated to October 27, 28 or 30, 2022, as necessary. The only evidence within the Caseware file that indicates Shrimali’s involvement with the file is her clearing of an issue regarding a debit shareholder balance that KS noted in Caseware on October 16, 2022. The Caseware file indicates that Shrimali cleared it on October 30, 2022, but did not sign off. **[Doc 3]** includes the complete list of the documents modified by Shrimali
28. Shrimali admits that she modified all documents set out in **[Doc 3]** by adding her name or initials as the reviewer within the document. Shrimali states that she did not make any other modifications to the documents.

29. In her written response to SE, Shrimali stated that after receiving the PI report, which identified modification of signoffs as an area of concern, she made it a policy to ensure that she has signed off in all files as and when she has reviewed them.
30. Shrimali admits that in adding signoffs and modifying the dates of those signoffs, after being notified that the GMMI Review was subject to practice inspection, she failed to comply with CSRE 2400, and CSQM 1, and did not act in a manner that maintained the good reputation of the profession and served the public interest.

Allegation 2

That the said Rita Shrimali, in or about the period of January 1, 2023 to October 31, 2023, failed to conduct herself 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, in that, she backdated sign-offs in working papers for the review engagement of the financial statements of a private enterprise, “623 Canada”, for the year ended August 31, 2022.

31. As previously noted, Shrimali must comply with CSRE 2400.12, .19 &A17, .104 and .105, as well CSQM 1.
32. Shrimali states that in addition to the backdated signoffs in **[Doc 3]** related to the GMMI Review, she backdated signoffs in the review engagement for “623 Canada”, a private enterprise, for the year ended August 31, 2022. The Review Report for 623 Canada was issued on February 15, 2023. Shrimali admits to making the following modifications:
- (a) She signed off after the report release date on the financial statements notes and scope of engagement documents on October 19, 2023, but backdated to when those documents were reviewed; and
 - (b) She signed off before the report release date on the planning section on February 6, 2023, but backdated to November 25, 2022.
33. Shrimali admits that in adding signoffs and modifying the dates of those signoffs, she failed to comply with CSRE 2400, and CSQM 1, and did not act in a manner that maintained the good reputation of the profession and served the public interest.



Failure to Perform Professional Services with Integrity and Due Care

34. Shrimali agrees that she failed, while acting as a member of the engagement team for the GMMI Review, to perform professional services with integrity and due care as described below; and, Shrimali admits that the agreed facts set out below accurately particularize her failure to perform her professional services in accordance with generally accepted standards of practice of the profession.

Allegation 3 – GMMI Review

That the said Rita Shrimali, in or about the period of September 1, 2022 to October 31, 2023, while acting as a member of the engagement team for the GMMI Review, failed to perform professional services with integrity and due care contrary to Rule 202.1 of the Code, in that:

35. The Review Report was dated October 31, 2022. The financial statements were prepared using the Canadian Accounting Standards for Private Enterprises (“ASPE”).

36. The engagement risk to the Firm was assessed as moderate. The GMMI Review resulted in 37 adjusting journal entries, and three reclassification entries. At the conclusion of the review four misstatements, below the materiality threshold, were left unrecorded.

a. She failed to perform any review of certain working papers prior to signing off on those working papers

37. As previously stated, Shrimali was required to comply with CSRE 2400.19 & A17. One of the fundamental principles of the ethical requirements that a practitioner is required to comply with is integrity.

38. Shrimali states that KS was the reviewer for the GMMI Review and that KS performed a detailed review of the file documents. Shrimali’s involvement was to have been administrative in nature, such as scheduling and logistics.

39. Shrimali reviewed the following documents in the Caseware file:

- (a) Six inventory documents because KS had updated them so Shrimali reviewed them, as per the Firm's quality control processes;
- (b) The leadsheet for Due to Shareholder, as this was the document where KS raised an issue that Shrimali subsequently cleared; and
- (c) The Control Sheet, Financial Statements and Completion Checklist, which were reviewed as the second quality control review, as per the description of the Firm's quality control processes.

