



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST **WILLIAM G. BUTLER, 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 William G. Butler, CPA, CA (Butler), the particulars of which are set out below. The documents referenced in this Settlement Agreement (Agreement) are found in the Document Brief (**Doc**). The applicable CPA Canada Handbook (CPAH) sections are found in the Standards Brief.
2. The draft Allegations (**Doc 1**) pertain to Butler's failure to perform his professional work in accordance with generally accepted standards of the profession, contrary to Rule 206.1 of the Chartered Professional Accountants of Ontario Code of Professional Conduct (Code), with respect to the following engagements:
 - a. the audit of the financial statements of "VSP", for the year ended March 31, 2024 (**Doc 2**);
 - b. the audit of the financial statements of "WSCC ####", for the year ended February 29, 2024 (**Doc 3**);



- c. the review of the financial statements of “JGML”, for the year ended December 31, 2023 (**Doc 4**);
 - d. the review of the financial statements of “MFSL”, for the year ended December 31, 2023 (**Doc 5**).
3. The PCC and Butler 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 Butler in any other proceedings of any kind, including, but without limiting the generality of the foregoing, any civil or other proceedings which may be brought by any other person, corporation, regulatory body or agency.

Background

4. Butler graduated from the University of Windsor with a Bachelor of Commerce degree in 2001. He took courses part-time to obtain the required educational credit hours before successfully writing the Common Final Exams in 2010. He obtained his CA designation in June 2013.
5. Butler has a current Public Accounting licence, which he obtained in 2014.
6. Butler worked with a single office firm, Martin, Dooley and Partners in Mississauga, for a year and then moved to Millard, Rouse and Rosebrugh in Brantford for about four years. At that time, Butler started his own practice until 2016 when he merged with Deeth & Company LLP (Deeth). In late in 2022, Butler moved his block of business to his professional corporation.
7. The Butler roster currently consists of two accountants: Abdul Hameed (AH), who is a UK trained Chartered Accountant working on a part-time capacity, and Michael Poirier (MP).
8. Butler had total fee revenue of approximately \$700,000 for 2024 – comprising audit client fee revenue of \$290,000 from 180 clients; three review clients (\$32,000 in fees) and the remainder were compilation engagements (approximately 80) and personal income tax (approximately 600 returns) and bookkeeping services.



The Complaint

9. The complaint was filed by Mr. Michael A. Weinman, CPA, CA, Director, Practice Inspection (as he then was). The Practice Inspection Committee (PIC) advised CPA Ontario Standards Enforcement on April 3, 2025, that as a result of the 2024 reinspection of Butler's practice, it concluded that the firm's failure to maintain professional standards was sufficiently serious that it reflected adversely upon its professional competence.
10. PIC indicated that this was a partial reinspection (audits only) from a previous inspection in 2023.

Generally Accepted Auditing Standards

11. The auditing standards applicable to the audits detailed above are described by generally accepted auditing standards (GAAS). During 2023-2025, GAAS were published in the Assurance section of the CPA Canada Handbook.
12. GAAS requires auditors to obtain reasonable assurance that an entity's audited financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high, but not absolute, level of assurance that reduces to an acceptably low level, the risk of incorrectly opining on misstated financial statements.
13. To obtain reasonable assurance, GAAS set out various standards to be met, requirements to be fulfilled and steps to be taken. They include obtaining sufficient appropriate audit evidence while exercising professional skepticism, as well as completing Engagement Quality Control Reviews (EQCR) as required.
14. Canadian Auditing Standards (CAS) 200 "Overall objectives of the independent auditor and the conduct of an audit in accordance with Canadian Auditing Standards" describes the sufficiency and appropriateness of audit evidence as being interrelated, as follows:

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

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

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

15. Further, GAAS requires auditors to plan and perform their audits using professional

skepticism, recognizing that circumstances may exist that cause the financial statements to be materially misstated. Professional skepticism requires a questioning attitude which is alert to conditions which may indicate a possible misstatement due to error or fraud. Professional skepticism requires an auditor to conduct a critical assessment of the audit evidence.

