Chartered Professional Accountants | CPA PROFESSIONAL PROGRAM

CPA Professional Program Exams –
CPA Professional Readiness

Case #1 – ClearView Canada Foundation

Professional Judgment-Focused Sample Case and Illustrative Response

The sample examination questions provided in this package are intended to offer a general indication of the format, structure, and nature of questions that candidates may encounter. While these materials have been developed with careful consideration and are intended to be broadly representative, they are not exhaustive and cannot capture the full range of possible question variations. These samples should therefore be used as a guide rather than a definitive representation.

Published: August 25, 2026

ClearView Canada Foundation (Suggested Time: 120 minutes)

The ClearView Canada Foundation (CVC) is a highly respected, Montreal-based non-profit organization established in 2005. CVC's mission is to improve access to vision care for low-income Canadians, including eye exams, glasses, etc., not typically covered under the public health system. CVC serves more than 1,000 families, the majority of which are in the Greater Montreal area. In recent years, CVC has grown in an attempt to meet overwhelming demand for its services, expanding to other regions of Quebec and other provinces where access to affordable eyecare services remains limited. More information on CVC's background and finances is available in Appendix I.

It is February 20, 2026. You, CPA, were hired earlier this month as the new director of finance of CVC following the unexpected resignation of Jerry Butchard at the end of December 2025. Despite having no formal accounting background, Jerry handled treasury functions, prepared the year-end files for the auditor, and supervised the administrative clerk responsible for daily transactions. The executive director, Lionel Blais, a retired optician, oversees day-to-day activities. Governance is provided by a five-member board composed of Lionel and four volunteer community representatives, all former opticians. Historically, given CVC's steady operations and the absence of major strategic issues, the board has met twice a year (January and August).

As you are about to make yourself a coffee, Lionel walks towards you.

Lionel: "CPA! The board and I are so pleased to finally have a professional accountant on our team. I fear Jerry may really have made a mess of things. Your expertise comes at a much-needed time."

You: "What do you mean about Jerry and the mess?"

Lionel: "In September 2025, Jerry applied for, and obtained, grant funding to update our digital infrastructure. He managed the Call for Tenders (CFT) process and awarded the contract to FutureIT. I haven't dug around too much, but I'm worried the required CFT process wasn't followed. If so, we might lose our funding. Even worse, I know numerous extras have been added to the amount we've paid FutureIT so far. We are over-budget for Phase 1 given its degree of completion. The only good news is that in my dealings with our National Digital Transformation Initiative Fund (NDTIF) case worker Steve, he's always been very supportive and collaborative and generally just wants both CVC and the initiative to be successful.

"We have a board meeting at the end of this month. If I'm right about the funding being gone, we will need to determine an appropriate strategy to get CVC out of this mess."

Lionel then hands you several folders. You briefly scan through the pile and note the following files:

- NDTIF Agreement (Appendix II)
- Call for Tender and Selection (Appendix III)

Lionel: “I’ve also forwarded you an email from PharmaCo (Appendix IV). This may be the answer we’ve been looking for to help us survive financially if we lose the grant!”

You return to your office and do a quick internet search on PharmaCo (Appendix V).

You have been asked to prepare a report for the upcoming board meeting that walks them through the pressing issues the company is facing and how you recommend they proceed. As a way to organize your thoughts, you summarize the situation, including a discussion of all interested parties, and contemplate the possible approaches before recommending an action plan to the Board.

Appendix I

Background of CVC and Its Environment

Nature of Operations and Digital Transformation Needs

As CVC has grown, its operating environment has become increasingly complex. For many years, CVC developed and maintained its network of optometrists through personal relationships and manual processes. While this approach served CVC well in its early days, it is inefficient and unsustainable given that the volume of beneficiaries and partner clinics continues to grow.

Partner optometry clinics now expect faster, more structured coordination processes. Many have already adopted automated authorization and direct-billing systems with private insurers and prefer to operate in the same way with any third party that reimburses services on behalf of patients. Manual reimbursement procedures, such as sending paper invoices and receiving cheques weeks later, create administrative delays for clinics.

