

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT AGAINST
JEFFREY M. LINGARD, 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 Jeffrey M. Lingard, CPA, CA (Lingard or 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 Allegations **[Doc 1]** pertain to Lingard's failure to perform his professional work in accordance with generally accepted standards of the profession, contrary to Rule 206.1 of the CPA Ontario Code of Professional Conduct (Code), with respect to the following engagements:
 - (a) The review of the financial statements of "NNR Ltd." for the year ended December 31, 2022; **[Doc 2]**
 - (b) The audit of the financial statements of "R217", for the year ended February 28, 2023; **[Doc 3]**
 - (c) The review of the financial statements of "DMWA Ltd" for the year ended August 31, 2024; **[Doc 4]**



(d) The audit of the financial statements of “KFCAS” for the year ended March 31, 2025;
[Doc 5]

3. The Allegations also pertain to Lingard’s failure to maintain the good reputation of the profession, contrary to Rule 201.1 of the Code, in that he backdated working papers for two of the aforementioned assurance engagements after being notified that those files had been selected for practice inspection and for one of the additional files selected by the investigator, he failed to comply with the Action Plan he submitted to the Practice Inspection Committee for his 2024 inspection, he failed to document his compliance with his continuing professional development requirements for 2023, and he failed to meet his continuing professional development requirements for 2024.
4. The PCC and Lingard 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 Lingard 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. Lingard began his training with a regional firm in Kanata, Ontario in 2000. Lingard obtained his Chartered Accountant designation in 2003.
6. Lingard worked for small local firms in Peterborough from 2005 until he began to practice as a sole practitioner in 2013. In March 2020 he sold his practice to Inclusive Accounting Professional Corporation (Inclusive) and was hired as an employee, which is his current status.
7. Inclusive is owned by Michael Konopaski, CPA, CMA (Konopaski), who owns all the issued shares except for one non-voting share which is owned by Lingard because he is the licenced accountant. Konopaski has little day-to-day responsibilities for the accounting practice.
8. Inclusive had three offices, Port Perry, Oshawa and Peterborough however Konopski decided to sell the practice. Konopaski was successful in selling all the non-assurance work, so



Lingard is now working from his residence.

9. Lingard obtained his Public Accounting Licence (PAL) in 2013 and maintains a current PAL.

Complaint

10. On April 3, 2025, the Practice Inspection Committee (PI) advised the Standards Enforcement branch of CPA Ontario that following an inspection of Lingard's practice in December 2024, it concluded that his failure to maintain professional standards was sufficiently serious as to reflect adversely upon his professional competence.
11. The assigned practice inspector inspected two of Lingard's files and it appeared that on these files, Lingard's review, as the engagement partner, was performed long after the report date, however, his sign-off was backdated to before the report date.
12. On June 4, 2025, the PCC appointed Paul Gibel, FCPA, FCA, (Investigator) to investigate Lingard's standards of practice and the circumstances surrounding the complaint.

Failure to Maintain Professional Standards

13. Lingard and the PCC acknowledge and agree that Lingard failed to perform his professional services in accordance with generally accepted standards of practice of the profession as described below.
14. Lingard admits that the facts set out below accurately particularize his conduct and his failure to perform his professional services in accordance with generally accepted standards of practice of the profession.
15. The accounting standards referred to herein are mandatory. The applicable standards for each particularized allegation are summarized for each of the four engagements. To limit repetition, for each engagement a standard is summarized once and then cited, as applicable, without additional description.



Allegations

16. NNR Ltd. provides nursing services mainly through government contracts. Lingard said their bank and funders require a review engagement. The review engagement report is dated August 29, 2023, with materiality set at \$8,300.

Allegation 1 – That the said Jeffrey M. Lingard, in or about the period of December 1, 2022 to August 31, 2023, while engaged to perform the review of the financial statements of “NNR Ltd.”, 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 (Code), in that:

a. He failed to obtain a representation letter;

17. Canadian Standards on Review Engagements (CSRE) 2400.68 requires the practitioner to request management to provide a written representation that management has fulfilled its responsibilities described in the agreed terms of engagement.

18. PI found Lingard did not obtain a representation letter. Lingard said he had obtained one but was not able to find it.

b. He failed to disclose that a review engagement of the prior year’s financial statements was issued by a predecessor practitioner;

19. CSRE 2400.100 requires the practitioner, *If the financial statements of the prior period were subject to a review engagement or an audit engagement by a predecessor practitioner, to disclose three specific elements in an Other Matter paragraph in their report.*

20. The prior period financial statements were subject to a review engagement by another practitioner, and this disclosure was not provided. When asked why this was not done, Lingard said he was surprised that he missed this as he usually tries to include this disclosure.

c. He failed to complete the final engagement file on a timely basis;

21. Canadian Standards on Quality Management (CSQM) 1 states standards for engagement performance. One of the quality objectives the firm shall establish is that “*engagement*



documentation is assembled on a timely basis after the date of the engagement report and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards.”...“In the case of engagements conducted under the CASs or CSAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report.”

22. The firm’s Quality Assurance Manual (QAM) also says *“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.”*
23. The Caseware engagement history does not evidence that this file had been locked down. Lingard agreed that this was not done.
 - d. **He failed to correctly disclose Statement of Cash Flows items Gain on sale of capital assets (21,598) and Proceeds on disposal of capital assets 25,500;**
24. CSRE 2400.104 requires the practitioner to prepare documentation that evidences that the review was performed in accordance with CSRE and all relevant legal and regulatory requirements with a sufficient and appropriate record of the basis for the practitioner’s report. The practitioner is required to sufficiently document three specific elements of the engagement to enable an experienced practitioner, having no previous connection with the engagement, to clearly understand what work the practitioner performed.
25. The Statement of Cash Flows shows gain on sale of capital assets of \$(21,598) as an item not involving cash and proceeds on disposal of capital assets of \$25,500 as an investing activity. The Capital assets disposals working paper shows a gain of \$15,445.36 on a vehicle and a loss of \$586.91 on a sign for a total of \$14,858.45 and proceeds of \$37,746.73 on the vehicle. Lingard was unable to explain the differences.
 - e. **He failed to disclose the minimum operating lease payments for the next five years;**
26. Accounting Standards for Private Enterprises (ASPE) Section 3065.77 requires the practitioner to disclose the future minimum lease payments, in the aggregate and for each of



the five succeeding years under operating leases.

27. The working papers contain a lease for the company's premises from January 1, 2024 to December 31, 2033 with 23X Ontario Inc. There is no disclosure of this lease commitment. Lingard agrees this disclosure was not made.

28. This lease is with a related company and the disclosure of this fact along with the amount paid for the year and the measurement basis was not disclosed as required by ASPE Section 3840.51. Lingard agrees this disclosure was not made.

f. He failed to correctly disclose Government remittances payable;

29. ASPE Section 1510.15 requires the practitioner to *disclose the amount payable at the end of the period in respect of government remittances (other than income taxes)*".

30. ASPE Section 1510.16 states "*Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums.*"

31. The balance sheet shows government remittances receivable of \$3,944, which is the HST balance. The accounts payable lead sheet also shows amounts payable for payroll taxes, Canada Pension Plan, Employment Insurance and Employer Health Tax which are government remittances.

32. Lingard admits that he only disclosed the HST amount but agrees these other amounts should also have been included in the amount disclosed.

g. He failed to adequately disclose in Note 14 the terms of issued share capital;

33. ASPE Section 3240.20 requires the practitioner to disclose six specific elements of issued share capital.



34. The company's share capital is disclosed in note 14. Lingard failed to disclose the attributes of the shares and agrees he should have done so.

h. He incorrectly disclosed in Note 2 a change in accounting policy;

35. Note 2 discloses a change in accounting policy for the adoption of recommendations in ASPE Section 3856 on the presentation and recognition of retractable shares in a tax planning arrangement and says the company adopted these changes on January 1, 2022. The December 31, 2021 financial statements prepared by the predecessor practitioner also disclose the adoption of these changes effective January 1, 2021.

