

# REGULATORY REPORT

2019

2	Message from the Executive Vice-President	12	Practice Inspection
3	The Regulatory Continuum	14	Maintaining the Public Trust
4	Who We Are	15	Disciplinary Process
5	Member Advisory Services	19	Appendix A: Summary of Disciplinary Actions
6	Registrar's Office		



WE PROTECT  
THE PUBLIC

WE ADVANCE  
OUR PROFESSION

WE GUIDE  
OUR CPAs



## MESSAGE FROM THE EXECUTIVE VICE-PRESIDENT

“CPA ONTARIO’S INAUGURAL REGULATORY REPORT DELIVERS ON OUR COMMITMENT TO TRANSPARENCY, ACCOUNTABILITY AND EVIDENCE-INFORMED REGULATION.”

**KELLY GORMAN**, CPA, CA, ICD.D

# PROTECTING THE PUBLIC INTEREST THE CORE OF WHAT WE DO

At CPA Ontario, protecting the public is at the core of what we do. We regulate our members, firms and students to ensure the people of Ontario are served by CPAs who meet high standards in learning, competence and professional conduct. Through practice inspections, investigations and disciplinary action, we maintain public confidence in our designation.

Which is why I’m so delighted to introduce CPA Ontario’s inaugural Regulatory Report. This document advances our public interest mandate by delivering on our commitment to transparency, accountability and evidence-informed regulation. That, in turn, supports our stakeholders to better understand their compliance obligations and also influences the education of our members and students along the spectrum of their careers in a constantly changing business landscape.

Looking back on the past year, we accomplished important work across our regulatory teams. Highlights include revising our By-law and regulations to align with the new *Chartered Professional Accountants of Ontario Act, 2017* (the *Act*), implementing a new Student Code of Conduct, benchmarking existing practices against other regulatory bodies, and simplifying our regulatory language to ensure members, firms and students can more easily fulfil their obligations.

Looking ahead to next year, our priorities reflect our continued commitment to strengthening our profession and keeping pace with the constant change around us. We plan to carefully review all aspects of our complaints and discipline process with a focus on improving timelines. Given broader

changes in the regulatory arena, we will also review our sanctioning framework, allowing us to ensure we are in line with other jurisdictions and that meaningful sanctions are in place to act as a deterrent to those who may engage in professional misconduct. Additionally, we plan to issue standardized bulletins containing anonymized guidance given by CPA Ontario’s Professional Conduct Committee (PCC.) Sharing information on conduct, areas of practice and issues that are of concern to us or cause confusion among members and students further enhances the transparency of our regulatory activities.

CPA Ontario will also continue to examine the implications of Artificial Intelligence (AI) on our profession. AI and other disruptive technologies create many new opportunities for our CPAs. From a regulatory perspective, we need to keep pace with this technology as it becomes more pervasive in the accounting profession and incorporate aspects of it into our own processes.

With the launch of our annual Regulatory Report, CPA Ontario is pleased to provide a snapshot of the results we’ve achieved while also laying the groundwork for that progress to continue.

**Kelly Gorman**, CPA, CA, ICD.D

*Executive Vice-President, Regulatory & Standards*

# THE REGULATORY CONTINUUM

Our regulatory duties involve the continuum of advising, compliance, inspecting, investigating, enforcing and imposing discipline if our members, firms or students fall short of our high standards.

The business landscape is rife with change, particularly with the advent of exponential technologies such as AI. What doesn't change is our comprehensive oversight of the profession, which fosters trust in Ontario's regulated CPAs, firms, students and the profession as a whole. Protection of the public is at the core of what we do.

## 1 MEMBER ADVISORY SERVICES

- Education
- Advising
- Guidance

## 2 REGISTRAR'S OFFICE

- Admission and Licensing
- Registering Firms
- Monitoring Compliance

## 3 PRACTICE INSPECTION

- Member Inspection
- Firm Inspection

## 4 DISCIPLINARY PROCESS

- Standards Enforcement
- Investigations and Prosecutions

# WHO WE ARE

CPA Ontario is an educator, thought leader, regulator, advocate and provider. We protect the public interest by ensuring our members meet the highest standards of integrity and expertise. We provide pathways to the profession for aspiring accountants from around the world. And we engage in our community as a responsible corporate citizen.

92,814

MEMBERS

21,598

STUDENTS

4,270

PUBLIC  
ACCOUNTANT  
LICENSEES

6,913

FIRMS

1,240

CERTIFICATE OF  
AUTHORIZATION  
HOLDERS



FIRM NAME  
APPROVAL



970 STUDENT  
TRAINING OFFICES



USE OF  
DESIGNATIONS

# MEMBER ADVISORY SERVICES

One of CPA Ontario's key duties is to provide guidance on ethics and standards to those we regulate and to the public. Our member advisory team (the advisors) monitor the national and international landscape, identifying issues that may impact Ontario CPAs and developing guidance that helps them remain in compliance.

In providing this service, we help CPA Ontario members, firms and students navigate an increasingly complex and demanding business environment. By encouraging awareness and understanding of ethics and standards, we improve the overall quality of the profession and protect the public from potential harm resulting from lack of knowledge.

This year, our advisors responded to more than 4,500 requests for guidance and information. Requests focused on a variety of issues, including technical accounting and assurance standards issues, and proper application of CPA Ontario's by-laws and regulations, including the Code of Professional Conduct (the Code.) Many of the questions we received were complex, such as suspected fraud, disassociating from false and misleading information, as well as addressing conflict of interest and independence issues.