CVC relies on outdated equipment and manual or semi-manual processes that have not been meaningfully updated since the organization’s founding. This has raised concerns around efficiency, service coordination, and, most critically, the safeguarding of beneficiaries’ and donors’ confidential medical and personal information. Privacy legislation has increased expectations around data security, and CVC’s current system is now a barrier to the organization’s long-term success. From CVC’s early days, the founders emphasized the importance of protecting client data, noting that medical records belonging to vulnerable families must never fall into the wrong hands. These concerns remain as relevant as ever.

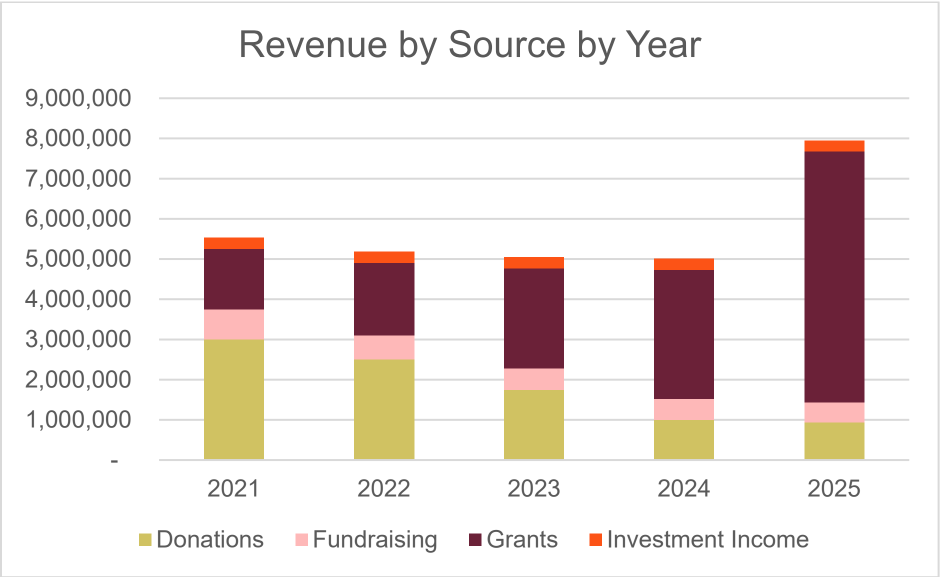
The limitations of the existing system have also hindered CVC’s ability to expand. In recent months, several clinics have approached CVC, but the lack of an integrated, modern system made partnership impossible. With an integrated information system, CVC would be better positioned to support its mission, improve coordination, enhance data protection, and deliver services consistently across multiple regions.

Appendix I (continued)

Background of CVC and Its Environment

Financial Information

CVC relies primarily on government grants, corporate and individual donations, and its annual Christmas flower fundraising campaign. However, in recent years, the proportion of these has changed significantly, and total funding has been declining. Major philanthropic donations (corporate and individuals) have been harder to secure, and granting bodies have become more demanding with respect to compliance and monitoring of contribution-agreement conditions. In addition, CVC's flagship fundraising activity, the annual flower campaign, is losing momentum, since younger generations tend to favour experiential or impact-based giving over traditional product-based campaigns. Expanding services with declining revenues has been a juggling act of priorities, delaying needed updates and repairs, reducing staff, and making other operational expenditure cuts.



The board has prioritized maintaining a minimum working capital buffer of $400,000 to ensure financial stability, given the seasonality of donations (donors tend to give near year-end), but achieving this target has become increasingly difficult. The board considers it essential to maintain a strong reputation with donors and to avoid situations that could raise questions about compliance with funding conditions, because such concerns could affect donor confidence and expectations regarding adequate stewardship and transparency. Maintaining excellent relationships with government agencies is also viewed as a strategic priority, given their importance as key funding partners.