36. Lingard said he carried forward this disclosure. This disclosure in the current year is incorrect and should not have been made.

i. He failed to adequately disclose government assistance;

37. ASPE Section 3800.31(a) requires the practitioner to disclose four specific elements of an entity's receipt of government assistance in the current period.

38. The Statement of Income discloses other income for COVID-19 temporary and retention incentives which is government assistance. However, the relevant terms and conditions applicable to the assistance and the amount received or receivable have not been disclosed as required.

j. He failed to adequately disclose related party transactions, accounts payable to related parties and a related party commitment;

39. ASPE Section 3840.51 requires the practitioner to disclose six specific elements regarding an entity's transactions with related parties.

40. The Accounts Payable Aged Payables by Due Date shows \$8,111.42 payable to NHM Inc. Lingard said this company provides maintenance services and there are amounts paid for leasehold improvement additions to this company. These related party transactions have not been disclosed as required.



41. Lingard agrees that the accounts payable balance and the transactions with NHMInc. should have been disclosed.

k. He failed to adequately disclose Redeemable shares (note14) 91,290 on the Balance Sheet;

42. ASPE Section 3856 .47 (c) requires an entity that issues financial liabilities or equity instruments, specifically retractable or mandatorily redeemable shares issued in a tax planning arrangement that are classified as equity as specified in paragraph 3856.23, to disclose, in a particular manner, three specific elements of those shares.

43. The redemption amount of the Class B special shares has been disclosed in note 14 when it should be on the face of the balance sheet and the description of the arrangement has not been made.

l. He failed to sufficiently document the procedures performed to support reliance on the opening balances;

44. CSRE 2400.55 requires the practitioner, when performing an initial review engagement, to obtain sufficient appropriate evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements.

45. Question 2 b) of the Engagement Acceptance checklist says "*Predecessor contacted and documents obtained*" and the response to question 5 b) is "*Sufficient evidence has been obtained for opening balances.*" There are no working papers in the file with respect to opening balances. Lingard asserts he sent a letter to the predecessor accountants and should have looked at the prior year bank statements and ensured the opening numbers agreed to the prior year financial statements. Lingard obtained the predecessor's response to his standard inquiry letter but did not provide any working papers to support the opening balances.

m. He failed to sufficiently document the procedures performed to support Balance Sheet item Accounts receivable 744,585;



46. CSRE 2400.46 requires the practitioner, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements as a whole, 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.

47. CSRE 2400.74 requires the practitioner to evaluate whether sufficient appropriate evidence has been obtained from the procedures performed and, if not, to perform other necessary procedures to be able to form a conclusion on the financial statements.

48. The analytical review procedures section of the Accounts receivable checklist has not been completed as it was deleted from the checklist. Lingard agrees this section should have been completed. Lingard asserts that his analytical procedures would have looked at the year over year variance, the days outstanding ratio and a comparison to sales. Lingard admits that these procedures are not documented as required by CSRE 2400.104.

n. He failed to obtain sufficient appropriate evidence to support Note 4 Allowance for doubtful accounts (20,000);

CSRE 2400.46.

49. The Allowance for doubtful accounts working paper shows a balance of \$20,000 which has been carried forward from the company's December 31, 2020 year end. Lingard asserts that it is a fixed amount picked by the controller and that he discussed it with the controller. There is no documentation of the discussion with the controller or explanation why the amount selected for the allowance is appropriate.

50. Lingard has not obtained sufficient appropriate evidence for the allowance for doubtful accounts.

o. He failed to obtain sufficient appropriate evidence to support the valuation of Balance Sheet item Due from related parties 526,785;

CSRE 2400.46

CSRE 2400.74



51. CSRE 2400.104 requires the practitioner to sufficiently document three distinct aspects of the engagement in a timely manner to enable an experienced practitioner with no previous connection with the engagement, to understand those aspects of the engagement.

52. Note 7 discloses amounts due from two related parties. The working papers include print outs of the related parties' general ledger accounts. Lingard reconciled the balances to the other corporations in the group and looked at the transactions. The transactions shown on the general ledger print out do not provide descriptions of what the amounts are for. There is insufficient documentation of these procedures.

53. Lingard did not consider the collectability of these amounts and suggested that the owner would say they were collectible.

54. Lingard has not obtained sufficient appropriate evidence with respect to the collectability of amounts due from related parties, as required.

p. He failed to obtain sufficient appropriate evidence to support Balance Sheet item Prepaid expenses 42,564;

CSRE 2400.46 and .74.

55. The prepaid expenses working paper shows an amount of \$22,200 for J & D Benefits with the note "*No Write Down*". Lingard was unaware of this amount and did not know why the amount was not being expensed. Lingard has not obtained sufficient appropriate evidence with respect to prepaid expenses, as required.

q. He failed to adequately document Balance Sheet item Due from shareholders 424,722;

CSRE 2400.104.

56. There were no working papers to support the amount of \$424,722 due from shareholders shown on the balance sheet. Lingard asserts he discussed this with the client and thinks this balance was related to financing that was received by the shareholders on behalf of the company and was collected in the next year. An email on this issue does not provide a full



explanation for the balance but indicates the shareholder's intention to repay it by the end of the next year. There is no discussion of the collectability of this amount.

57. Lingard agrees there should be a section for this in the working papers. Lingard has not obtained sufficient documentation with respect to the amount due from shareholders, as required.

- r. **He failed to adequately document the procedures performed to support Balance Sheet item Investment 10,000;**

CSRE 2400.104.

58. Note 6 discloses an investment in PKAST Corp. for \$10,000. There is a note on the lead sheet that says there was no change in the year, no impairment adjustment required and the value is presented fairly. However, there is no documentation of the nature of the investment.

59. Lingard asserts that this investment is a company that was crowd funded for the development of a medical device, that this value represents a small minority position, and there is no evidence of impairment. There is insufficient documentation of the nature of this investment and why it is not impaired, as required.

- s. **He failed to obtain sufficient appropriate evidence to support Balance Sheet item Accounts payable and accrued liabilities 577,888;**

CSRE 2400.46 and.74.

60. The analytical review procedures section of the Accounts payable and accrued liabilities checklist has not been completed; it was deleted from the checklist. Lingard agrees that this section should have been completed. Lingard was unable to identify any analytical procedures he performed. Lingard has not obtained sufficient appropriate evidence with respect to accounts payable and accrued liabilities, as required.

- t. **He failed to obtain sufficient appropriate evidence to support Balance Sheet item Share capital 303;**

CSRE 2400.46 and.74.



61. The Share capital schedule shows the number of each class of shares issued and the total value of the paid-up capital. It does not show the attributes of the shares or the amount of paid-up capital for each class or any other details about the shares. Note 14 shows the 510 Class B special shares have a redemption value of \$91,290. Lingard explained that he copied this information from the previous year's financial statements.

62. Note 13 shows 490 Class B special shares for \$87,710 as redeemable shares which are shown as a long-term liability on the balance sheet. Lingard admits that he reported these shares the same way they were shown on the prior year financial statements by the predecessor accountants and does not understand why they were presented this way.

63. Lingard has not obtained sufficient appropriate evidence with respect to share capital including the redeemable shares, as required.

u. He failed to obtain sufficient appropriate evidence to support the Statement of Income (166,431);

CSRE 2400.46 and .74.