The value of Member Advisory Services extends beyond providing CPAs and the public with guidance; it also helps CPA Ontario identify common issues being raised throughout the province by members and the public. In tracking these issues, we can better know where to focus future efforts and offer additional support.

Keeping members up to date is vital to our mandate. We notify members of new standards in our e-newsletter and post frequently asked questions and articles on our website. We also present at the annual Practice Management and Tax Summit on regulatory issues and proper application of the Code.

## MOST COMMONLY ASKED QUESTIONS

### FROM THE GENERAL PUBLIC

1. How do I address fee disputes with my CPA?
2. What recourse do I have if my CPA is not responding to my calls and emails?
3. Can my CPA refuse to return my books and records, release financial information or file tax returns if their services are not paid in full?

### FROM MEMBERS IN PUBLIC PRACTICE

1. How do I set up a new practice and get licensed to engage in the practice of public accounting?
2. Where do I get more information on the new accounting and auditing standards recently released?
3. Would this specific engagement violate the Code's independence or conflict of interest rules?

### FROM MEMBERS IN INDUSTRY

1. What should I do if I suspect fraud is taking place in the organization where I am employed?
2. What is my responsibility if my auditor is reserving their audit opinion and/or they have to reissue their audit report?
3. How do I deal with the auditor if we are disagreeing about the accounting for a specific transaction?

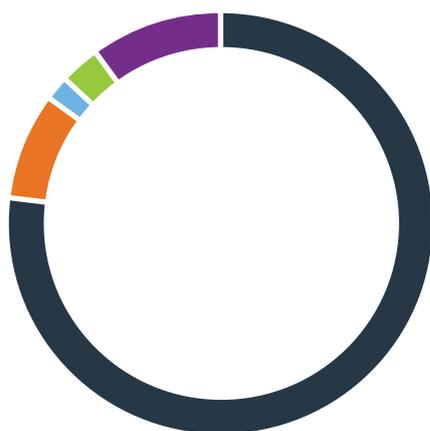
# REGISTRAR'S OFFICE

## REGISTRAR'S OFFICE

The Registrar's mandate is broad and covers key regulatory functions related to membership in the profession. The Registrar's main responsibilities include:

- Admission to the profession
- Licensing members as public accountants
- Registering firms
- Monitoring compliance with CPA Ontario's Professional Code of Conduct
- Maintaining the public register and directories of members, firms and licensees
- Implementing a fitness to practice program

## 2019 ADMISSIONS



Students	77%
Reciprocal Membership Agreements	10%
Provincial Transfers	8%
Mutual Recognition Agreements	3%
Memorandums of Understanding	2%

## ADMISSION TO THE PROFESSION

CPA Ontario ensures that only qualified and competent individuals of good character are permitted to practise as a CPA. We examine an applicant's education, training, experience and past conduct to give us an indication of knowledge and character. The Registrar will not admit or readmit any individual to membership unless we are confident that they will act in the public interest and will not bring the profession into disrepute. In fiscal 2019, 3,067 individuals met this high standard and were admitted into the profession.

By ensuring that our members have the knowledge they need to fulfill their duties and the integrity to act ethically, we maintain and build public trust in the designation. That trust is at the core of what we do.

While the Registrar makes decisions in an objective manner based on the evidence provided in an application, it is important that applicants have an avenue to appeal. Individuals denied membership may appeal the Registrar's decision to CPA Ontario's Admissions and Registration Committee (the ARC.)\* In cases involving good character or credibility of the applicant, a decision made by the ARC may be appealed to CPA Ontario's Appeal Committee. These tribunals are independent bodies of CPAs and public representatives that consider whether the decision being appealed was reasonable given the facts and applicable regulatory framework.

This year, eight appeals of Registrar decisions denying admission to internationally trained accountants were filed and a final determination rendered. In all cases, the Registrar's decision was upheld.

\*Full details are set out in Regulation 6-1 Admission and Registration Committee and Regulation 7-1 Admission to Membership, Obligations, and Standing.



## INTERNATIONALLY TRAINED ACCOUNTANTS

CPA Ontario is committed to reducing barriers to membership for qualified international accountants by facilitating the development of policies and pathways to admission that are fair, transparent and objective.

Our efforts to evaluate knowledge are guided by the International Qualifications Appraisal Board, an interprovincial committee of the CPA profession that reviews professional accounting bodies outside Canada. Negotiated agreements take on one of three forms—Mutual Recognition Agreements, Reciprocal Membership Agreements and Memorandums of Understanding—collectively referred to as “the international agreements.” Accountants with designations in good standing from approximately 19 professional accounting bodies in 16 international jurisdictions are accepted as CPAs via these international agreements. Ontario’s accounting profession is an open profession as evidenced by a 50 per cent increase in international applications over the prior year.

### MUTUAL RECOGNITION AROUND THE WORLD



CPA Ontario also grants advanced-level standing for entry to the CPA program to members of 175 international accounting bodies in 130 countries that are members of the International Federation of Accountants (IFAC.) Members of IFAC bodies are required only to complete or challenge the CPA Professional Education Program and the Common Final Exam and are eligible to receive full recognition for the work experience they completed outside Canada.

We strive to balance the need to protect the public interest with the desire to ensure qualified individuals from other jurisdictions are integrated into the Ontario CPA community and believe we have been fairly recognized for these efforts. As part of its assessment process, the Office of the Fairness Commissioner found that CPA Ontario shows a strong commitment towards developing and implementing fair registration practices.