40. Shrimali admits that in addition to the documents above, she went into the Caseware file and signed off on several other documents within the file even though she had never reviewed them. As a non-complex engagement, the Firm's quality control processes did not require Shrimali to conduct a review of the documents or, in general, provide signoffs. She admits that she should not have signed off on those documents.

41. As such, Shrimali failed to act with integrity by signing off on documents that she had not reviewed, as required by CSRE 2400.

b. She failed to prepare documentation for the review engagement in a timely manner following the Independent Practitioner's Review Engagement Report date.

42. CSRE 2400.104 & A172 requires that review practitioners, including all members of the engagement team, prepare review documentation on a timely basis after the date of the Review Report. This is an administrative process to assemble the file and does not include, for example, the completion of procedures to generate evidence to support the review conclusion.

43. CSQM 1 requires that the documentation be assembled ordinarily within 60 days of the date of the engagement partner's report being issued.

44. Shrimali states that the only changes she made to the documentation in the file after the report was issued, was to add her sign offs, and modify the dates of the signoffs, on the documents. This occurred 12 months after the Review Report was issued, and upon being notified that the file was selected for inspection.
45. Shrimali failed to assemble the review documentation in a timely fashion, as required by CSRE 2400 and CSQM 1.

Acknowledgement

46. Shrimali admits that she failed to act in a manner that maintained the good reputation of the profession and serve the public interest for having backdated sign-offs in working papers after being notified that a file had been selected for practice inspection, contrary to Rule 201.1 of the Code.
47. Shrimali admits that she failed to act in a manner that maintained the good reputation of the profession and serve the public interest for having backdated signoffs in working papers for an additional file, contrary to Rule 201.1 of the Code.
48. Furthermore, Shrimali admits that she failed to perform professional services with integrity and due care, contrary to Rule 202.1 of the Code.

Mitigating Factors

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

Terms of Settlement

50. Shrimali and the PCC agree to the following Terms of Settlement:

- (a) Shrimali shall pay a fine of \$10,000 to CPA Ontario;



- (b) Notice of the terms of this Settlement is to be published in the manner set out in CPA Ontario Regulation 6-2 sections 45, 48, 50 and 52 with notice to be given to all members of CPA Ontario, and all provincial CPA Bodies, and shall be made available to the public;
 - (c) Shrimali shall take such professional development courses, or their relevant successor courses, as directed by the PCC, by no later than 12 months from the time the Discipline Committee accepts this agreement, and specifically:
 - a. Quality Management: Application for Assurance Providers
 - b. Audit Hot Topics
 - c. Practice Management: Efficient File Review
 - (d) Shrimali shall pay costs in the amount of \$11,000 to CPA Ontario;
 - (e) Shrimali will be allowed 18 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to in paragraphs 55(a) and (d); and,
 - (f) A failure by Shrimali to comply with any of the terms of settlement will result in the immediate suspension of her CPA Ontario membership until she complies, if her suspension under this section exceeds 30 days her membership in CPA Ontario will be revoked forthwith without further notice to her.
51. The PCC and Shrimali expressly consent to and authorize the Registrar to take any actions associated with Shrimali's membership in CPA Ontario as prescribed and agreed to herein.
52. The PCC and Shrimali 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.



53. Should the Discipline Committee accept this Agreement, Shrimali agrees to and hereby waives her right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon Shrimali's fulfillment of the requirements of this Agreement, the draft Allegations approved by the PCC shall be permanently stayed.

54. 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.

55. 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 Shrimali leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and Shrimali; and

 - (b) The PCC and Shrimali 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

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

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



58. Shrimali agrees and confirms that she has received legal advice from her legal counsel. As a result, Shrimali agrees and confirms that she fully understands the effect of this Agreement and consequences of signing this Agreement.

All of which is agreed to for the purpose of this proceeding alone this 21st day of January, 2025.

A handwritten signature in blue ink, appearing to read "Jonathan Smith".

Jonathan Smith, J.D.
On behalf of
The Professional Conduct Committee

A handwritten signature in blue ink, appearing to read "Rita Shrimali".

Rita Shrimali, CPA, CA
on her own behalf