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

Generally Accepted Standards for Review Engagements

17. The standards applicable to reviews are described by generally accepted standards for review engagements. During 2023-2025, these standards were published in the Assurance section of the CPAH.

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

19. To obtain reasonable assurance, the Canadian Standard on Review Engagements (CSRE) 2400 – Engagements to review historical financial statements, sets out the standard to be met, requirements to be fulfilled and steps to be taken. They include performing primarily inquiry and analytical procedures and obtaining sufficient appropriate evidence while exercising professional skepticism.

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



Professional skepticism requires the practitioner to conduct a critical assessment of the evidence.

21. Pursuant to CSRE 2400.7 to CSRE 2400.10, compliance with CSRE is mandatory.

Failure to Maintain Professional Standards

22. Butler and the PCC agree that Butler, while acting as the engagement partner for the following engagements:

- a. the audit of the financial statements of "VSP", for the year ended March 31, 2024;
- b. the audit of the financial statements of "WSCC ###", for the year ended February 29, 2024;
- c. the review of the financial statements of "JGML", for the year ended December 31, 2023; and
- d. the review of the financial statements of "MFSL", for the year ended December 31, 2023.

failed to perform his professional services in accordance with generally accepted standards of practice of the profession as described below and as particularized in the draft Allegations; and Butler admits that the agreed facts set out below accurately particularize his failure to perform his professional services in accordance with generally accepted standards of practice of the profession.

23. The relevant standards are those identified in this Agreement and referenced to the Standards Brief.

The Draft Allegations

[Allegation 1: Rule 206.1, Audit of the financial statements of "VSP" for the year ended March 31, 2024](#)

24. The Independent Auditor's Report was dated June 3, 2024.



25. VSP is a not-for-profit organization that provides assistance to victims of crime and tragedy in Peel Region. It is funded through government grants and is a registered charity.

26. The 2024 year end was the first and last year for VSP as an audit client for Butler. Butler resigned as auditor in December 2024. The users of the financial statements are the funders, Board of Directors, Canada Revenue Agency and general public as potential donors.

27. The engagement was prepared by MP and Butler and reviewed by Butler, as the engagement partner. Butler set materiality at \$40,000 and performance materiality at \$30,000 for this engagement.

Allegation 1: THAT the said William G. Butler, in or about the period of March 1, 2024 to June 30, 2024, while engaged to perform the audit of the financial statements of “VSP”, for the year ended March 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 CPA Ontario Code of Professional Conduct, in that:

a. He failed to ensure proper disclosure of a description of the purpose of each fund reported in the notes to the financial statements;

28. Per CPAH Part III 4400.06, an organization that uses fund accounting in its financial statements should provide a brief description of the purpose of each fund reported. The notes to the financial statements for VSP did not provide a description of the purpose of each fund reported.

b. He failed to ensure proper disclosure of information relating to changes for the period in the Notes to the Financial Statements for “DEFERRED INCOME (Note 8) 211,436” and “DEFERRED CAPITAL CONTRIBUTIONS 6,816”;

29. Per CPAH Part III 4410.53, an organization should disclose the nature and amount of changes in deferred contributions balances for the period. The details of the changes during the year of the deferred donation revenue were not disclosed.