## LICENSING MEMBERS

CPA Ontario is a designated body authorized to licence and govern the activities of its members and firms as public accountants. CPA Ontario regulates 4,270 public accounting licence (PAL) holders and 1,240 certificate of authorization holders. A PAL is required for the practice of public accounting and is the lead engagement person responsible for signing the report or statement issued where the engagement is issued in Ontario or the work for the engagement is primarily performed in Ontario related to:

- Any assurance engagement (including an audit or review engagement)
- Any compilation engagement where services may be relied upon or used by a third party and the prescribed wording for the Notice to Reader is not used

As the authorized designated body, CPA Ontario ensures that licensees practice public accounting in accordance with internationally recognized public

accounting standards to protect the public. This includes prescribing certain Continuing Professional Development (CPD) requirements related solely to the practice of public accounting. Effective January 1, 2019, additional requirements were implemented for licensees to complete CPD directly related to the competencies needed to engage in public accounting. The first annual attestation of compliance will take place in calendar 2020.

Applications for PALs are reviewed monthly by the Public Accounting Licensing Board (pursuant to the licensure requirements set out in Regulation 17-1, Public Accounting Licensing.) This year 156 new PALs were granted and 23 were re-issued after expiry or discontinuation.

## REGISTERING FIRMS

CPA Ontario regulates 6,913 registered firms. All registered firms are required to provide CPA Ontario with proof of professional liability insurance to ensure that public engaging professional accountants are protected by having recourse. Firms engaged in the practice of public accounting or in providing accounting services to the public are also subject to ongoing practice inspection to routinely confirm that firms operate in accordance with professional standards.

In Ontario, members in good standing who engage in the practice of public accounting or provide accounting services to the public must register a firm with CPA Ontario. This includes those individuals or firms that:

- Engage in public accounting activities that require a PAL

- Perform any engagement addressed by standards in the *CPA Canada Handbook - Assurance* for which a PAL is not required

- Provide accounting that involves analysis, advice and interpretation in an expert capacity, excluding record keeping

- Deliver taxation services that involve advice and counselling in an expert capacity, excluding mechanical processing of returns

- Provide compilation services that can reasonably be expected will be relied upon or used by a third party

As part of the registration process, firm names must be approved by the Registrar to ensure that the name is distinct from other firms to avoid confusion in the public mind and is not otherwise misleading, self-laudatory or in contravention of professional good taste. The Registrar may suspend the membership of the Firm Representative of a firm that uses a non-compliant name, the decision of which is final and not subject to review or appeal.

A firm can apply for pre-approval of a name by making an application. During fiscal 2019, CPA Ontario received 819 requests for preapproval of which 87 per cent were processed and approved. The remainder were provided guidance as to why their proposed name would be considered non-compliant. Most rejected names suggested that the firm in question was larger than it was or made use of superlatives that could indicate superiority over other firms.

## MONITORING COMPLIANCE

When our members join the profession, they have a duty to ensure that they maintain their level of competency throughout their career through CPD. It is essential that CPA Ontario continues to find ways to enhance CPD for our members, making it easier for them to comply with their obligations. This year, we updated our CPD requirements to reflect international best practices and to codify all CPD-related information into one regulation, making it easier for members to comply.

Each year, we conduct CPD audits with a representative number of members. This year, 97 per cent of audited members received a satisfactory outcome. The remainder were subject to regulatory action, which included suspension for non-compliance or failure to respond.

With CPD, members can enhance their capabilities as CPAs and strategic business partners. In an exponential economy, it is increasingly important that CPAs stay on top of relevant issues and trends and maintain the skills the public expects from them.

## MAINTAINING PUBLIC DIRECTORIES

The Registrar's Office maintains directories of members and firms in good standing, and the role of licensed public accountants so that the public can easily verify if an individual is a member, a current licensee or that a firm is registered. If someone is falsely claiming to be a member in good standing, a licensee or that their firm is registered, they can be reported at [www.cpaontario.ca/stewardship-of-the-profession/complaints-discipline/complaints](http://www.cpaontario.ca/stewardship-of-the-profession/complaints-discipline/complaints).

It's important to note that some members are excluded from the directories at their request for personal safety reasons. In those instances, the CPA Ontario Customer Service department can confirm whether a CPA is in good standing and provide that information.

CPA Ontario also tracks discipline history and outstanding discipline matters, which are made publicly available on our website.

By making this information publicly available, CPA Ontario helps to keep the public trust by verifying claims of membership and ensuring that only those with adequate knowledge and integrity claim the status of CPA.

## 1,799 MEMBERS WERE SELECTED AND SUBJECT TO A CPD AUDIT:



1,738

WERE DEEMED TO HAVE COMPLIED WITH THE CPD OBLIGATION

61

WERE SUSPENDED FROM MEMBERSHIP FOR NON-COMPLIANCE OR FAILURE TO RESPOND

# FITNESS TO PRACTICE

Allegations that a member may be incapacitated and unable to carry out their professional obligations is a serious concern that must be treated with a high degree of sensitivity to ensure the rights of the member are respected, while also ensuring that the risk to the public is mitigated.

To effectively address this issue, CPA Ontario takes a two-pronged approach. First, we supply our members with the knowledge and support they need to identify potential capacity issues in themselves or other members. To that effect, CPA Ontario is committed to:

- Increasing awareness of wellness strategies among Ontario's accounting profession
- Increasing awareness of mental illness and addiction issues among members
- Enhancing knowledge of and improving access to available assistance
- Ensuring physical and mental illness issues faced by members are considered in the regulatory context
- Supporting early identification of and treatment for physical or mental health issues while continuing to protect the public interest

Second, we have mechanisms in place to manage allegations that a member is incapacitated. Potential capacity issues may be assessed in accordance with elements of the Code related to professional behaviour, integrity and due care, objectivity and confidentiality.