64. The analytical review procedures section of the Income statement checklist has not been completed; it was deleted from the checklist.

65. The analytical review working paper is a year over year comparison showing the dollar amount and percentage changes from the prior year. There are a few explanations provided for the changes but not for the majority of the accounts, including, as an example, an increase in bad debt expense from \$1,447 to \$94,793. There is no discussion of any of the changes related to wages and benefits expense which make up over 85% of the company's expenses. Lingard agrees that he should have provided explanations for the significant variances.

66. Lingard did not perform any other procedures on wages and benefits. Lingard agrees he should have looked at the margins and variances and noted what he did or provided an explanation of why nothing was done. Lingard has not obtained sufficient appropriate evidence with respect to the income statement, as required.



v. He failed to correctly classify Balance Sheet item Due to related party 36,757 under Current liabilities;

67. ASPE Section 1510.13 provides the practitioner direction on the proper classification of debt under current liabilities.

68. The balance sheet shows an amount due to a related party of \$36,757 as a long-term liability. Note 7 explains this is because the related party has indicated it is not their intention to request payment during the next fiscal year. Lingard agrees this is not documented in his working papers.

69. In accordance with the conditions detailed in Section 1510.13, this amount should be shown as a current liability.

w. He failed to disclose the entity's exposure to liquidity risk;

70. ASPE Section 3856.53 requires the practitioner, when reporting financial instruments, to disclose risk exposure, including liquidity risk, its source and any change in risk exposures from the previous period.

71. Note 3 (g) discloses the accounting policy for financial instruments and says the company is not exposed to any significant interest, currency or credit risks. Lingard asserts that this disclosure is correct and also agrees that he should have disclosed liquidity risk.

x. He failed to correctly disclose Balance Sheet item Due from shareholders 424,722 in Note 5;

72. The balance sheet shows an amount due from shareholder of \$424,722 as a current asset, which is referenced to note 5. Note 5 discloses that since it is not the shareholders' intention to request repayment during the next year it has been classified as a non-current liability. Lingard agrees that the note 5 disclosure is incorrect.



y. **He failed to disclose the details of the Balance Sheet item Investment 10,000 in Note 6; and**

73. ASPE Section 3051.37 requires an investor to provide a listing and description of significant investments, including the names, carrying values and proportion of ownership interests held in each investment.

74. Note 6 shows the investment in PKAST Corp, Lingard has not disclosed the ownership proportion.

z. **He failed to provide supporting documentation for Statement of Income items Income tax recovery in Note 15 for the disclosure reconciling the expected income taxes at the current rates to the actual income taxes under the taxes payable method.**

CSRE 2400.104

75. Note 15 provides the required disclosure reconciling the expected income taxes at the current rates to the actual income taxes under the taxes payable method. No documentation supported this disclosure. Lingard was unable to provide a working paper and said he would have used Schedule 1 of the company's corporate income tax return to calculate these amounts.

R217

76. R217 promotes health through the production, distribution and use of therapeutic music. It requires an audit under the terms of the government grants it receives. The auditor's report is dated June 12, 2023, with materiality set at \$8,500.

Allegation 2 – That the said Jeffrey M. Lingard, in or about the period of February 1, 2023 to June 30, 2023, while engaged to perform the audit of the financial statements of “R217”, for the year ended February 28, 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 Code, in that:

a. **He failed to document risk assessment procedures with respect to obtaining an understanding of the entity and its environment with respect to the control environment;**

77. Canadian Auditing Standards (CAS) 315.21 requires the auditor to obtain an understanding of the control environment relevant to the preparation of the financial statements by performing risk assessment procedures, by understanding the set of controls, processes and structures



that address five aspects of oversight and by evaluating whether the entity satisfies three aspects of the control environment.

78. This would have been the first year end this revised standard applied and Lingard did not obtain an understanding of these areas.

79. CAS 315.26 requires the auditor to obtain an understanding of the control activities component through performing risk assessment procedures by identifying, evaluating and determining the effectiveness of the controls that address risks of material misstatement at the assertion level.

80. Lingard did not evaluate the effectiveness of the internal controls or test their implementation. Instead, he sample tested each income statement area, which falls short of the standard requirements.

b. He failed to perform analytical procedures as part of the risk assessment procedures;

81. CAS 315.14(b) requires the auditor to perform analytical procedures at the beginning of the audit to assist with identifying the risks of material misstatement through understanding the entity and its environment .

82. The F/S Analysis Planning working paper includes a year-over-year comparison and the calculation of a number of ratios. The only explanatory comment included was that revenue was expected to remain consistent. There is an unexplained 10% decrease in revenue from the prior year. Lingard did not obtain explanations for the significant variances at the planning stage and agrees he should have. Accordingly, he has not met the standard.

c. He failed to perform the required communications with those charged with governance;

83. CAS 260.14 requires the auditor to explain to those charged with governance the auditor's responsibilities during the audit, specifically that the auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance, and that the audit of the financial



statements does not relieve management or those charged with governance of their responsibilities.

84. CAS 260.15 requires the auditor to 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.
85. CAS 260.16 requires the auditor to communicate with those charged with governance their significant findings from the audit.
86. CAS 240.21 requires the auditor to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the controls that management has established to mitigate these risks.
87. CAS 240.22 requires the auditor to make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.
88. The inquiries of those charged with governance section of the Inquiries of management and others checklist is completed but there is no documentation of who Lingard discussed the topics with and when. Lingard asserts that he would have discussed this with the Executive Director and may have had a discussion with the Board Chair if he saw something out of the ordinary. He also said this is an Executive Director engagement and the Board is not very active. The Executive Director is management and not included in those charged with governance.
89. The auditor is required to communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor and the significant findings from the audit. Lingard did not communicate with the



Board at the planning stage and did not present his audit findings to the Board, accordingly he has not met the standard.

90. The CAS 240.21 and.22 requirements are signed off on the Inquiries of management and others checklist but there is no documentation of the discussion.
 - d. **He failed to identify a significant audit risk based on the presumption of the risk of fraud in revenue recognition;**
91. CAS 315.32 requires the auditor to determine whether any of the assessed risks of material misstatement are significant risks.
92. CAS 240.28 requires the auditor to treat those assessed risks of material misstatement due to fraud as significant risks and to identify the entity's controls that address such risks and evaluate their design and determine whether they have been implemented.
93. CAS 240.27 requires the auditor, when identifying and assessing the risks of material misstatement due to fraud, based on a presumption that there are risks of fraud in revenue recognition, to evaluate which types of revenue, revenue transactions or assertions give rise to such risks.
94. CAS 240.48 requires the auditor, if they conclude that the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, to include in the audit documentation the reasons for that conclusion.
95. Lingard did not identify any significant audit risks and admits that he should have included more commentary on the audit risks in his working papers. Lingard has not identified the risk of fraud in revenue recognition as a significant risk or provided documentation that it is not applicable.



e. He failed to test journal entries for the risk of management override;

96. CAS 240.33 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.

97. Question 5 on the Use of journal entries checklist directs the auditor to select entries based on defined attributes; the step is signed off. Lingard did not select a sample of journal entries to test for management override outside of his usual testing of revenues and expenses, which includes a review of the general ledger for unusual transactions. Lingard did not meet the requirements.

f. He failed to obtain sufficient appropriate audit evidence to support Statement of Financial Position item Inventory 27,766;

98. 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.