Appendix I (continued)

Background of CVC and Its Environment

The 2025 year-end balances for selected accounts are as follows:

Account	Balance ($)
Cash and short-term investments	1,000,000
Accounts, pledge, and grants receivable	2,130,000
Accounts payable and accrued liabilities	800,000

Appendix II

Excerpts from the NDTIF Agreement – Accepted by both parties on September 15, 2025

CONTRIBUTION AGREEMENT
between the
National Digital Transformation Initiative Fund (NDTIF)
and
ClearView Canada Foundation (CVC)

1. Total Contribution and Disbursement

NDTIF provides **$3,000,000** to support CVC's digital transformation of medical information systems as follows:

Phase 1 – Modernization of IT Infrastructure

- **Contribution:** $1,000,000 disbursed upon acceptance of the Agreement by both parties and reserved for Phase 1 activities
- **Timeline:** October 2025 to April 2026 (target)
- **Approved Activities:** See Appendix A

As of December 31, 2025, we have spent $822,100 from Phase 1.

Phase 2 – Implementation of an Integrated Information-Management Platform

- **Contribution:** $2,000,000, to be released only when at least 90% of key activities of Phase 1 are complete
- **Timeline:** Upon approval of Phase 1 (target April 2026) to April 30, 2027 (target)
- **Approved Activities:** See Appendix B

Since over 90% of funds from Phase 1 have been spent, I have recorded the Phase 2 contribution of $2,000,000 as revenue in 2025.

Appendix II (continued)

Excerpts from the NDTIF Agreement – Accepted by both parties on September 15, 2025

2. Completion Requirements and Oversight

- CVC must complete Phase 1 by April 30, 2026, and Phase 2 by April 30, 2027.
- Failure to comply with any condition constitutes a breach. Should CVC fail to meet the conditions, NDTIF may suspend future payments and/or require full repayment of funds already provided.

3. Procurement and Supplier Eligibility

All goods and services funded under the two phases must follow a competitive tendering process. Two distinct tendering processes should be conducted, one for each phase. A formal Call for Tenders (CFT) must:

1. involve at least three (3) independent suppliers;
2. use complete and accurate technical specifications; and
3. be free of actual or perceived conflicts of interest.

CVC may not contract suppliers that are directly or indirectly related to CVC personnel or members of the board of directors.

4. Eligible Expenditures and Cost Controls

Expenditures must relate directly to the approved activities of Phase 1 or Phase 2, be within the approved budget, and be supported by verifiable documentation. Expenditures incurred before the Agreement's effective date or outside the approved plan are ineligible.

5. Financial Reporting and Assurance Requirements

CVC must maintain complete, accurate, and auditable financial records. Upon completion of Phase 1, an independent assurance report from a licensed CPA confirming compliance with this agreement is required.

Appendix III

Summary of Call for Tenders and Selection Process

In accordance with the Contribution Agreement, CVC launched its procurement process for Phase 1 on September 15, 2025, with a closing date of September 30, 2025. To be efficient and accelerate the process, instead of detailed technical specifications, Jerry circulated CVC's internal document outlining the key activities of the digital transformation project directly to a small group of local IT suppliers through private invitations.

No formal documentation was prepared regarding supplier qualifications, technical capability criteria, evaluation weighting, or pricing comparability. Proposals received were reviewed internally, and Jerry selected the winning bid. Lionel expressed satisfaction based on CVC's prior positive experience with the selected supplier and the apparent cost savings highlighted in the proposal.

Summary of the bids received:

Corporation	Date received	Amount of bid for Phase 1
Technova Solutions Inc.	September 28, 2025	$ 1,250,000
NextITpro Inc.	September 29, 2025	$ 986,000
Infinitum IT Inc.	September 29, 2025	$ 1,075,000
CoreLink Systems Inc.	September 30, 2025	$ 1,224,000
FutureIT Inc.	October 5, 2025	$ 985,000

Bid selected: FutureIT
(lowest bid)

Appendix IV

PharmaCo Email Forwarded to CPA by Lionel

From: *Dana McKendry <dmckendry@pharmaco.ca>*
To: *Lionel Blais <lblais@cvc-foundation.ca>*

Subject: Exploratory Collaboration with CVC

Dear Mr. Blais,

PharmaCo is impressed by CVC's longstanding commitment to improving access to vision care and essential medical services for underserved families. We believe there is a unique opportunity to amplify CVC's social impact nationwide by leveraging PharmaCo's tools, which are already widely used in low-income communities. PharmaCo proposes a strategic partnership involving the following:

1. A cash injection of $12 million to support CVC's expansion of services, including outreach in remote regions. Funds will be paid at a rate of $1.5 million per year over the next eight (8) years.