The Registrar is responsible for investigating and bringing forward any capacity matters to CPA Ontario's Capacity Committee for consideration. The Capacity Committee may order that the member be suspended indefinitely or be subject to certain terms and conditions to ensure the protection of the public from any risk posed by the member continuing to engage in regulated activities.

With those tools in hand, CPA Ontario can strike the right balance between maintaining the public interest and respecting the privacy of our members and providing them with due process and support.



CPA ONTARIO SUPPLIES OUR  
MEMBERS WITH THE KNOWLEDGE  
AND SUPPORT THEY NEED TO  
IDENTIFY CAPACITY ISSUES IN  
THEMSELVES OR OTHER MEMBERS

# PRACTICE INSPECTION

Practice inspections are a key component of CPA Ontario's ability to protect the public interest. The Practice Inspection Program assesses practitioners' adherence to professional standards, increasing confidence in the integrity of financial information.

As part of our inspections, we assess quality controls, review current assurance and compilation engagements, and provide an educational experience to help practitioners improve their professional standards where necessary.

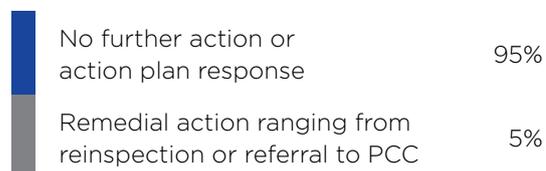
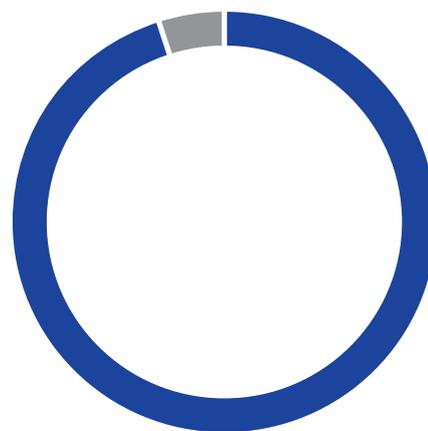
The Practice Inspection Committee (the Committee) reviews annual inspection results to identify areas where adherence to standards requires improvement. The Committee is appointed by the CPA Ontario Council and is representative of CPA Ontario's membership by geographic location and practice size.

All practising offices are inspected at least once in a three-year cycle. The Committee assesses inspection reports and reviews any comments received from the practising office. They then determine the outcome of the inspection, which ranges from 'no further action required' to reinspection or to a referral to the PCC.

In fiscal 2019, 1,174 practices were inspected for adherence to professional standards. Approximately 95 per cent of inspected practices did not require further action. The remaining practices were subject to remedial action such as reinspection or referral to the PCC for possible disciplinary action.

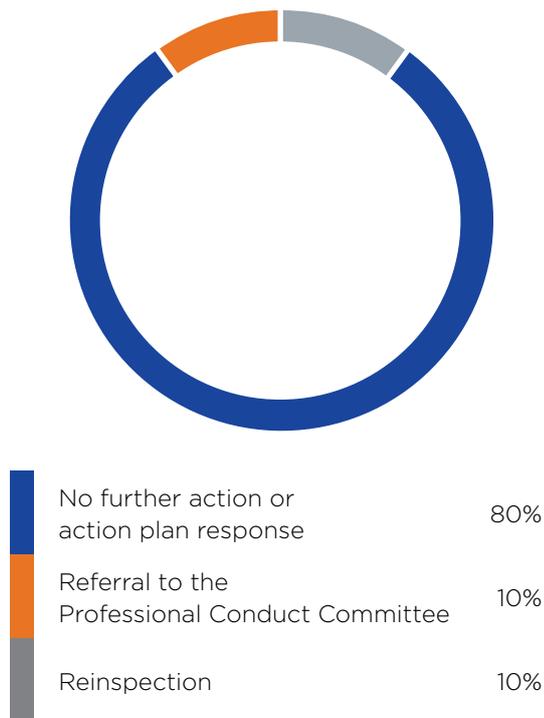
This year, five practices were ultimately referred to the PCC for review, driven primarily by continued uncorrected deficiencies, failure to complete recommended professional development, failure to complete an action plan to address deficiencies, and/or little or no indication that the office had taken steps to improve quality.

## RESULTS OF INSPECTIONS FY 2019



During fiscal 2019, 41 reinspections were completed, the results of which are as follows:

## RESULTS OF REINSPECTIONS FY 2019



An increasing area of focus for the Practice Inspection team is new and emerging industries, most notably cannabis and cryptocurrency. Assurance engagements in those industries are targeted due to the unique nature of the risks and assurance issues, and the increased potential for errors in those sectors. We continue to closely monitor developments in these and other emerging industries in Ontario and will perform additional targeted inspections as necessary.

In addition to monitoring emerging industries, we must stay aware of technologies such as AI and its accounting applications, particularly in auditing. AI presents many opportunities for CPAs, but with any new tool, we must develop our understanding and evaluate compliance with relevant professional standards. We are also exploring ways to incorporate AI into our Practice Inspection Program. This may eventually include integrating AI into our risk-based inspection process, including the selection of offices and engagements for inspection, as well as specific areas of focus in audit files.