- c. He failed to ensure proper disclosure of the required information related to the restrictions in the Notes to the Financial Statements for “DEFERRED REVENUE - Grants 149,602” and “DEFERRED REVENUE – Donations 61,834”;**
30. Per CPAH Part III 4400.26 (a), for organizations following the deferral method, the amounts of deferred contributions attributable to each major category of external restrictions with a description of the restrictions should be disclosed. The descriptions of the external restrictions for the deferred grant revenue and the deferred donation revenue were not disclosed.
- d. He failed to ensure proper disclosure of the nature and basis of allocating expenses of fundraising and general support expenses for Statement of Revenues and Expenditures item “EXPENSES – Allocated Central Administration 155,993”;**
31. Per CPAH Part III 4470.08, when allocations of fundraising and general support expenses have been made to other functions, the accounting policy disclosure should explain the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made. In addition, the amounts allocated from each of these two functions, and the amounts and the functions to which they have been allocated, should be disclosed. This disclosure was not reported in the financial statements.
- e. He failed to ensure proper disclosure of the accounting policy for the composition of cash and cash equivalents for the Statement of Cash Flows;**
32. Per CPAH Part II 1540.43, an enterprise shall disclose the policy that it adopts in determining the composition of cash and cash equivalents and present a reconciliation of the amounts presented in its cash flows statement with the equivalent items presented in the balance sheet. The financial statements did not disclose the accounting policy for the composition of cash and cash equivalents.
- f. He failed to include a reference to the expected form and content of the auditor’s report in the engagement letter;**
33. Per CAS 210.10, the written agreement documenting the terms of engagement shall include reference to the expected form and content of any reports to be issued by the

auditor and a statement that there may be circumstances in which a report may differ from its expected form and content. The written agreement for the engagement did not include this detail.

g. He failed to document in the working papers adequate audit procedures for an initial audit engagement;

34. Per CAS 510, detailed audit procedures are required for an initial audit engagement including performing one or more of the following:

- a. Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances;
- b. Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or
- c. Performing specific audit procedures to obtain evidence regarding the opening balances.

35. The working papers did not reflect specific audit procedures to assess the opening balances, determine the appropriateness of accounting policies, and evaluate the effect of modifications, if any, to the opinion in the predecessor auditor's report.

h. He failed to document in the working papers appropriate support for communication with the predecessor auditor relating to the acceptance of the audit engagement;

36. Per CPA Ontario Rules of Professional Conduct 302.1, a member shall not accept an engagement with respect to the practice of public accounting, where the member is replacing another member/firm, without first communicating with such person and enquiring whether there are any circumstances that should be taken into account which might influence the decision whether or not to accept the engagement. A copy of the written communication to the predecessor auditor and the response were not included in the working papers. Butler advised that the paper copy of the letter to the predecessor auditor had been mailed but not logged. When they realized that they did not get a response, his administrator called the office for an email address and sent the letter to

that email address, but did not receive a response. No follow up of this lack of response was noted in the working paper file.

- i. He failed to document in the working papers the identification and assessment of the risks of material misstatements due to fraud at the financial statement level, and at the assertion level for:**
 - i. classes of transactions;**
 - ii. account balances; and**
 - iii. disclosures.**

37. Per CAS 240.26, the auditor shall identify and assess the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures. Per CAS 240.45, the identified and assessed risks of material misstatements due to fraud at the financial statement level and at the assertion level shall be included in the audit documentation. The working papers for VSP did not document the identification and assessment of the risks of material misstatements, at the assertion level for classes of transactions, account balances and disclosures.

- j. He failed to perform sufficient and appropriate substantive audit procedures for the following:**

38. Per CAS 330.18, irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance, and disclosure. In addition, per CAS 500.6, the auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence. The substantive audit procedures performed on the following material classes of transactions and account balances were not sufficient and appropriate.

i. Statement of Financial Position item “Accounts receivable 97,772”;

39. The support for the accounts receivable balance was a listing of accounts receivable of \$61,424. There was no documentation of audit verification of the HST receivable of \$33,172.

ii. Statement of Revenues and Expenditures item “Staffing costs 2,061,536” (i.e. payroll);

40. The support for the payroll expense was a reconciliation of the T4s for the year to the year-to-date payroll reports for March 31, 2023 and March 31, 2024. This reconciliation did not include any adjustments for the change in the year end accrued liabilities for wages at the beginning and end of year. There was no documentation that, for individual pays and employees, wage rates were authorized, hours worked were supported, wages were correctly recorded or that wages were paid only to valid employees. Butler advised in his interview of September 16, 2025, that he had a conversation with the Chair of the Board of Directors, to make sure that, for the people listed on the T4 summary (40 names), the amounts they were paid was in line with what the Board’s expectations were. When asked about how the Chair would be aware of whether the employees worked certain rates and hours, Butler commented that the Chair would not know detailed hourly rates but would tend to know who has been hired.