2. Data sharing would offer CVC meaningful benefits, including access to PharmaCo's technological expertise and system-integration capabilities, easing the modernization of CVC's operational processes. PharmaCo would gain broad visibility into data generated by CVC, helping it serve its clientele better. For a smooth integration between systems, Technova, our current IT specialist, must be selected to continue the integration work already initiated during your Phase 1 implementation.

3. To help ensure alignment and accountability, two PharmaCo representatives would have to take the place of two current CVC board members.

PharmaCo recognizes that CVC's mission and community trust are paramount. We are committed to responsible data stewardship and to supporting the continued development of your services. CVC's employees are essential to the success of any future collaboration, and PharmaCo is committed to ensuring they are supported and fully integrated throughout this process.

Please let me know if you are available for a brief call this week to discuss.

Sincerely,
Dana McKendry
Vice President, Corporate Development | PharmaCo Inc.

Appendix V

SearchMax Results on PharmaCo

SearchMax PharmaCo

PharmaCo announces acquisition of VisionCure Technologies

The Global Newsroom – 3 weeks ago

The pharmaceutical firm PharmaCo has announced the acquisition of Visi…

Job cuts continue at PharmaCo amid restructuring

The Meteor – 1 month ago

Dozens of employees were laid off by PharmaCo today as part of an ongo…

PharmaCo fined for breaching privacy laws

The Toronto Chronicle – 6 weeks ago

PharmaCo has been fined for violating patient privacy regulations after an…

Health data scandal casts shadow over PharmaCo

The Toronto Chronicle – 2 months ago

PharmaCo is embroiled in controversy after its medical trial info was impr…

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ClearView Canada Foundation (CVC)
Illustrative Response

This illustrative response does not represent a sample response completed under exam conditions but rather illustrates the main points relevant to a complete response.

CPA will structure their report using the Decision Process as a framework to address and prioritize the pressing organization-wide issues, but they will also apply all prior-level knowledge they have acquired throughout the program to support that discussion as appropriate.

Step 1

Assess the situation and decide what needs to be done.

Compliance with Contribution Agreement (DC-4)

Lionel Blais expressed concern that the call-for-tender process required by the Contribution Agreement may not have been followed. I have reviewed the requirements and the process CVC followed:

1. Follow a competitive tendering process.

The call was circulated directly to only a small group of local IT suppliers through private invitations. The agreement required a competitive process that would have included posting the call publicly and providing sufficient time for interested suppliers to prepare a bid submission. NDTIF is unlikely to accept an argument that the private invitation was "efficient."

2. Use complete and accurate technical specifications.

CVC circulated an internal document of key activities to suppliers instead of detailed technical specifications, citing efficiency as the reason. Because the technical requirements were not properly documented, suppliers did not receive all the information needed to prepare an accurate and comprehensive proposal. This likely contributed to the numerous extras charged by FutureIT, since the scope and expectations were not clearly defined in the initial call for tender. The absence of detailed technical requirements would also have made it difficult to evaluate proposals objectively, since there were no measurable criteria against which to compare bids. As a result, CVC is in breach of the NDTIF funding conditions relating to the level of technical specifications required in a competitive tendering process.

3. Be free of actual or perceived conflicts of interest.

It is questionable whether CVC was conflict-free upon selecting FutureIT. Jerry Butchard made the selection without any formal documentation and despite the fact that FutureIT applied on October 5, which was after the deadline of September 30. FutureIT also came in just $1,000 below the lowest of the bids that were received on time, which is suspect. (It suggests FutureIT may have had "insider" information.)

CVC is indeed in breach of the NDTIF agreement. As a result, the agreement indicates that repayment of Phase 1 funds may be required, future funds may be suspended, or both. We must contact NDTIF immediately to discuss. Suggestions have been made later in the report to mitigate this situation as much as possible.