Practice Inspection remains committed to promoting high quality engagements and ensuring that firms comply with professional standards set out in the *CPA Canada Handbook* and *CPA Ontario Member's Handbook*. Each year, we issue the *Focus on Practice Inspection* report ([www.cpaontario.ca/cpa-members/public-practice/practice-inspection](http://www.cpaontario.ca/cpa-members/public-practice/practice-inspection)), detailing observations encountered during the inspection process.

# MAINTAINING THE PUBLIC TRUST

## OVERVIEW OF CPA ONTARIO'S DISCIPLINARY PROCESS

### STANDARDS ENFORCEMENT

### PROFESSIONAL CONDUCT COMMITTEE

### DISCIPLINE COMMITTEE

1



2



3



4



5

Director reviews complaints received, gathers facts from the relevant parties and provides the following direction.

- No breach found – file closed.
- Refer to Professional Conduct Committee.
- Refer to Director, Investigations and Prosecutions to appoint investigator. Investigator reports findings to the Professional Conduct Committee.

PCC reviews complaints and provides the following direction to CPA Ontario staff.

- No breach found – file closed.
- Possible breach – guidance and advice provided to member to assist them and then file closed.
- Appoint investigator to gather additional facts. Committee reviews the investigator report and may instruct Investigation & Prosecution staff to prepare allegations of misconduct and go to Step 5, or they may close the file or provide guidance or admonishment to the member.

Discipline Committee holds a contested or settlement hearing.

# DISCIPLINARY PROCESS

## STANDARDS ENFORCEMENT

The Practice Inspection function takes a proactive approach in reviewing the way that members and firms conduct their business. However, proactive inspection is only part of CPA Ontario's overall regulatory regime—Standards Enforcement is a critical component of our discipline process with responsibility to review complaints against members, firms and students.

When a complaint is filed, Standards Enforcement gathers facts from the complainant and the member, firm, or student under review. It then prepares reports for the PCC to review, after which a determination will be made to close the case if there was no breach, issue guidance if the breach was minor or appoint an investigator if the breach was significant.

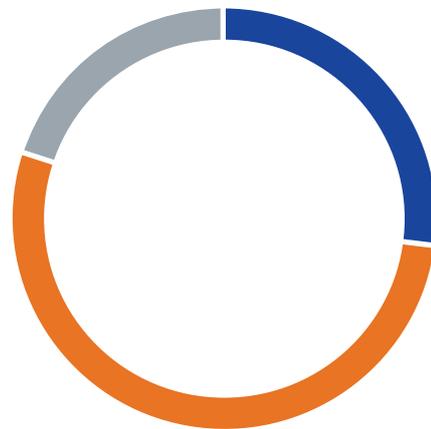
This year, we increased the efficiency of our complaints process by delegating certain powers of the PCC to the Director of Standards Enforcement, allowing for faster responses to complaints and reducing risk. In addition, Standards Enforcement implemented a risk-based assessment of misconduct matters leading to quicker referral to investigation for critical matters, and earlier closure for matters without merit. Improving the efficiency of the complaints and discipline process serves the interests of the public, along with treating our members, firms and students in a fair and transparent way.

## DISPOSITION OF COMPLAINTS

During the fiscal year we addressed 200 complaints, the nature of which remained consistent with prior years. It is important to us that complaints are dealt with in a timely manner, which is why complainants are contacted within 48 hours of receipt of the complaint. In fiscal 2019, 105 matters were closed, 40 matters were referred to investigation and 55 matters were closed with guidance being given by the PCC.

In the prior year, 89 matters were closed, 37 matters were referred to investigation and 105 matters were closed with guidance. Regardless of how complaints are resolved, Standards Enforcement's main goal is to ensure that the public and employers receive a high level of professional service from CPAs.

## DISPOSITION OF COMPLAINTS FY 2019



Closed no breach	105	53%
Closed with guidance	55	27%
Referred to investigation	40	20%

When deciding to provide guidance to a member, the PCC considers the circumstances of the member's conduct, the impact of the misconduct on the broader public interest, and other mitigating or aggravating factors. When the PCC believes the public interest is best served by improving or rehabilitating a member's professional practice or conduct, written guidance is provided to the member. The most common areas where members received guidance from the PCC included:

- Client service issues related to lack of timely responses and poor communication
- Failure to return client records
- Conduct unbecoming of a professional
- Failure to register a firm when the member was engaging in registrable activities

## REVIEWER OF COMPLAINTS

Our complaints process is built to ensure fairness to members, firms and students whose conduct comes under review and, most importantly, to protect the public interest. Complainants may request a review of a CPA Ontario disposition of a complaint by the independent Reviewer of Complaints (the Reviewer) within 30 days of the file's closure.

After considering the evidence, the Reviewer may send the matter back to the PCC if they believe that one of three criteria have been met: the procedures outlined in Regulation 15-1 Complaints were not followed; there is reason to believe that a conflict of interest existed with anyone participating in the decision to close the file; or consideration was not given to all the evidence that was available at the time. In the past year, 13 files were referred to the Reviewer and none were sent back to the PCC for further consideration.



COMPLAINANTS ARE  
CONTACTED WITHIN

48  
HOURS

# INVESTIGATIONS AND PROSECUTIONS

There is increased scrutiny of the work and regulation of the accounting profession. Being a self-governing professional body means that CPA Ontario is held to a high standard for independence and effectiveness in its enforcement work. CPA Ontario must ensure it meets its public interest mandate by effectively enforcing compliance with regulatory requirements through investigating the right cases and doing so in a timely way.

Investigations & Prosecutions investigates and litigates cases involving violations of the CPA Code of Professional Conduct. This division also prosecutes non-members under the *Provincial Offences Act* in court for misuse of the CPA designation or other unauthorized practice to protect the public from harm caused by these individuals.