iii. Statement of Financial Position item “Deferred income (Note 8) 211,436”;

41. The balance includes an amount of \$61,834, identified as Deferred Revenue – Grants “\$50k continues to carry forward from the estate of Wes Scot – funds received in October of 2019”. This account had a balance of \$50,000 at the beginning of the year, but the increase of \$11,834 was not substantiated, nor was the original balance of \$50,000 as a carry forward. Also included in the Deferred revenue balance was an amount for “Deferred Revenue – ROP”, which had a balance of \$54,507 (increased by \$29,507 during the year). There was a note identified for the balance of “Region of

Peel and Region of Peel Small cap \$52,500”, but no support for why this amount should be deferred at the year end.

iv. Statement of Revenues and Expenditures item “REVENUES - Donations, sponsorships, and fundraising 374,140”;

42. The working papers did not include documentation to support these revenues. Butler advised during his interview on September 16, 2025, that the audit work would have been looking at bank deposits and conversations with a couple of the Directors. “The Directors are at arms’ length to the organization and they scrutinize everything and we relied on those people.” VSP is a registered charity and there was no evidence that the amounts reported on the annual charity return, Form T3010 (prepared by Butler’s firm), had been reviewed for accuracy and reconciliation to the financial statements.

v. Statement of Financial Position item “Accounts payable (Note 6) 186,517”; and

43. The support for accounts payable was a listing of accounts payable of \$25,736, but with no evidence of audit procedures related to the amounts. There was no evidence of audit procedures for the balance of accounts payable of \$160,421, which were primarily payroll related amounts. The procedure to search for unrecorded liabilities was a notation on the audit procedures checklist (**Doc 6**): “Reviewed GL subsequent to year end and reviewed invoices - nothing noted.” This does not provide sufficient evidence as to the dates of the subsequent period covered, nor the extent of the audit procedures described as “reviewed invoices”.

44. The working papers also included a copy of a document (**Doc 7**) that Butler advised was the written response from the Chair of the Board of Directors to various questions regarding operations. This document was not dated, nor was there evidence as to who completed the questionnaire on behalf of the Board of Directors. In response to the enquiry about abnormal entries recorded in the year, the Chair included a reference to a significant amount of additional time-limited government funds which needed to be spent by end of fiscal, “in the end, purchases were made where possible, but the majority was

paid to the employees by way of bonuses of various sorts”. There was no indication that this had been identified as a cut off risk or that any audit procedures were performed to ensure appropriate amounts were paid as bonuses. Butler provided a copy of an email from VSP advising that the Board of Directors had approved certain expenditures at the March 4, 2024 board meeting (prior to the year end), but there was no reconciling of this information to the financial statements for cut-off.

vi. Statement of Financial Position item “Investments (Note 3) \$100,000”.

45. The working papers included a copy of the investment confirmation (**Doc 8**) for a cashable GIC for \$100,000. But as the investment is cashable, this does not support that the investment was still held at the balance sheet date.

k. He failed to sufficiently document support for the audit procedures performed, the audit evidence obtained and the significant professional judgements made in reaching those conclusions for Statement of Revenues and Expenditures item “EXPENSES 2,542,392”;

46. Per CAS 230.8, the auditor shall 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. The working papers for VSP did not adequately document the audit procedures related to expenses.

l. He failed to sufficiently document testing the appropriateness of journal entries;

47. CAS 240.33(a) requires the auditor to design and perform audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. The auditor is required to select journal entries and other adjustments made at the end of reporting period and consider

the need to test journal entries and other adjustments throughout the period. Butler reported in the Use of Journal Entries checklist that Q. 5 “Reviewed all journal entries for the year”. There were over 750 lines of entries and no evidence of audit procedures conducted on the list of entries.