Financial Situation (DC-4)

CVC has witnessed declining donation and fundraising revenue in the last 5 years, and while grant revenue has been increasing, it has not offset the decrease from the other revenue sources. This is especially true even though 2025 appears higher than past years in the graph, since Jerry prematurely recorded the $2,000,000 funding related to Phase 2. Jerry noted 90% of the Phase 1 funding had been spent, but this was not the case, given that only $822,100, or 82.2%, had been spent. Furthermore, the amount spent does not necessarily reflect the progress of key activities, and it was noted that Phase 1 is overbudget given its degree of completion, suggesting that key activities are less than 82.2% complete. The reduction in revenue has come at a time when CVC has also been expanding to service more regions, which has resulted in delayed updates and repairs, reduced staff, and other operational expenditure cuts. This is unsustainable.

The board has indicated a desire to maintain a working capital balance of $400,000 to manage the cyclical nature of revenue, since many donations and the flower fundraiser occur at year-end. Unfortunately, after adjusting for the premature recording of the grant, the working capital at the end of 2025 is $370,000, which is below the desired $400,000 threshold ($1,000,000 + 2,130,000 – 800,000 – 2,000,000). This is very concerning for a few reasons:

- If NDTIF requires repayment of Phase 1 funds, CVC does not currently have them. It may need to acquire financing in order to make the repayment.
    - Given the declining revenue sources and the increased demand for services, making repayments on such a debt would be difficult.
    - It would also mean the project couldn't be completed. Implementing an integrated system was paramount for continuing work with current clinics, protecting client data, and expanding to other clinics. This project was critical to satisfying the needs of multiple interested parties, including the beneficiaries and the partner clinics. Not completing this process could potentially mean that CVC is unable to service the low-income community it has set out to help.
- Year-end occurs in December 2025, which is when CVC receives most donations and holds the Christmas flower fundraiser. If CVC cannot achieve the board's desired threshold even in December, it is unlikely to achieve it at any point in the year.
- Phase 1 is expected to cost more than the $1 million of funding received for it, and the overage will reduce CVC's working capital further.

Weaknesses in Governance Structure (DC-4)

Board Oversight

Several weaknesses emerge regarding the composition and functioning of CVC's board. The board meets only twice per year, limiting its ability to exercise timely oversight of a project as complex and fast-moving as a digital transformation initiative. Its members are largely former opticians, which, while useful in some respects, means the board lacks certain technical expertise required to fully understand or challenge IT-related decisions. In addition, their role involves managing risk to an appropriate level, which should include having expertise to monitor and respond to legal and financial risks.

Excessive Reliance on a Single Individual

The role of director of finance appears to have too much decision-making authority. Jerry put out the call for tenders and selected the vendor without any assessment process or review/approval. This level of unilateral control constitutes a form of management override of controls and undermines the checks and balances that should exist in a well-governed organization. A stronger segregation of duties, particularly around procurement, contract approval, and reporting, would be necessary to reduce the risk associated with relying so heavily on a single individual.

Lack of Segregation of Duties and Oversight

In addition to the concentration of authority in the director of finance, the organization exhibits broad structural control weaknesses. The executive director and the board's infrequent involvement further limits independent review of procurement decisions. Proper governance requires clear separation between those who negotiate contracts, those who approve them, and those who process payments. When documentation is weak and oversight is minimal, the risk of errors, non-compliance, and inappropriate decision-making increases significantly. At a minimum, going forward, the director of finance (me) can initiate, and the executive director (Lionel) should review and approve. Certain major decisions should require board approval.

PharmaCo Offer (DC-4)

PharmaCo has offered to inject $12 million over the next 8 years, which would be a lifesaver given CVC's cash flow issues, especially in light of the uncertainty with respect to the NDTIF funding. These funds could be used to repay Phase 1 funding if required (since it has largely been spent already) and complete Phase 2 so that the improved digital infrastructure exists instead of being stalled mid-project. The additional funding could help CVC service more beneficiaries, expanding to new regions and thus helping it meet its mission to improve access to vision care for low-income Canadians.