## CONCLUDED INVESTIGATIONS

This year we completed 38 investigations, which is fairly consistent with the prior year. These investigations were resolved with 24 per cent being closed, 34 per cent being closed with guidance

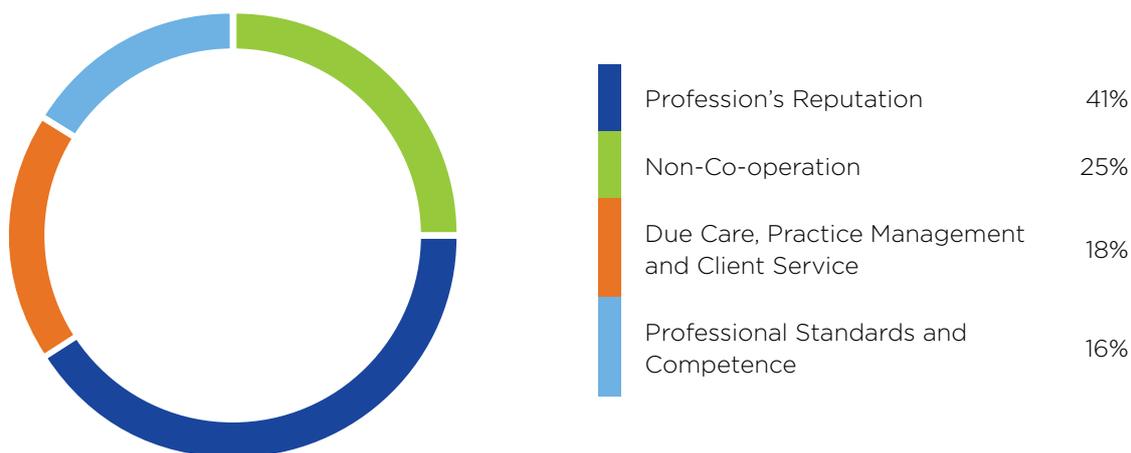
from the PCC and 42 per cent being referred to the Discipline Committee.

Numbers alone don't tell the whole story. Our cases are becoming increasingly complex—they often involve unique situations or jurisdictional issues. In addition, concerns about civil litigation or class action lawsuits have led to parties delaying the production of evidence and making broad assertions of privilege. The most complex cases are diverted to contested litigation, extending disposition times for matters.

## CONCLUDED PROCEEDINGS

In fiscal 2019, we completed 28 discipline hearings, the findings and sanctions of which are set out below.

### TRIBUNAL FINDINGS



## TRIBUNAL SANCTIONS

	FY2019
Number of proceedings concluded*	28
<b>SANCTIONS</b>	
Fines	\$340,000
Suspensions	4
Revocations**	16
Costs Ordered	\$586,300

\*One contested proceeding did not result in a finding.

\*\*Includes revocations for failure to comply with fiscal 2018 Order.

## COURT PROCEEDINGS

CPA Ontario also prosecuted three individuals in provincial court for various offences under the *Provincial Offences Act*, the *Act*, and the *Public Accounting Act, 2004*. Total fines resulting from these prosecutions were \$23,010.

## ACCOUNTABILITY

Although a high percentage of discipline cases already results in revocation, as a matter of regulatory effectiveness, a fiscal 2020 priority is a review of CPA Ontario's overall sanctions and the extent to which they promote both specific and general deterrence of professional misconduct. This includes conducting a detailed analysis to benchmark against other regulatory bodies, reviewing current jurisprudence on point to determine best practices and assessing whether changes are warranted.

Quick action, fair and transparent processes, and appropriate sanctions are all necessary to maintain trust in self-regulation if standards are breached.

We are committed to maintaining a complaints and discipline process that is transparent, reflects fairness to our members, firms and students whose conduct comes under review, and protects the public interest.

Strong regulatory processes and outcomes will continue to be a top priority for CPA Ontario.

# APPENDIX A

## SUMMARY OF DISCIPLINARY ACTIONS

### DISCIPLINE COMMITTEE

#### **Alan Lorne Andrews\***

Scarborough

#### **CONDUCT:**

The member failed to maintain the good reputation of the profession and serve the public interest by continuing to perform audit and review engagements without a valid public accounting licence; the member failed to register his practice; and failed to maintain professional liability insurance.

#### **SANCTION/TERMS:**

- Reprimand
- \$5,000 fine
- Resign from membership and undertake not to re-apply
- Not practise chartered professional accounting or hold himself out as a CPA
- Not practise public accounting, hold himself out as a public accountant, or apply for a public accounting licence
- \$5,500 costs

#### **George Edward Arlen, CPA, CA\***

Guelph

#### **CONDUCT:**

The member failed to administer an estate in a timely manner; failed to perform his professional services with due care in that he submitted an incomplete terminal tax return; improperly reported adjustments; made errors in the inclusion rate for capital gains; and improperly calculated capital gains by failing to obtain timely real estate appraisals for property.

#### **SANCTION/TERMS:**

- Reprimand
- \$7,500 fine
- Practice restricted from performing estate-related services
- Newspaper publication of practice restriction
- \$7,500 costs

**Bruce Gordon Drysdale, CPA, CA\***

Mississauga

**CONDUCT:**

The member failed to perform his professional services in accordance with generally accepted standards of practice of the profession.