- m. He failed to evidence in the working papers that the required communication had been issued to those charged with governance, relating to the planned scope and significant audit findings; and**

48. CAS 260 requires certain communication with those charged with governance. These are:

- a. CAS 260.14** – The responsibilities of the auditor in relation to the financial statement audit;
- b. CAS 260.15** - An overview of the planned scope and timing of the audit, which includes communication about the significant risks identified by the auditor; and
- c. CAS 260.16** - Significant findings from the audit – significant qualitative aspects of the entity’s accounting practices; significant difficulties encountered during the audit; circumstances that affect the form and content of the auditor’s report; and any other significant matter arising during the audit that, in the auditor’s professional judgment, are relevant to the oversight of the financial reporting process.

49. Butler did not issue any of these communications to the Board of Directors of VSP.

- n. He failed to sufficiently document analytical procedures in the working papers near the end of the audit to assist in concluding whether the financial statements are consistent with the auditor’s understanding of the entity.**

50. Per CAS 520.6, the auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity. The final analytics were done as a CaseView report that showed the comparison of Preliminary financial results and Final financial statement results and a question of if the final results were consistent with the audit findings. All were marked “yes” and no further

explanation was provided. The Preliminary financial results were from a CaseView report that compared the current period unadjusted balance to the current period's budget and the prior period's balance. For matters requiring follow up (due to size of differences in the balances), the explanation of the nature and/or significance of the matter was to identify an audit procedure, such as "review GL", "confirm payroll details with BOD", and "review invoices". These two documents do not provide sufficient appropriate analytical documentation.

[Allegation 2: Rule 206.1, Audit of WSCC ### for the Year-End February 29, 2024](#)

51. The Independent Auditor's Report was dated October 22, 2024. This was an initial audit engagement for Butler. The engagement was prepared by MP and reviewed by Butler, as the engagement partner. Butler set materiality at \$8,750 and performance materiality at \$6,550 for this engagement.

52. This is a 100 residential unit Ontario condominium corporation. The users of the financial statements are the condominium owners and potential purchasers of the condominium units.

Allegation 2: THAT the said William G. Butler, in or about the period of February 1, 2024 to October 31, 2024, while engaged to perform the audit of the financial statements of "WSCC ###", for the year ended February 29, 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 CPA Ontario Code of Professional Conduct, in that:

- a. He failed to ensure proper disclosure of the accounting policy for the composition of cash and cash equivalents for the Statement of Cash Flows;**

53. There was no disclosure of the accounting policy for the composition of cash and cash equivalents as required per CPAH Part II 1540.43, for the cash flows statement.

- b. He failed to document in the working papers the required discussions with those charged with governance relating to fraud and potential fraud risks;**

54. Per CAS 240.22, unless all of those charged with governance are involved in managing the entity, the auditor shall make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management. The working papers did not document discussions with those charged with governance regarding the Board of Directors' knowledge of any actual, suspected or alleged fraud affecting the entity, nor how they exercise oversight of management's processes for identifying and responding to the risk of fraud in the entity and the controls that management has established to mitigate these risks.

- c. He failed to evidence in the working papers that the required communication had been issued to those charged with governance relating to the planned scope and the significant audit findings;**

55. Per CAS 260, there must be written communications to those charged with governance regarding the planned scope and timing of the audit and the significant findings. These communications were not delivered to the Board of Directors.

- d. He failed to document in the working papers an assessment of the risk of material misstatement due to fraud for Statement of Financial Position item "Investments 980,156";**

56. Per CAS 240.26, the auditor shall identify and assess the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures. Per CAS 240.45, for each identified and assessed risk of material misstatement due to fraud, the auditor shall include in the audit documentation the identified controls in the control activities component that address assessed risk of material misstatement due to fraud. The working papers did not document an assessment of the risk of material misstatement due to fraud for investments, amounting to \$980,156, nor assess control risk.