PharmaCo also suggests that it could offer some technological expertise and system-integrating capabilities, which is of great interest to CVC, given the needs of our Interested parties, primarily the partner clinics.

While the offer has the above positive aspects, it comes with significant risks:

- PharmaCo has requested data sharing to gain broad visibility into data generated by CVC, indicating that this data would "help it serve its clientele better." CVC handles highly sensitive information of multiple interested parties, including donor financial data and the medical and personal information of vulnerable families. This places CVC under a heightened ethical obligation to safeguard confidentiality and ensure that no external party gains inappropriate access. Acceptance of PharmaCo's offer could put the very individuals CVC intends to help at risk.

- PharmaCo's offer mandates the use of its preferred IT supplier, Technova, for Phase 2 of the digital project, which limits CVC's autonomy and breaches procurement requirements. Given the issues already experienced in compliance during Phase 1, NDTIF is highly unlikely to allow any further breaches, and the $2 million of funding would be inaccessible. While Technova is welcome to apply under a competitive process and may end up being selected, this cannot be guaranteed in advance. That said, if the NDTIF funding is pulled, being in compliance is no longer of concern. Of note, Technova's bid on Phase 1 was the most expensive option.
- PharmaCo's offer requires replacing two board members with two PharmaCo representatives. Two seats represent 40% of the board, giving PharmaCo significant sway although not complete control. This would undermine governance independence and may shift strategic priorities away from CVC's mission.
- Press coverage of PharmaCo's actions of late is not favourable and includes privacy-law breaches, a health data scandal and job cuts. Being associated with PharmaCo may damage CVC's reputation, which would further reduce donations, fundraising abilities, and other funding on which CVC relies to survive. The board considers it essential to maintain a strong reputation with donors and avoid situations that could affect donor confidence. Public awareness of the acceptance of PharmaCo's offer could alienate donors due to governance concerns or ethical misalignment.

The offer, as it stands, is very risky. CVC should only consider moving forward after thorough due diligence and with full board oversight. This report provides some recommendations for changes to the arrangement for the board's consideration.

<u>Interested Parties (DC-5 and DC-6)</u>

Interested parties that could be considered are as follows:

- Beneficiaries are at the heart of CVC's mission. They rely on CVC for timely, safe, and affordable access to essential vision services. They expect strong protection of their sensitive medical and behavioral information, given their vulnerability and the deeply personal nature of the data CVC manages. They also depend on consistent service delivery, regardless of funding pressures, system changes, or supplier transitions, as any disruption could directly affect their ability to obtain the care they need. Because of this, beneficiaries are highly exposed to the integrity of CVC's compliance, the strength of its governance, and the organization's capacity to safeguard both service continuity and data confidentiality.
- Donors are necessary for much-needed financial support. They expect CVC to demonstrate strong stewardship, transparent reporting, and responsible use of funds. They want assurance that their contributions directly support the organization's mission and are managed with integrity. Any indication of non-compliance, weak governance, or misalignment with CVC's values could erode their trust and reduce future giving. Donors depend on CVC to maintain a solid reputation and uphold the highest standards of accountability.