**SANCTION/TERMS:**

- \$5,000 fine
- Professional Development courses
- 18-month Supervision Agreement
- Practice Reinspection
- Publication of Settlement Agreement
- \$12,000 costs

**Frank Fragale\*\***

Etobicoke

**CONDUCT:**

The member failed to co-operate with the regulatory process of CPA Ontario; failed to provide information to the investigator appointed by the Professional Conduct Committee when requested to do so.

**SANCTION/TERMS:**

- Reprimand
- \$3,500 fine
- Co-operate with the Professional Conduct Committee
- \$5,000 costs

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**Stive Farronato, CPA, CA**

Mississauga

**CONDUCT:**

The member provided public accounting services outside of the firm that he had registered with CPA Ontario; filed a declaration representing he had not performed any compilation engagements; reported on an Income Tax and Benefit Return \$66,600 as bonuses rather than employment income; provided public accounting services while he was associated with a corporation engaged in Canada in the practice of public accounting.

**SANCTION/TERMS:**

- Reprimand
- \$10,000 fine
- Professional Development courses
- \$54,000 costs

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**Ronald P. Haller**

Mississauga

**CONDUCT:**

The member was convicted of the criminal offence of fraud contrary to section 380(1)(a) of the *Criminal Code of Canada*.

**SANCTION/TERMS:**

- Reprimand
- \$20,000 fine
- Revocation
- Newspaper publication
- \$4,000 costs

## Gerald Levern Handsor, CPA, CA

Windsor

### CONDUCT:

The member failed to co-operate with the regulatory process of CPA Ontario; failed to provide information to and attend an interview with the investigator appointed by the Professional Conduct Committee when requested to do so.

### SANCTION/TERMS:

- Reprimand
- \$3,500 fine
- Co-operate with the Professional Conduct Committee
- \$5,000 costs

## Stephen McCune, CPA, CGA

Concord

### CONDUCT:

The Member failed to reply to written communications from the Director of Standards Enforcement.

### SANCTION/TERMS:

- Reprimand
- \$5,000 fine
- Co-operation: responding to CPA Ontario's correspondence
- \$4,000 costs

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## Perminder Kandola

Toronto

### CONDUCT:

The Member misappropriated funds from his employer by diverting a payment due to his employer into a bank account not owned by his employer. The Member failed to provide documents or other information when requested and he failed to attend an interview as requested by the investigator appointed by the Professional Conduct Committee.

### SANCTION/TERMS:

- Reprimand
- \$20,000 fine
- Revocation
- Publication of the Decision and Order, including newspapers
- \$10,000 costs

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## Janet Lynne McGhee, CPA, CA\*

Uxbridge

### CONDUCT:

The member failed to perform professional services in accordance with generally accepted standards of practice of the profession.

### SANCTION/TERMS:

- Reprimand
- \$5,000 fine
- Complete two Professional Development courses within a year
- Practice supervision for 18 months
- Re-investigation by Professional Conduct Committee following supervised practice
- \$12,000 costs

## Robert L. Morton, CPA, CMA

Cannington

### CONDUCT:

The member, while employed as Chief Financial Officer, conducted himself in a fashion which contravened the *Securities Act*.

### SANCTION/TERMS:

- Reprimand
- \$10,000 fine
- Suspension, three months
- \$75,000 costs

## Michael Joseph Nicholson

Brighton

### CONDUCT:

The member misappropriated funds while acting as treasurer for non-profit organizations.

### SANCTION/TERMS:

- Reprimand
- \$20,000 fine
- Membership revoked and precluded from applying for readmission for a period of five years
- Newspaper publication
- \$24,000 costs

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## Marcia Motayne

Ajax

### CONDUCT:

The member misappropriated approximately \$800,000 from her employer, a non-profit organization; and failed to co-operate with the regulatory process of CPA Ontario.

### SANCTION/TERMS:

- Reprimand
- \$40,000 fine
- Revocation
- Newspaper publication
- \$26,500 costs

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## Geoffrey Duke-Mainye Osinde, CPA, CGA\*

Sarnia

### CONDUCT:

The member performed an audit engagement for a Not-for-Profit organization without holding a public accounting licence; and failed to perform his professional services in accordance with generally accepted standards of practice of the profession.

### SANCTION/TERMS:

- Reprimand
- \$5,000 fine
- Practice restricted from performing assurance-related services
- Newspaper publication of practice restriction
- \$10,000 costs

## **Maurizio Panetta\*\***

Ottawa

### **CONDUCT:**

The member failed to promptly reply in writing to communications from CPA Ontario to which a written reply was specifically required.

### **SANCTION/TERMS:**

- Reprimand
- \$4,000 fine
- Co-operation: responding to CPA Ontario's correspondence
- \$3,800 costs

## **Kanagaratnam Kachiapa Siva Ragulan\*\***

Vavuniya, Sri Lanka

### **CONDUCT:**

The member failed to co-operate with the regulatory process by failing to provide information when requested to do so and failed to attend an interview as requested by the investigator appointed by the Professional Conduct Committee.

### **SANCTION/TERMS:**

- Reprimand
- \$3,500 fine
- Newspaper publication
- Suspension, 30 days
- Co-operate with the Professional Conduct Committee.
- \$37,500 costs

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## **Saturena Pow\*\***

Mississauga

### **CONDUCT:**

The member was convicted of the criminal offence of fraud contrary to section 380(1)(a) of the *Criminal Code of Canada*.