99. There was no inventory section in the working papers; it is unclear what procedures Lingard performed and where they are documented. Lingard explained that inventory was compact discs that contain music for hospice care patients and admits that there should have been a section in the file, and that he did not perform an actual inventory count. Lingard has not obtained sufficient appropriate evidence for inventory as required.

g. He failed to obtain sufficient appropriate audit evidence to support Statement of Operations item Contracted specialty services and staffing 350,768;

CAS 500.6.

100. The Other items lead sheet is actually the lead sheet for contracted specialty services and staffing. It contains a note that says "Client uses ADP for Payroll. MAM confirmed Journal Entry from ADP matches Journal entry in QBO for the months of May 2022, August 2022, September 2022, January 2023. Confirmed through CRA that employees are factual and are active."



101. Lingard traced the monthly payroll to the ADP reports and looked at the T4's to verify employee existence. He also said there should be a spreadsheet showing the testing. ADP processes the data provided by the client and does not verify the accuracy of the underlying data. Issuing a T4 does not prove that an employee exists and is providing services to the organization. There are also non-salary related amounts included on the lead sheet. Lingard has not obtained sufficient appropriate audit evidence for contracted specialty services and staffing expenses as required.

- h. He failed to obtain sufficient appropriate audit evidence to support Statement of Financial Position item Short-term investments 489,654;**

CAS 500.6

102. The Caseware Investment checklist was not completed; Lingard agrees that it should have been. Lingard asserts that he traced the amounts to the investment statements as he did the accounting for the transactions. He said the statements should be in his working papers, but they are not. The investment summary working paper summarizes the transactions for the year and shows the fair market value of the investments at February 28, 2023, as \$496,197.79. This agrees to the preliminary balance on the lead sheet. The balance on the investment statement is \$489,073.24. The balance sheet shows investments of \$489,654 which is close to the balance on the investment statement. The investment statement should have been but was not included in the working papers. Considering that the investments are over 70% of the organization's assets, the balance should have been confirmed directly with National Bank which holds these investments for the organization. Lingard has not obtained sufficient appropriate audit evidence for investments as required.

- i. He failed to complete the final engagement file in a timely manner;**

103. CSQM1 identifies standards for engagement performance. One of the quality objectives the firm shall establish is that *"engagement documentation is assembled on a timely basis after the date of the engagement report and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards."*...*"In the case of engagements conducted under the CASs or CSAEs, an appropriate time limit within which to complete the assembly of the final engagement file is*



ordinarily not more than 60 days after the date of the engagement report.”

104. The firm’s QAM states *“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.”*

105. Lingard agrees that this file was not locked down as required by CSQM 1 and the firm’s QAM.

j. He failed to disclose the amount of inventories recognized as an expense;

CAS 500.6.

106. ASPE Section 3031.35 (c) requires financial statements to disclose the amount of inventories recognized as an expense during the period.

107. Lingard failed to make the appropriate inventory disclosure and agrees it should have been done.

k. He failed to disclose the minimum operating lease payments for the next five years;

108. ASPE Section 3065.77 requires the disclosure of the future minimum lease payments, in the aggregate and for each of the five succeeding years under operating leases.

109. The company has a rent commitment; Lingard agrees it was not disclosed.

l. He failed to sufficiently disclose the purpose of interfund transfers in the Statement of Changes in Net Assets to support item Transfers between funds 6,867;

110. Accounting Standards for Not-for-Profit Organizations (NFP) Section 4400.13 requires the disclosure of the amount and purpose of interfund transfers during the reporting period.

111. The Statement of Changes in Net Assets discloses aggregate transfers between funds. Lingard agrees that this information was not disclosed.



m. He failed to properly disclose in Note 3 the significant accounting policy with respect to the recognition of contributions;

112. Note 3 (f) says "Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method." These financial statements were given to PI. There is no pdf copy of the financial statements in the working papers, however in a printout of the financial statements from the Caseware template, Note 3 (f) says "The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured." This is an appropriate method of revenue recognition for the organization while the one in the statements given to PI is not. Lingard was not able to explain why the note included in the financial statements given to PI was included.

n. He failed to disclose the amount of pledges recognized in revenue in the current year;

113. NFP Section 4420.08 requires a not-for-profit organization, when it recognizes outstanding pledges and bequests in its financial statements, to disclose the amount recognized as assets at the reporting date and the amount recognized as revenue in the period.

114. The amount recognized as revenue in the period has not been disclosed.

o. He failed to review Board of Director's meeting minutes;

115. CAS 240.A21 directs that to obtain an understanding of how those charged with governance provide oversight the auditor may attend meetings where such discussions take place, read the minutes from such meetings or make inquiries of those charged with governance.

116. CAS 560.7 (c) requires the auditor, during the period from the date of the financial statements to the date of the auditor's report, to read the minutes, if any, of the meetings of the entity's owners, management and those charged with governance that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available.



117. Lingard was unsure how regularly this Board met. Lingard agrees there is no evidence of his reviewing Board minutes.

p. He failed to sufficiently document the procedures performed to identify subsequent events;

118. 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 CAS and applicable legal and regulatory requirements, the results of the audit procedures performed and the audit evidence obtained, and significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

119. Question 28 (a) of the Completion Checklist asks whether subsequent events procedures have been performed to the date of the audit report, it is marked as not applicable. Lingard agrees that the proper response is yes. Lingard asserts that he reviewed the general ledger and bank statements subsequent to year end, however, there is no file documentation to support this.

120. Lingard failed to meet the documentation standard for procedures to identify subsequent events.

q. He failed to obtain sufficient appropriate audit evidence to support Statement of Financial Position item Pledges receivable 49,339;

CAS 500.6.

121. There is a note on the accounts receivable lead sheet that explains the decrease in pledges receivable from the prior year. There was no support for this amount in the file. Lingard was unable to explain how he verified the pledges receivable and said he might have the pledge agreement in the prior year working papers.

122. Lingard has not obtained sufficient appropriate evidence for pledges receivable.



- r. **He failed to sufficiently document the procedures performed to support Statement of Financial Position item Deferred revenue 12,181;**

CAS 230.8

123. The Deferred Revenue Summary says the balance relates to ticket sales for a concert held after year end and they confirmed that the client provided list includes all the revenue related to that concert. Lingard asserts that he would have checked the client's web site to confirm the date of the concert and should have traced some of the general ledger entries to the sale transactions, but he is not sure he did that. Lingard's audit procedures are not sufficiently documented as required.

- s. **He incorrectly qualified his report for the completeness of revenues from fundraising activities rather than contributions;**

124. The auditor's report includes a qualification for the completeness of revenue from fundraising activities; however, there is no fundraising revenue disclosed on the Statement of Operations. Lingard admits the qualification was not for the correct type of revenue and said it should have referred to product and ticket sales. Contrary to Lindgard's admission, both of those types of revenue can be verified. The report qualification should refer to contributions.

- t. **He failed to document support for the date of the auditor's report;**

CAS 230.8

125. Lingard asserts that the date of the auditor's report was when he sent the draft financial statements to the client and they approved them. There is no documentation with respect to the date of the report as required.

- u. **He failed to correctly disclose the Statement of Cash Flows items Loss (gain) on short-term investments 13,113, Marketable Securities (13,113) and Purchase of short-term investments (69,090);**

126. ASPE Section 1540 details the disclosure requirements for the cash flows of an enterprise to enable users of financial statements to assess the capacity of the enterprise to generate cash and cash equivalents and the needs of the enterprise for cash resources.



127. The Statement of Cash Flows shows a loss on short-term investments of \$13,113 under items not involving cash, marketable securities of \$(13,113) under changes in non-cash working capital items and purchase of short-term investments of \$(69,090) under investing activities. The change in the balance sheet amount for the year is \$(69,090). The Investment summary shows purchases of \$(213,873.33), sales of \$107,102.95, unrealized gain of \$16,544.36 as well as deposits and withdrawals which are transfers from cash.