- NDTIF is a critical interested party at the moment. The fund's continued support could make or break CVC. It requires adherence to contribution agreement terms, including transparent procurement, accurate reporting, and verifiable completion of funded activities. NDTIF relies on CVC to manage public funds responsibly and to maintain systems that ensure privacy, compliance, and control. The funder depends on CVC to meet obligations without deviation or misrepresentation. NDTIF values the work performed by CVC, and while the agreement conditions appear to be breached, it is possible NDTIF may entertain solutions other than funding repayment or suspension in cases of breach.
- Optometry clinics are important partners to help CVC meet their mission. They rely on CVC for efficient coordination, timely approvals, and consistent reimbursement processes. They desire reliable information systems that reduce administrative burden. Disruptions caused by system instability, delayed authorizations, or process changes can affect clinic operations and create frustration. Clinics depend on CVC to operate professionally and to maintain credibility as a funding intermediary. The breach in compliance with the agreement, and the possibility that the digital project may go unfinished, would mean the needs of this party would not be met.
- PharmaCo's interests are primarily strategic. It views CVC as a potential partner that could broaden its community footprint, strengthen data-driven initiatives, and enhance its access to high-needs populations. PharmaCo depends on CVC's willingness to collaborate, share systems, and adjust governance structures to align interests. However, if CVC prioritizes its mission, independence, and data-protection mandate, PharmaCo's ability to advance its objectives may be limited.
- FutureIT and other suppliers have an interest in securing work with CVC through transparent and legitimate procurement processes. The suppliers depend on CVC to clearly define expectations, manage projects effectively, and pay invoices according to agreed-upon terms. Changes in scope, unplanned rework, or unclear communication create operational and financial uncertainty for suppliers. Vendors expect CVC to honor fair-competition principles and maintain a professional contracting environment.
- The board of directors is responsible for oversight, governance, and ensuring that CVC operates in alignment with its mission and legal obligations. Board members depend on management to provide complete, timely, and accurate information so they can make informed decisions. Withholding key risks, pre-committing to suppliers, or failing to comply with federal requirements weakens their ability to govern effectively. The board relies on transparent reporting and robust internal controls to fulfill its fiduciary duties.
- CVC employees depend on the foundation for a stable, well-organized workplace with clear procedures, adequate tools, and manageable workloads. They need reliable systems to coordinate services effectively and to protect the privacy of beneficiary information. Unclear direction, poor system performance, or sudden organizational

changes create stress and operational bottlenecks. Staff rely on CVC's leadership to maintain continuity, support their roles, and uphold ethical and professional standards.

Step 2
Plan/design approach (DC-8, DC-9, DC-11 and DC-13)

Given the breach in conditions of the Contribution Agreement, the financial pressures facing CVC, and the priorities of the interested parties, we recommend the following approach:

1. Contact NDTIF immediately to inform the foundation of the breach, the circumstances that caused the breach, mitigating strategies, and more to see if funding can be maintained.
2. Hold a fulsome board discussion on the PharmaCo offer.
3. If both the NDTIF and PharmaCo funding are absent, CVC could explore the following potential strategic alternatives:
    a) Seek financing to finish the digital revitalization project.
    b) Scale back operations until CVC has their feet on the ground again.
    c) Modify approach to fundraising and obtaining donations.
    d) A combination of the above.

The above would allow us to obtain the additional information needed before taking next steps. This includes:

- whether NDTIF is open to mitigation strategies, and if so, what types;
- whether the board had a specific rationale for the $400,000 working capital requirement and what their most important priorities are, given competing interests; and
- what other financing may be available and at what cost (i.e., interest rate, etc.).

Step 3
Implement plan, including measuring and monitoring progress, and recalibrate where necessary

<u>NDTIF Funding and Digital Project (DC-16, DC-19 and DC-21)</u>

This project requires <u>immediate</u> actions:

1. Pause all digital project commitments. Contact FutureIT about pausing their work.
2. Launch an internal corrective plan to address procurement deficiencies. Develop proper documentation standards and implement evaluation criteria templates.
3. Arrange a meeting with the NDTIF case worker, Steve, and be transparent regarding the issues identified in the Phase 1 procurement process. Importantly, also explain the remediation steps taken to ensure these issues are corrected. In an effort to showcase CVC's ability to meet the requirements, the outstanding documentation from Phase 1 should be collected, including but not limited to the following:
    a) Where/how the call for tender should have been placed for public awareness (and where Phase 2's call for tender will be advertised).

b) Detailed technical specifications for Phase 1, that should have accompanied the call for tender, as evidence that CVC is capable of producing such a document.

CVC should also provide detailed technical specifications for Phase 2 to demonstrate its commitment in Phase 2 to providing this important documentation to potential suppliers.

c) A weighted evaluation criteria rubric that should have been used for Phase 1, which includes, but is not limited to

   i) details of expected costs for each activity and timeline;

   ii) total cost and completion date; and

   iii) testimonials or references from past clients of similar projects.

CVC should also provide a weighting rubric that includes all of the above and that will be used for Phase 2.