- e. He failed to sufficiently document testing the appropriateness of journal entries;**

57. Per CAS 240.33, the auditor shall design and perform audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. The working papers did not demonstrate that journal entries were tested for unauthorized entries or management override.

f. He failed to obtain the client’s written representation near the date of the independent auditor’s report; and

58. Per CAS 580.14, the client’s written representation should have a date as near as practicable to, but not after, the date of the auditor’s report on the financial statements. The client’s written representation was dated October 3, 2024, whereas the date of the Independent Auditor’s Report was dated October 22, 2024.

g. He failed to perform sufficient and appropriate substantive audit procedures on Statement of Revenues and Expenditures item “Reserve Fund Interest income 39,566”.

59. Per CAS 330.18, irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance, and disclosure. In addition, per CAS 500.6, the auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.

60. The substantive audit procedures performed on the Reserve Fund Interest income – \$39,566, were not sufficiently documented. There was no working paper support for the interest income which increased \$23,185 from the previous year. The working papers included support for the amount of accrued interest at the end of the year, but not the income for the year.



61. The Independent Practitioner's Review Engagement Report was dated September 16, 2024. The working papers were prepared by MP and reviewed by Butler, as the engagement partner. Materiality was set at \$350,000.
62. The company's activity is operating a Chrysler dealership. The users of the financial statements are the shareholders, bankers and Canada Revenue Agency.
63. JGML was a client of Deeth beginning in 2017 and moved to Butler's firm when he left Deeth.

Allegation 3: THAT the said William G. Butler, in or about the period of December 1, 2023 to September 30, 2024, while engaged to perform the review of the financial statements of "JGML", for the year ended December 31, 2023, failed to perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Ontario Code of Professional Conduct, in that:

a. He failed to ensure proper disclosure of the accounting policy for the composition of cash and cash equivalents for the Statement of Cash Flows;

64. Per CPAH 1540.43, an enterprise shall disclose the policy that it adopts in determining the composition of cash and cash equivalents for the cash flows statement. The notes to the financial statements did not disclose this accounting policy.

b. He failed to ensure proper disclosure of the amount of inventories recognized as an expense;

65. Per CPAH 1520.04 and CPAH 3031.35, the amount of inventories recognized as an expense during the period must be presented separately on the face of the income statement or disclosed in the notes to the financial statements or supporting schedules. This disclosure was not provided for in the financial statements.

c. He failed to ensure proper disclosure of the required information when applying the taxes payable method of accounting for income taxes;

66. Per CPAH 3465.88, when an enterprise applies the taxes payable method of accounting for income taxes, the financial statements shall disclose, among other items, a reconciliation of the income tax rate or expense related to income or loss for the period before discontinued operations to the statutory income tax rate or the dollar amount that would result from its application, including the nature and amount of each significant reconciling item. The note to the financial statements reported incorrect amounts for both the current and the comparative years' reconciling items. Butler advised that there was an error in the template that was not caught on final review for the prior year note.

d. He failed to ensure proper disclosure of the required information for related party transactions; and

67. Per CPAH 3840.51, an enterprise shall disclose certain information about its transactions with related parties, including: contractual obligations with related parties and contingencies involving related parties. JGML was a borrower along with five other related corporations to a Bank Automotive Agreement for credit facilities totaling in excess of \$36,000,000. The details of this obligation were not disclosed in the financial statements. In addition, note 3 to the financial statements does not disclose the nature of the relationship of the "related party" which has a balance due to related party of \$14,000.

e. The working papers did not sufficiently document inquiry and analytical procedures for the following:

68. Per CSRE 2400.45 and 2400.46, the practitioner shall identify areas in the financial statements where material misstatements are likely to arise and shall design and perform inquiry and analytical procedures to address all material items in the financial statements and to focus on addressing areas in the financial statements where material misstatements are likely to arise. Butler did not provide sufficient appropriate evidence as the basis for a conclusion for the following:

i. Balance Sheet item "CASH 254,788";

69. The cash cut-off was identified as an area for potential misstatement however, the working papers did not document procedures to ensure the cut-off was accurate.