128. Lingard was unable to reconcile actual cash flows and changes to the balance sheet. Based on the information from the investment summary, it is unclear what amounts should be disclosed, the amounts shown are not correct, and the actual cash flows have not been disclosed as required.

v. He failed to document support for the disclosure in the Note 2 restatement of the prior year's figures; and

CAS 230.8

129. Note 2 discloses a restatement of prior year figures for an adjustment to the Legacy Fund net assets to agree to the market value of investments held in the Legacy Fund. The information presented is as at February 28, 2022, and for the year ended February 28, 2022. Lingard agrees that the allocation between funds was incorrect and needed to be adjusted, he did not prepare a worksheet for the adjustments. Lingard does not have sufficient documentation to support the information in this note as required.

w. He failed to disclose the measurement basis of financial assets.

130. ASPE Section 3856.38 requires an enterprise to disclose, either on the face of the balance sheet or in the notes, the carrying amounts of financial assets measured at amortized cost; financial assets measured at fair value; and investments in equity instruments measured at cost less any reduction for impairment.

131. The financial instruments disclosure in note 3 (h) discloses what the financial instruments consist of but not the measurement basis of financial assets as required. Lingard agrees that



this should have been disclosed. The measurement basis of the investments is disclosed in note 3 (a). Lingard failed to meet the standard as required.

DMWA

132. DMWA Ltd is a professional consulting firm. The company has multiple shareholders and bank financing requiring review engagement financial statements. The review engagement report is dated November 11, 2024, with materiality set at \$100,000.

Allegation 3 – That the said Jeffrey M. Lingard, in or about the period of August 1, 2024 to November 30, 2024, while engaged to perform the review of the financial statements of “DMWA Ltd” for the year ended August 31, 2024, 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 Code, in that:

a. He failed to obtain a signed engagement letter before starting the engagement;

133. CSRE 2400.34 requires the practitioner to agree the terms of the engagement with management or those charged with governance, in an engagement letter or other suitable form of written agreement, prior to performing the engagement.

134. An engagement letter was not included in the working paper file. Lingard said he obtained one and provided it to the Investigator. It should have been included in the working paper file; it was signed by the client on 2025.08.11, clearly postdating the report.

b. He failed to obtain a representation letter prior to the date of the review engagement report;

135. CSRE 2400.73 requires the practitioner to ensure that the date of the representation letter is as close as practicable to, but not after, the date of the practitioner's report.

136. A representation letter was not included in the working paper file. Lingard said he obtained one and provided it to the Investigator. It should have been included in the working papers. The letter is signed by the client on 2025.08.11, clearly postdating the report.



c. He failed to document inquiries made of management and others within the entity regarding the significant accounting estimates;

137. CSRE 2400.104 requires the practitioner to document three key aspects of the engagement in a timely manner and in sufficient detail to enable an experienced practitioner, having no previous connection with the engagement, to understand what took place.

138. The accounting estimates checklist is marked as not applicable and includes a note that work in progress is based on the billing software and capital assets use industry standards. Lingard explained his notation stating the checklist should have been completed and he did consider estimates. The financial statements include significant estimates, and the checklist should have been completed.

d. He failed to obtain sufficient appropriate evidence to support Balance Sheet item Work in progress 64,052;

139. CSRE 2400.46 requires the practitioner, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements as a whole, 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.

140. CSRE 2400.74 requires the practitioner to evaluate whether sufficient appropriate evidence has been obtained from the procedures performed and, if not, to perform other necessary procedures to be able to form a conclusion on the financial statements.

141. The work-in-progress aging report shows a total of \$69,331.30 which is \$5,279.76 different from the amount in the general ledger account. This is the only working paper related to work in progress and there is no checklist showing the review procedures performed. Lingard explained that this report shows the number of billable hours worked by each division of the company that have not been invoiced to clients. He also said the amounts are recorded at the company's standard billing rates, but he did not inquire how the rates are determined. Lingard was unclear as to whether the rates included an overhead component.



142. Regarding cost overruns on the company's jobs Lingard advised that they do encounter cost overruns, but they are usually not significant, and the company reviews this report monthly when they prepare their billings.

143. The vendor invoice aging report includes a line for accruals of \$129,647.62 and there is a backup report to support this amount. Lingard explained the listing of accruals by project is mostly for subcontractor's work because the company doesn't pay the subcontractors until they have been paid by their customers.

144. It is apparent from these reports that the company has a detailed project costing system. Lingard has not: assessed the appropriateness of the billing rates, determined what is included in the billing rates, reviewed the accruals to determine if any of these amounts should be included in work in progress and compared the job costs to budgets or fixed price contracts to determine if there are any losses on the jobs which should be recognized. It is also possible the billing rates include a profit component, in which case, the profits are being recorded for all amounts included in work in progress. Lingard has not obtained sufficient appropriate evidence for work in progress as required.

e. He incorrectly recorded a customer list intangible asset acquired in a business combination as a Balance Sheet item, Goodwill 240,000;

145. ASPE Section 1582.14 directs the practitioner, when considering recognizing and measuring identifiable assets that have been acquired, the application of the recognition principle and conditions may result in recognizing some assets and liabilities that the acquiree had not previously recognized as assets and liabilities in its financial statements.

146. The guidance for recognizing intangible assets in 1582.A24 states "*The acquirer shall recognize, separately from goodwill, the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion;*" 1582.A26 states "*The acquirer shall recognize, separately from goodwill, the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion.*"



147. ASPE Section 3064.56 requires a recognized intangible asset to be amortized over its useful life to an enterprise, unless the life is determined to be indefinite.

148. With DMWA, the purchase price should have been allocated to the customer list as an identifiable intangible asset and not recorded as goodwill.

149. The customer list would have a useful life as it is normal for a business to acquire and lose customers over time. Therefore, the customer list intangible asset should have been amortized over the best estimate of its useful life and amortization expense should be recorded annually in accordance with the standard.

f. He failed to obtain sufficient appropriate evidence to support Balance Sheet item Accounts payable and accrued liabilities 1,688,734;

CSRE 2400.46 and .74

150. The salaries payable general ledger print out shows an accrual of \$262,393.90. The payroll accrual working paper shows that \$260,739.23 of that balance relates to the first pay in September which was on September 5, 2024. Lingard explained that this full payroll was accrued for the period ended August 31, 2024, and there might have been an additional couple of days included and it aligned with the prior year's reporting. There is no evidence that this account was analyzed or documentation showing how the accrual was calculated.

151. The vacation payable general ledger print out shows a balance of \$150,973.47. There is a reconciliation that shows the final general ledger amount of \$151,365.98. There is no evidence that this account was analyzed, or documentation showing how the accrual was calculated.

152. The vendor invoice aging report shows an HST liability of \$114,149.90. Lingard did not perform an HST reasonability test and advised that the company provided services to First Nations and Indigenous communities which are HST exempt. An HST reasonability test should have been performed to be able to conclude on the HST payable balance.



153. Lingard has not obtained sufficient appropriate evidence for accounts payable and accrued liabilities as required.

g. He failed to obtain sufficient appropriate evidence to support Statement of Income item Revenue 14,610,942;

CSRE 2400.46 and .74.

154. ASPE Section 3400.04 requires revenue from sales and service transactions to be recognized when specific performance requirements are satisfied, provided that at the time of performance, ultimate collection is reasonably assured. Paragraph .06 requires performance of services and long-term contracts, to be determined using either the percentage of completion method or the completed contract method, whichever relates the revenue to the work accomplished.