In addition to the weighting rubric, CVC must develop a conflict-of-interest policy and appropriate related internal controls to ensure there are no perceived or actual conflicts of interest in the procurement process. These remediations should also be communicated to Steve.

While it is important CVC take ownership of mistakes during Phase 1, we should emphasize that the previous director of finance is no longer with CVC. Not only is the new director of finance committed to grant compliance, but the oversight structure is also being rectified so that these types of errors cannot happen again.

PharmaCo Offer (DC-19)

The board should make time to discuss this offer thoroughly very soon, considering the risks outlined in this report.

Should the funding and technological advantages prove sufficiently attractive to risk the association with PharmaCo (given its negative press and the potential reputational damage it could cause CVC), the following elements of the arrangement should be modified:

- Data systems should not be integrated. Any data provided to PharmaCo needs to be stripped of personal identification markers, leaving only anonymous data for overall analysis available. The founders have emphasized the need to protect client data since day one, and this priority should not be overlooked. CVC must also determine how it will communicate the data-sharing policy with beneficiaries transparently.
- If NDTIF funding is still available, the requirement to contract Technova for Phase 2 must be removed from the arrangement.
- Given the amount of funding, it is reasonable to have board representation from PharmaCo, however, two representatives would have undue influence. Only one representative from PharmaCo should be added to the board over the period of the agreement.

If the above conditions are not acceptable to PharmaCo, my strong recommendation would be to decline this offer.

Other Alternatives (DC-19 and DC-20)

If NDTIF requires repayment of Phase 1 and denies Phase 2 funding, and the PharmaCo offer is declined, CVC will face extremely challenging financial times. It currently has $1,000,000 of cash, which is what it will need to repay the Phase 1 funding, leaving it with no funds. In addition, there may be penalties involved in cancelling the FutureIT contract early, and there are $800,000 of accounts payable to settle.

CVC will need to obtain financing to, at a minimum, settle its current debts. It will then need to consider whether to attempt to find other sources of financing or funding to complete the project.

Given its precarious position, my recommendation would be to start to scale back operations, reversing the expansion of the last few years and delaying the completion of the digital project (which was necessary for expansion).

Even if the situation were not as bad as it is, I would still recommend scaling back operations to some extent. CVC seems to have expanded beyond its ability to manage. For example, the reduction in staff during the expansion when processes are still highly manual, a digital transformation project is underway, et cetera, suggests that employees are overworked.

This scale back is, hopefully, a temporary measure to reduce the financial pressure of serving so many beneficiaries while we regroup. We need to take the time to find new sources of funding, revamp our fundraising model, and/or successfully solicit additional donations.

For example, we need a fundraiser instead of or in addition to the Christmas flower campaign:

1. At partner clinics, non-CVC patients (mid-to-high-income individuals) could be asked to “top-up” their bill with a donation to CVC, helping low-income Canadians access the same vision care they just experienced. Alternatively, a donation box could be made available on the counter.
2. CVC could run a marathon or 10km race to fundraise (or mud race, Amazing Race-style event, etc.), given individuals nowadays prefer experiential giving.

(Responses will vary; valid suggestions would be acceptable.)

Improvements to Governance and Internal Controls (DC-22)

In the near future, to strengthen CVC’s governance structure and better align it with the expectations of public funders, several concrete measures should be implemented.

1. The board should increase its meeting frequency and enhance its composition by adding members with expertise in IT, procurement, and risk management to ensure more effective oversight of complex projects.
2. Key decisions, especially those involving procurement, contractual commitments, and project reporting, should no longer rest with a single individual. Clear segregation of duties must be established between those who negotiate contracts, those who approve them, and those who authorize payments.

3. All procurement activities should follow a documented, competitive, and transparent process, with evaluation criteria defined in advance and retained for audit purposes.
4. Management must commit to timely and complete communication with the board regarding project progress, risks, supplier performance, and any external proposals with strategic implications.
5. CVC should formalize governance policies, including conflict-of-interest disclosures, documentation standards, and escalation procedures, ensuring that internal controls cannot be overridden by any one individual. Together, these steps would significantly reduce governance risk and help CVC meet the expectations associated with federally funded initiatives.

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