### **SANCTION/TERMS:**

- Reprimand
- \$75,000 fine
- Newspaper publication
- Ineligible for membership reinstatement or readmission for five years, and only by application to the Discipline Committee pursuant to Rule 21 of the Rules of Practice and Procedure and satisfying all the requirements of Rule 21.03 of the Rules of Practice and Procedure.
- \$4,000 costs

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## **Stephan Richmond, CPA, CGA\***

Round Rock, TX

### **CONDUCT:**

The member failed to adhere to ethical principles of the CGA Ontario Code of Ethical Principles related to Trust and Duties; Due Care; Professional Judgment; and Practice of the Profession. The member failed to file income tax returns and other government forms in a timely way or at all; failed to return source documents when requested to do so in a timely way; failed to deal with colleague in the open and fair manner required among professionals.

### **SANCTION/TERMS:**

- \$5,000 fine
- Newspaper publication

## **Ann Riegling**

Tilbury

### **CONDUCT:**

The member: misappropriated approximately \$180,000 from a corporate client; failed to file corporate tax returns in a timely manner, incurring interest and penalties of approximately \$50,000; while providing accounting services to a client, failed to disclose an alleged borrowing relationship between herself and the client and the amounts borrowed in the Notice to Reader Report or the accompanying financial statements and notes; recorded funds she misappropriated as professional fee expenses on the income statements.

### **SANCTION/TERMS:**

- Reprimand
- \$20,000 fine
- Revocation
- Newspaper publication
- \$24,500 costs

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## **Garry William Round CPA, CA**

Mississauga or Guelph

### **CONDUCT:**

The member failed to co-operate with the regulatory process of CPA Ontario in that he did not provide specific information as requested; and the member failed to attend in person before the Professional Conduct Committee of CPA Ontario after having been personally served with a Notice to Attend.

### **SANCTION/TERMS:**

- Reprimand
- \$3,500 fine
- Co-operate with the Professional Conduct Committee
- \$14,600 costs

## **Leigh Sherry, CPA, CGA\***

Brantford

### **CONDUCT:**

The member failed to register his practice, failed to maintain professional liability insurance and failed to use due care in performing professional services in that he used wording of a misleading nature in communications attached to Financial Statements.

### **SANCTION/TERMS:**

- Reprimand
- \$5,000 fine
- Complete two Professional Development courses within a year
- \$8,400 costs

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## **Shelly Stephen Shifman, CPA, CA**

North York

### **CONDUCT:**

The member failed to perform his professional services with due care in that he prepared and filed tax returns which were incomplete and incorrect, involved clients in an investment opportunity without conducting sufficient due diligence, advised a client and the CRA of incorrect company earnings and misclassified and miscalculated assets, liabilities and expenses in financial statements; the member associated himself with financial statements which he knew or should have known were false or misleading in that he improperly grouped income tax receivables, intercompany advances, deposits, inventory and deferred costs, he improperly included certain expenses, and he failed to properly account for intercompany transactions on financial statements.

### **SANCTION/TERMS:**

- Reprimand
- \$10,000 fine
- Suspension, four months
- Complete three Professional Development courses
- Newspaper publication
- \$40,000 costs

## Sameen Siddiqi

Markham

### CONDUCT:

The Member was convicted of three counts of knowingly making a false statement or misrepresentation in an application, report or other document, contrary to the *Canada Small Business Financing Act*.

### SANCTION/TERMS:

- Reprimand
- \$15,000 fine
- Revocation
- Publication of the Decision and Order, including newspaper
- \$4,000 costs

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## Richard Sniderman

Dundas

### CONDUCT:

The Member, while Chairman of a company, improperly converted to his own use monies held by the company as a fiduciary for various ventures. The Member failed to properly administer those monies in that he permitted the co-mingling of funds, did not adequately track balances and made payments without regard to balances. The Member held out to potential investors a patent on specialized technology was in place when none existed.

### SANCTION/TERMS:

- Reprimand
- \$25,000 fine
- Revocation
- Publication of the Decision and Order, including newspaper
- \$165,000 costs

## Laird William Sweeney

Mississauga

### CONDUCT:

The member failed to perform professional services in accordance with the generally accepted standards of practice; represented that he was retired and not practicing, when in fact he had signed an engagement letter and two review engagement reports; failed to register his practice when he continued to perform review engagements; took on work that he was not competent to perform; failed to sustain his professional competence; and failed to maintain a public accounting licence while engaged in the practice of public accounting.

### SANCTION/TERMS:

- Reprimand
- \$7,500 fine
- Revocation
- Newspaper publication
- \$13,500 costs

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## David Christopher Tully\*\*

Burlington

### CONDUCT:

The Member failed to co-operate with the regulatory process in that he failed to provide information to the investigators appointed by the Professional Conduct Committee and failed to attend an interview with the investigators. The Member failed to attend before the Professional Conduct Committee as required after being served with a Notice to Attend.

### SANCTION/TERMS:

- Reprimand
- \$3,500 fine
- Co-operation: providing information requested by CPA Ontario by June 1, 2018
- \$13,000 costs

**Lei Wang\*\***

Toronto

**CONDUCT:**

The Member failed to reply to written communications from the Director of Standards Enforcement.

**SANCTION/TERMS:**

- Reprimand
- \$3,500 fine
- Suspension, 20 days
- Co-operation: responding to CPA Ontario's correspondence
- \$3,500 costs

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\*Settlement agreement

\*\*Membership revoked for failure to comply with the Order

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## VOLUNTEER LEADERSHIP

The generous efforts of CPA Ontario's many volunteers benefit all members and students in the CPA program, the profession and the public. We extend our sincere thanks to the many committee volunteers who gave their time and expertise during fiscal 2019.

# NOTES



[cpaontario.ca](http://cpaontario.ca)