155. The Vendor Invoice Aging Accruals listing identifies large infrastructure projects therefore the percentage of completion method would be the appropriate approach.

156. The revenue recognition accounting policy is disclosed in note 2 (e) *“Consulting revenue for contracts with a fixed end date are billed at the end of the contract. Consulting revenue for contracts with no fixed ending date are billed periodically as time is spent by employees and subcontractors of the Company.”* The revenue transactions section of the Knowledge of Client’s Business working paper states that the company recognizes revenue using the percentage of completion method based on time billed. Lingard was unclear whether the company recognized revenue as it was billed or invoiced; he agrees that the wording of the note should be updated, and the work is mostly billed as the work is done. Additionally, he identified interim billings, the second sentence in the note, and advised that the company does not distinguish between contracts with fixed and no fixed end dates.

157. The percentage of completion method requires that performance be measured based on the costs incurred to date as a percentage of the total expected / budgeted costs with the percentage then multiplied by the total expected revenue to determine the revenue recognized in the period. If cost overruns are expected on jobs these would be recorded in the



current period. Any differences between the amount of revenue to be recognized and the billings would be shown as either accrued or deferred revenue on the balance sheet.

158. Lingard has not obtained sufficient appropriate evidence for revenue as required.

h. He failed to complete the final engagement file on a timely basis;

159. CSQM1 identifies standards for engagement performance. One of the quality objectives the firm shall establish is that *“engagement documentation is assembled on a timely basis after the date of the engagement report and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards.”*...*“In the case of engagements conducted under the CASs or CSAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report.”*

160. The firm’s QAM states *“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.”*

161. Lingard agrees that this file was not locked down as required by CSQM 1 and the firm’s QAM.

i. He failed to properly disclose Balance Sheet item Client deposits on hand as deferred revenue rather than as a component of Accounts receivable 3,044,276;

162. ASPE Section 3856.24 restricts the practitioner to offset a financial asset and a financial liability, reporting the net amount in the balance sheet, only when an enterprise currently has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

163. The accounts receivable lead sheet shows that client prepayments of \$396,648.41 have been netted against accounts receivable. Question 2 b) on the accounts receivable checklist asks if there are significant credit balances which should be reclassified as accounts payable and the response is that it is not applicable and there are no amounts to be reclassified.



Lingard explained that these are deposits for work to be done in the future and have always been netted against accounts receivable.

164. It is likely the company has multiple jobs with its customers so these criteria would not be met and accordingly, the prepayments should be shown as deferred revenue on the balance sheet.

j. He failed to properly disclose in the Statement of Cash Flows the change in the line of credit as a financing activity;

165. ASPE Section 1540.19 emphasizes the importance of the separate presentation of cash flows arising from financing activities.

166. The Statement of Cash Flows shows the change in the line of credit as a change in non-cash working capital in the operating activities section of the statement. Lingard said the line of credit is used for operations therefore it should be included in net cash. It is a financing activity and should be disclosed as such.

k. He failed to properly disclose the amount payable for government remittances;

167. ASPE Section 1510.15 requires entities to disclose the amount payable at the end of the period in respect of government remittances, other than income taxes.

168. Note 5 discloses amounts owing to government authorities of \$114,150 which is the amount for HST only. The Vendor Invoice Aging also shows \$76,664.83 owing to the Receiver General which Lingard said is for payroll remittances, and \$10,406.04 payable to the Minister of Finance for Employer Health Taxes which are government remittances. Lingard agrees these should have been included in the amount disclosed as required.

l. He failed to properly disclose in Note 6 the minimum principal repayments on long-term debt based on the current terms of the loans;

169. ASPE Section 3856.45 requires an enterprise to 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.



170. Note 6 discloses the minimum principal repayments have been presented assuming the loan maturing in June 2027 is renewed at current terms. Lingard asserts that this is the way he has always done it; he is incorrect, the repayments should be presented on the basis of when they are legally due without assuming renewal.

m. He failed to properly disclose in Note 8 the terms of issued share capital;

171. ASPE Section 3240.20 requires the specific disclosure of six elements of issued share capital.

172. The company's share capital is disclosed in Note 8. Lingard agrees he did not disclose the attributes of the shares as required.

n. He failed to document the support for the Note 10 disclosure of the entity's credit facilities; and

CSRE 2400.104

173. Note 10 discloses the company's credit facilities, there was no documentation to support this disclosure. Lingard did not have a copy of the banking agreement but was subsequently able to provide the August 30, 2024, Statement of Loan Account which shows the authorized credit of \$1,000,000 and the interest rate disclosed in the note. This should have been included in the working paper file, and he should have obtained the banking agreement. Lingard has not obtained sufficient documentation to support the disclosure in this note as required.

o. He failed to disclose in Note 7 the minimum lease payments for the next five years for capital leases.

174. ASPE Section 3065.77 requires the disclosure of an entity's future minimum lease payments, in the aggregate and for each of the five succeeding years under operating leases, and a description of the nature of other commitments under such leases.

175. Note 12 discloses that the company pays rent for its premises to a related party, Lingard confirmed that there was a lease for the premises. Lingard agrees that the future minimum lease payments for the next five years has not been disclosed as required.



KFCAS

176. KFCAS provides clinical assessments for court purposes under related legislation and services, it is government funded and required to submit annual audits of their financial statements. The auditor's report is dated June 13, 2025, with materiality set at \$20,000.

Allegation 4 – That the said Jeffrey M. Lingard, in or about the period of March 1, 2025 to June 30, 2025, while engaged to perform the audit of the financial statements of “KFCAS” for the year ended March 31, 2025, 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 Code, in that:

a. He failed to obtain an engagement letter;

177. CAS 210.10 requires the auditor to record the agreed terms of the audit engagement in an audit engagement letter or other suitable form of written agreement.

178. An engagement letter was neither included in the working paper file nor available to the Investigator.

b. He failed to obtain an understanding of the entity, its environment and the entity's system of internal control;

179. CAS 315.19 requires the auditor to perform risk assessment procedures to obtain an understanding of three aspects of the entity and its environment, the applicable financial reporting framework and risk factors of misstatements.

180. CAS 315.20 requires the auditor to evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.

181. The Entity level – Risks and controls worksheet documents the auditor's understanding of the entity and its environment as required. This working paper and all the procedures are signed off by RD on 2024-07-05; it is the checklist for the previous year. Lingard is unable to explain where he documented these procedures and why this working paper was not prepared for the current year. Lingard asserted that most of the controls for this organization were done by the Board reviewing the monthly financial statements. Lingard did not obtain an understanding of the entity, its environment, and the system of internal controls.

182. Lingard performed sample testing in each income statement area, therefore he neither evaluated the effectiveness of the internal controls nor tested the implementation, through walk throughs or other means, as required.

c. He failed to identify the risks of material misstatement and determine whether they exist at the assertion level;

183. CAS 315.28 requires the auditor to identify the risks of material misstatement and determine whether they exist at the financial statement level, or the assertion level for classes of transactions, account balances, and disclosures.

184. The Assessing the risks at the assertion level working paper is only partially completed for cash, accounts receivable and property, plant and equipment. Lingard agrees that this is the only risk assessment he performed at the assertion level, therefore the standard has not been met.

d. He failed to perform analytical procedures as part of the risk assessment procedures;

185. CAS 315.14 (b) requires the auditor to perform analytical procedures at the beginning of the audit to assist with identifying the risks of material misstatement through understanding the entity and its environment,

186. The Preliminary analytical procedures working paper includes a year over year comparison and the calculation of several ratios. There are no explanations for any of the variances. Lingard asserts that he obtained explanations for the significant variances throughout the audit but not at the planning stage when considering risk assessment procedures.

e. He failed to perform analytical procedures as part of the concluding procedures;

CAS 315.14 (b), 240.23 and 520.6.