70. On the bank reconciliation report (**Doc 9**), there was an outstanding deposit longer than a month for \$51,140, with no review procedures comments noted. Butler advised that MP “reviewed with the controller and confirmed it cleared as of February 23rd when we [were] doing the field work”.

ii. Balance Sheet items “New Units 6,984,451” and “Lien Notes Payable (Note 8) 7,333,344”;

71. The matching of inventories of new vehicles in inventories and the associated lien notes payable was not evidenced in the working papers.

iii. Balance sheet item “Accounts payable and accrued liabilities 172,263”;

72. Included in the accounts payable balance on the Balance Sheet were various clearing account balances for wages and commissions outstanding at the year end. The account for “Accrual -salary, wage, comm & bonus” was a debit balance of \$12,884 rather than a credit balance for a liability. There was no evidence of reviewing these accounts for potential outstanding commission payments due for sales before the year end. Per Butler’s follow up memo to the second interview (**Doc 10**), MP had an email from the company’s controller (**Doc 11**) with an explanation as to why there would be overdrawn commissions, but it was for one of the related corporations. Butler advised that “we confirmed on a call that the policy was the same here.” These details were not included in the working papers.

iv. Balance Sheet item “DUE TO (FROM) RELATED PARTY 255,000”;

73. The only working paper support for the balances and transactions was a reference to the Accounts payable Review procedures checklist which was marked as NA to the questions about related party transactions.

- v. **Balance Sheet item “Income Taxes Payable 57,563” and Statement of Income and Retained Earnings item “INCOME TAXES 23,919”; and**

74. There were no working papers to support either the liability or the income statement expense related to income taxes or the required disclosure for the reconciliation of income tax expense.

- vi. **Balance Sheet item “Share capital 1,600”.**

75. The working papers did not provide any support for the balances for the special shares with an adjusted cost base of \$1,500 and a redemption value of \$378,126 or the common shares of \$100.

[Allegation 4: Rule 206.1, Review of “MFSL” for the Year-End December 31, 2023](#)

76. The Independent Practitioner’s Review Engagement Report was dated September 16, 2024. The working papers were prepared by MP and reviewed by Butler, as the engagement partner. Materiality was set at \$165,000.

77. The company’s activity is operating a Ford dealership. The users of the financial statements are the shareholders, bankers and Canada Revenue Agency.

78. MFSL was a client of Deeth beginning in 2019 and moved to Butler’s firm when he left Deeth.

Allegation 4: THAT the said William G. Butler, in or about the period of December 1, 2023 to September 30, 2024, while engaged to perform the review of the financial statements of “MFSL”, for the year ended December 31, 2023, failed to perform his professional services in accordance with the generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Ontario Code of Professional Conduct, in that:

- a. **He failed to ensure proper disclosure of the accounting policy for the composition of cash and cash equivalents for the Statement of Cash Flow;**

79. Per CPAH 1540.43, an enterprise shall disclose the policy that it adopts in determining the composition of cash and cash equivalents. The notes to the financial statements did not disclose this accounting policy.

b. He failed to ensure proper disclosure of the amount of inventories recognized as an expense;

80. Per CPAH 1520.04 and CPAH 3031.35, the amount of inventories recognized as an expense during the period must be presented separately on the face of the income statement or disclosed in the notes to the financial statements or supporting schedules. This disclosure was not provided for MFSL financial statements.

c. He failed to ensure proper disclosure of the required information when applying the taxes payable method of accounting for income taxes;

81. Per CPAH 3465.88, when an enterprise applies the taxes payable method of accounting for income taxes, the financial statements shall disclose, among other items, a reconciliation of the income tax rate or expense related to income or loss for the period before discontinued operations to the statutory income tax rate or the dollar amount that would result from its application, including the nature and amount of each significant reconciling item. Note 12 to the MFSL financial statements reported an effective income tax expense of \$26,163, but the Statement of Income and Retained Earnings reported \$38,644 for Income Taxes.

d. He failed to ensure the proper disclosure of the required information for related party transactions; and