187. CAS 520.6 requires the auditor to perform analytical procedures near the end of the audit to assist in forming the overall conclusion.

188. The analytical review working paper shows the financial statement lines with variances in excess of 10% from the prior year. Explanations are not provided for all the variances. Lingard did not use this working paper because he makes notes throughout the file and on the checklists. By selecting 10% as the threshold, the variances identified are not material in several cases and material dollar variances may be ignored. For example, salaries and related benefits have decreased from \$607,875 in 2024 to \$565,082 in the current year but are not included. Lingard explained that the Executive Director was on leave for part of this year, but he failed to document this explanation in the working papers. Lingard has not met the required standard.

f. He failed to perform the required communications with those charged with governance;

189. CAS 260.14-.16 requires the auditor to communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor, and the significant findings from the audit.

190. The procedures in the inquiries of those charged with governance section of the Inquiries of management and others checklist is signed off by RD, from the previous year, Lingard did not complete them for the current year.

191. Lingard advised he did not communicate with the Board at the planning stage but met with them to review the draft financial statements. He said he prepared an audit findings letter, but it was not in the working papers. Lingard has not met the standard of communication with those charged with governance at the planning stage.

192. CAS 240.21 requires the auditor to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the controls that management has established to mitigate these risks.



193. CAS 240.22 requires the auditor to make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.

194. Question 7 on the Identifying fraud risks checklist asks about fraud inquiries with those charged with governance. This procedure is signed off by RD, for the previous year, Lingard did not complete it for the current year. Lingard asserts that he discussed fraud with the Director of Finance, however, they are management and not part of those charged with governance, therefore the standards have not been met.

g. He failed to identify a significant audit risk based on the presumption of the risk of fraud in revenue recognition;

195. CAS 240.27 requires the auditor, when identifying and assessing the risks of material misstatement due to fraud, to apply a presumption that there are risks of fraud in revenue recognition and evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

196. CAS 240.48 requires the auditor, when they conclude that the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, to document their reasons for that conclusion.

197. Lingard did not identify any significant audit risks because the organization is mostly government funded and uses an outside payroll service.

198. Lingard has not identified the significant risk based on a presumption that there are risks of fraud in revenue recognition or documented why this risk is not applicable. This significant risk area is identified on the Identifying fraud risks checklist (procedure 8) and has been signed off by Lingard.



h. He failed to test journal entries for the risk of management override;

199. CAS 240.33 requires the auditor to test general ledger journal entries, review accounting estimates for bias and evaluate the business rationale for significant transactions that are outside the normal course of business for the entity.

200. Lingard also said he didn't do anything outside his usual testing with respect to testing journal entries. He failed to select a sample of journal entries to test for management override. This significant risk area is identified on the Identifying fraud risks checklist (procedure 9) and has been signed off by Lingard.

i. He failed to document his review of the minutes of the Board meeting held after the date of the financial statements but prior to his report date;

201. CAS 560.7 (c) requires the auditor to perform procedures to cover the period from the date of the financial statements to the date of the auditor's report. In doing this the auditor is required to consider their risk assessment in determining the nature and extent of their audit procedures, and to read the minutes, if any, of the meetings of the entity's owners, management and those charged with governance that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available.

202. Lingard reviewed the minutes up to the Board meeting on February 25, 2025. There were meetings subsequent to that date; Lingard asserts that he reviewed the minutes but did not update this working paper. He has not documented, as part of his review for subsequent events, his review of minutes of meetings held after the date of the financial statements and prior to his report date as required.

j. He failed to obtain sufficient appropriate audit evidence to support Statement of Operations item Salaries and related benefits 565,082;

203. 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.



204. The Payroll testing worksheet documents that the monthly payroll amounts were agreed to invoices. Lingard confirmed that he traced the monthly payroll to the ADP reports and checked the classification and payments to the bank. ADP processes the data provided by the client and does not verify the accuracy of the underlying data. Lingard has not obtained sufficient appropriate audit evidence for salaries and related wages as required.

k. He failed to document support for the date of the auditor's report;

205. 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, the results of the audit procedures performed, and the audit evidence obtained, and significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

206. Lingard asserts that the date of the auditor's report was the date of the meeting with the Board where they approved the draft financials statements. There is no file documentation with respect to the date of the report as required.

l. He issued an auditor's report on supplementary financial information which was not appropriate in the circumstances;

CAS 230.8

207. Lingard included supplementary financial information which has a separate auditor's report attached. Lingard explained that the purpose of this supplementary financial information was for the Ministry of Children, Community and Social Services as they require reporting under their funding agreements.

208. The Investigator asked how the figures were determined in the Statement of Operations and how the expenditures were allocated between programs. Lingard said the client keeps everything by class in Quickbooks. There is a profit and loss by class schedule which shows where the figures come from. All of the figures in the excel spreadsheet are typed in, the only formulas are for the totals. There are separate general ledger accounts for the revenue lines but most of the expenses have been allocated between the programs, so it is not readily



apparent how this was done or if there is information in Quickbooks in this detail. Lingard also said they may play a bit with the allocations to get to the break-even position shown for the two programs detailed on the Statement of Operations. There is insufficient documentation to appropriately establish from where these numbers arose.

209. The report is titled Independent Auditor's Report but Lingard said it is intended to be a review engagement report and his template did not update properly. The report includes elements of both an auditor's report and a review engagement report including an opinion paragraph. This report is not appropriate in the circumstances.

m. He failed to perform any additional procedures to support the supplementary financial information; and

CAS 500.6

210. Lingard said he reviewed the allocations and checked the classifications for each of the items sampled for the revenue, expense and payroll streams in the primary audit. As there is a separate report attached to this information, this should be a separate engagement, and materiality should have been calculated based on the information for the two programs shown on the Statement of Operations. The number of items selected for sampling would be based solely on the supplementary information presented. Therefore, the results of sampling items for the overall audit do not provide sufficient appropriate audit evidence for the purposes of this supplementary information, as required.

n. He failed to complete the final engagement file in a timely manner.

211. CSQM1 identifies standards for engagement performance. One of the quality objectives the firm shall establish is that *"engagement documentation is assembled on a timely basis after the date of the engagement report and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards."*...*"In the case of engagements conducted under the CASs or CSAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report."*



212. The firm's QAM states *"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."*

213. Lingard agrees that this file was not locked down as required by CSQM 1 and his firm's QAM.

Allegation 5 – That the said Jeffrey M. Lingard, in or about the period of December 15, 2022 to March 31, 2025, while engaged in the practice of public accounting failed to design, implement and operate a system of quality management as required by Canadian Standards on Quality Management, contrary to Rule 206.1 of the Code.

214. CSQM 1.C13 requires systems of quality management for audits or reviews of financial statements or other assurance engagements to be designed and implemented by December 15, 2022, and the evaluation of the system of quality management to be performed within one year following December 15, 2022.

215. CSQM 1.53 requires the individual(s) assigned ultimate responsibility and accountability for the system of quality management to evaluate, on behalf of the firm, the system of quality management. The evaluation is required to be undertaken as at a point in time and performed at least annually, while the firm is required to establish a continuous monitoring and remediation process to take appropriate actions to respond to identified deficiencies such that deficiencies are remediated on a timely basis.

216. The QAM for Inclusive is dated February 3, 2014, and was updated for a firm name change on August 1, 2017. The quality management roles were assigned to either Konopaski or Kevin Lee. Lingard said he was under the impression that the Oshawa office was developing the system of quality management for all three offices, but it was never done. Inclusive is not in compliance with the requirements of CSQM 1 and 2.

Allegation 6 – That the said Jeffrey M. Lingard, CPA, CA, in or about the period of December 1, 2022 to July 31, 2025, 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, in that:



- a. **He backdated documentation related to three assurance engagements: “NNR Ltd”, a review of the year ended December 31, 2022, “R217”, an audit of the year ended February 28, 2023, and “KFCAS”, an audit of the year ended March 31, 2025;**

217. During their inspection on December 20, 2024, PI found that the documentation of the engagement partner review appeared to have been backdated.

218. For NNR Ltd, the materiality working paper is signed off by the preparer on 2023-07-17 and the reviewer on 2023-08-28. The engagement acceptance checklist is signed off by the preparer and the reviewer on the same dates as the materiality working paper. Both of these are included in the overall PLAN document. The document history for PLAN shows the prepared by role was completed on 2023-11-06 and the reviewed by role was completed on 2023-12-14. The dates on almost all the working papers are not consistent between the date of the sign offs and the dates shown on the engagement history.

219. For R217, the materiality working paper is signed off by the preparer on 2023-06-02 and the reviewer on 2023-06-06. The Financial Statement Analysis Planning working paper is signed off by the preparer on 2023-06-10 and the reviewer on 2023-06-11. The document history for PLAN shows the prepared by role was completed on 2023-06-13, the document properties were changed on 2023-11-29 and the reviewed by role was completed on 2024-02-15. The dates on almost all the working papers are not consistent between the date of the sign offs and the dates shown on the engagement history.

220. Lingard explained that he went through the file and reviewed everything before he released the financial statements and would not issue a statement he didn't feel was good to go. He said when working in the Inclusive office the document flow was a challenge as the administrative personnel received information from the clients but didn't know where to put it. Lingard also said the firm lost most of its middle management, were unable to replace them and he couldn't keep up. He admits he backdated his review in the Caseware files for NNR Ltd. and R217.

221. For KFCAS, the materiality working paper is signed off by the preparer (Lingard) on 2025-05-26. The document history for PLAN shows the prepared by role was completed on 2025-07-

17 which is after the report date. Several checklists have individual procedures signed off, but the checklist is not signed off. Lingard explained that he was cleaning up the file, but all the work was done on the dates the procedures were signed off.

b. He failed to comply with the Action Plan he submitted to the Practice Inspection Committee for his 2024 inspection;

222. Lingard prepared the Action Plan submitted to PI. The Action Plan responds to three of the 39 reportable deficiencies PI found. Lingard explained that Konopaski was trying to sell the practice, so he thought he would not be operating as Inclusive and didn't feel it was worth addressing all the deficiencies.

223. Lingard's specific actions to address the reportable deficiencies include:

"Ensure all letters are signed and stored in the correct place on the server. There were issues with finding some of this documentation after the sale of the Firm and the office move." The engagement, representation and audit findings letters for the additional engagements investigated were not included in the Caseware working paper files.

"All files to be signed off and locked down within 60 days of the engagement date." This has not been done for the additional files investigated; and

"Firm was in the process of establishing new standards prior to the sale. Licensed accountant will have a new system of quality management tailored to the new practice and clients going forward." This has not been done.

224. Lingard has not implemented the Action Plan he submitted in response to the findings of the PI which led to the referral to the PCC.

c. He failed to document his compliance with his continuing professional development requirements for 2023; and

225. CPAO Regulation 7-2 relates to continuing professional development (CPD). A member must complete a minimum of 20 CPD hours annually and 120 hours in each triennial period with at least 50 percent of both the annual and triennial period hours consisting of verifiable



continuing professional development. Based on the information he provided to the Investigator, Lingard did not meet this requirement for 2023 or for the triennial period.

226. The Regulation also states that members applying for or renewing a PAL, the required CPD hours must be in activities directly related to competencies relevant to their practice of public accounting. The guidance on CPAO's website states: "hours in taxation (e.g., annual personal and corporate tax updates) do not count towards CPD for licensure, unless they meet the learning outcomes identified in IES 8." Lingard is not in compliance with this requirement.

227. Lingard provided the CPAO CPD Annual Audit report which shows his CPD courses for the 2022 calendar year. It reflects verifiable hours of 1 hour for quality assurance, 1 hour for audit, 1 hour for accounting and the rest for tax. He is unable to find his 2023 CPD log but says he was also audited by CPAO for 2023. His verifiable hours for 2024 include 3 audit hours, 3 quality management hours, 4 ethics hours, 3 review hours and 4.5 tax hours for a total of 17.5 hours. Lingard said he is trying to stay up to date by taking these courses and is also reading the CPA Ontario standards related emails.

Acknowledgement

228. Lingard admits that, while acting as the engagement partner for the following engagements:

- (a) The review of the financial statements of "NNR Ltd." for the year ended December 31, 2022; **[Doc 2]**
- (b) The audit of the financial statements of "R217", for the year ended February 28, 2023; **[Doc 3]**
- (c) The review of the financial statements of "DMWA Ltd" for the year ended August 31, 2024; **[Doc 4]**
- (d) The audit of the financial statements of "KFCAS" for the year ended March 31, 2025; **[Doc 5]**

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.



229. Lingard acknowledges and agrees that he failed to perform his professional services in accordance with generally accepted standards of practice of the profession in that, he failed to design, implement and operate a system of quality management as required by CSQM, contrary to Rule 206.1 of the Code.

230. Lingard acknowledges and agrees that he failed to conduct himself in a manner that will maintain the good reputation of the profession and serve the public interest, in that, he backdated documentation related to three assurance engagements, he failed to comply with the Action Plan he submitted to the PI for his 2024 inspection, and he failed to document his compliance with his CPD requirements for 2023, contrary to Rule 201.1.

Mitigating Factors

231. Lingard cooperated with the PCC's investigation. In making the admissions herein, Lingard has saved the PCC and the Discipline Committee the time and expense of a lengthy hearing.

Terms of Settlement

232. Lingard and the PCC agree to the following Terms of Settlement:

- (a) Lingard shall pay a fine of \$15,000 to CPA Ontario;
- (b) Lingard's practice shall immediately be restricted by prohibiting him from carrying out any assurance engagements;
- (c) Lingard's Public Accounting Licence shall be revoked;
- (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, 48, 50 and 52 with notice to be given to all members of CPA Ontario, the Public Accounting Standards Committee, all provincial CPA Bodies, and shall be made available to the public including publication in the Globe & Mail newspaper distributed in the geographic area of his practice, with all costs of such newspaper publication borne exclusively by Lingard and payable to CPA Ontario within 30 days of him being invoiced for same;



- (e) Lingard shall pay costs in the amount of \$13,200 to CPA Ontario;
- (f) Lingard will be allowed nine months from the time the Discipline Committee approves this Agreement to pay the fine and costs referred to in paragraph 232(a) and (e); and,
- (g) A failure by Lingard 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 calendar days his membership in CPA Ontario will be revoked forthwith without further notice to him.

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

234. The PCC and Lingard 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.

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

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

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



(b) The PCC and Lingard 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

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

239. Any obligations of confidentiality relevant to this Agreement shall terminate upon approval of the Agreement by the Discipline Committee.

All of which is agreed to for the purpose of this proceeding alone this 2nd day of January, 2026.

A handwritten signature in blue ink that reads "Kelvin Kucey".

Kelvin Kucey, J.D.
On behalf of The Professional
Conduct Committee

A handwritten signature in black ink that reads "Jeffrey M. Lingard".

Jeffrey M. Lingard, CPA, CA
on his own behalf