82. Per CPAH 3840.51, an enterprise shall disclose certain information about its transactions with related parties, including:

a. Amounts due to or from related parties and the terms and conditions

relating thereto – the Balance Sheet reported a total amount due to related parties of \$1,335,831, but note 9 to the financial statements reported in a list \$2,006,461 owing;

b. A description of the relationship between the transacting parties – Note 9 to the financial statements provided details of the relationships for some of the related corporations listed, but not all; and

c. Contractual obligations with related parties and contingencies involving related parties – MFSL was a borrower, along with five other related corporations, to a Bank Automotive Agreement for credit facilities totaling in excess of \$36,000,000. The details of this obligation were not disclosed in the financial statements.

e. The working papers did not sufficiently document inquiry and analytical procedures for the following:

83. Per CSRE 2400.45 and 2400.46, the practitioner shall identify areas in the financial statements where material misstatements are likely to arise and shall design and perform inquiry and analytical procedures to address all material items in the financial statements and to focus on addressing areas in the financial statements where material misstatements are likely to arise. Butler did not provide sufficient appropriate evidence as the basis for a conclusion for the following:

i. Balance Sheet items “Inventory 12,716,484” and “Lien Notes Payable (Note 7) 9,615,615”;

84. The matching of inventories of new vehicles in inventories and the associated lien notes payable was not evidenced in the working papers.

ii. Balance Sheet item “Income Taxes Payable 38,644” and Statement of Income and Retained Earnings item “INCOME TAXES 38,644”; and

85. There were no working papers to support either the liability or the income statement expense related to income taxes or the required disclosure for the reconciliation of income tax expense.

iii. Balance Sheet item “Contributed capital \$325,036”.

86. The working papers did not provide any support for the balances for contributed capital of \$325,036.

Mitigating Factors

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

88. Butler has completed continuing professional development (CPD) well beyond the statutory requirements in areas relevant to his responsibilities and competencies as a PAL holder.

89. Following the 2024 reinspection and prior to the investigation, Butler introduced various external monitoring and engagement quality review practices that resulted in a considerable improvement in his practice.

90. Butler has reduced the size of his practice and his assurance practice now exclusively relates to audits of condominium corporations. He no longer performs review engagements. This decrease in size has corresponded to a significant reduction in the firm's revenue.

Terms of Settlement

91. Butler and the PCC agree to the following Terms of Settlement:
 - a. Butler shall pay a fine of \$7,500 to CPA Ontario;

 - b. Notice of the terms of this Agreement is to be published in the manner set out in CPA Ontario Regulation 6-2 sections 45, 50 and 52 with notice to be given to all members of CPA Ontario, all provincial CPA Bodies, and shall be made available to the public;

 - c. Butler shall pay costs in the amount of \$18,500 to CPA Ontario;

 - d. Butler will be allowed 12 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to in paragraphs 91a. and c.;
and

- e. A failure by Butler to comply with any of the terms of settlement will result in the immediate suspension of his CPA Ontario membership until he complies. If his suspension under this section exceeds 30 days his membership in CPA Ontario will be revoked forthwith without further notice to him and with full publicity in accordance with Regulation 6-2, section 48.
92. The PCC and Butler expressly consent to and authorize the Registrar to take any actions associated with Butler's membership in CPA Ontario as prescribed and agreed to herein.
93. The PCC and Butler 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 and to publish such notification in accordance with the terms detailed herein.
94. Should the Discipline Committee accept this Agreement, Butler agrees to and hereby waives his right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon Butler's fulfillment of the requirements of this Agreement, the Allegations approved by the PCC shall be permanently stayed.
95. 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.
96. 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 Butler leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and Butler; and
 - b. The PCC and Butler 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

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

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

99. Butler agrees and confirms that he has had the benefit of independent legal advice in relation to this Settlement Agreement.

All of which is agreed to for the purpose of this proceeding alone this 19th day of February 2026.

A handwritten signature in blue ink, appearing to read "L. Bandini", written over a horizontal line.

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

A handwritten signature in blue ink, appearing to read "W. G. Butler", written over a horizontal line.

William G. Butler, CPA ,CA
On his own behalf, represented by
counsel