

ANNUAL SUPPLEMENTAL REPORT TO THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO

CHARTERED PROFESSIONAL
ACCOUNTANTS OF ONTARIO

FOR THE 12-MONTH PERIOD
NOVEMBER 1, 2019 TO OCTOBER 31, 2020

Pursuant to s. 18(6) of the Standards of The Public
Accountants Council for the Province of Ontario



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LICENSURE ACTIVITY

	2017	2018	2019	2020
Total number of licensees – beginning of period (November 1)	4,443	4,353	4,248	4,279
Add: new licences issued in the period to				
Members (extra provincial applicants) permitted to practise public accounting in another jurisdiction in Canada	18	23	17	14
Members permitted to practise public accounting outside Canada (Appendix A)	10	5	4	5
Former licensees who were re-licensed (Appendix B)	45	24	14	8
All others	114	129	146	90
Total new licences issued in the period	187	181	181	117
Add: Administrative reinstatements and reversals				
Reinstatements for members whose licence was reinstated after a period of suspension	2	23	10	67
Reversals for members whose licence was suspended in a prior period and revoked in the current period	0	0	0	0
Total licensees before expirations, suspensions and revocations	4,632	4,557	4,439	4,463
Less: licences withdrawn in the period due to				
Expiration of licence status or licence discontinued on request	(265)	(273)	(132)	(169)
Death of licence holder	(8)	(6)	(11)	(17)
Suspension	(6)	(29)	(13)	(82)
Revocation	0	(1)	(4)	0
Total licences withdrawn in the period	(279)	(309)	(160)	(268)
Net increase/(decrease) in the number of licensees in the period	(90)	(105)	31	(84)
Total number of licensees – end of period (October 31)	4,353	4,248	4,279	4,195
Applications for licence denied by Public Accounting Licensing Board	7	6	7	8

FIRMS AUTHORIZED TO PRACTISE PUBLIC ACCOUNTING

	2017	2018	2019	2020
Partnerships with licensees	737	726	717	702
Professional corporations authorized to practise public accounting	1,208	1,170	1,134	1,097
Sole practitioner licensees	698	648	621	550
Total firms authorized – end of period (October 31)	2,643	2,544	2,472	2,349

COMPLAINTS ANALYSIS – LICENSEES

	2017	2018	2019	2020
Total number of ongoing complaints – beginning of period (November 1)	76	71	77	75
Add: Complaints received by Professional Conduct Committee during the period	79	83	62	122
Total number of complaints for period (new and ongoing)	155	154	139	197
Less:				
Complaints dismissed with no further action	(40)	(49)	(33)	(49)
Complaints referred to Discipline Committee	(7)	(6)	(10)	(10)
Complaints dismissed with an admonishment issued	(37)	(22)	(21)	(35)
Total number of ongoing complaints – end of period (October 31)	71	77	75	103

DISCIPLINE COMMITTEE ANALYSIS – LICENSEES

	2017	2018	2019	2020
Open referrals* to Discipline Committee – beginning of period (November 1)	7	4	2	1
Add: Complaints referred to Discipline Committee during the period	7	6	10	10
Total number of referrals for period (new and ongoing)	14	10	12	11
Less reasons issued by Discipline Committee during the period:				
▪ Professional misconduct not found	0	0	(1)	0
▪ Professional misconduct found (Appendix D)	(7)	(5)	(4)	(3)
▪ Professional misconduct found – stayed by appeal	0	0	0	0
Settlement (Appendix D)	(3)	(2)	(6)	(6)
Member deceased prior to hearing	0	0	0	0
Allegations withdrawn prior to hearing	0	(1)	0	0
Total open referrals to Discipline Committee – end of period (October 31)	4	2	1	2

*Filing of allegations or draft settlement agreement

APPEAL COMMITTEE ANALYSIS – LICENSEES

APPEAL COMMITTEE ANALYSIS – LICENSEES	2017	2018	2019	2020
Open notices of appeal – beginning of period (November 1)	3	1	2	1
Add: Notices of appeal received during the period	2	2	2	0
Total number of notices for period (new and ongoing)	5	3	4	1
Less reasons issued by Appeal Committee during the period:				
Discipline Committee decision upheld (Appendix E)	(2)	(1)	(2)	(1)
Discipline Committee decision varied (Appendix E)	(2)	0	0	0
Appeal withdrawn or abandoned prior to hearing	0	0	(1)	0
Total open notices of appeal – end of period (October 31)	1	2	1	0

APPLICATIONS FOR JUDICIAL REVIEW ANALYSIS – LICENSEES

	2017	2018	2019	2020
Open applications for Judicial Review – beginning of period (November 1)	0	1	0	0
Add: Applications for Judicial Review made during the period (Appendix F)	1	0	0	1
Total number of applications for period (new and ongoing)	1	1	0	1
Less: Judicial Review completed in the period (Appendix F)	0	(1)	0	0
Total open Judicial Review matters – end of period (October 31)	1	0	0	1

STUDENTS AND APPLICANTS

	2017	2018	2019	2020
Students registered in a program leading to qualification for licensure (external audit training route)	4,223	4,288	4,144	3,978
Total registered students and applicants at October 31 (all training routes)	20,912	21,093	21,412	21,178

APPENDIX A – MEMBERS PERMITTED TO PRACTISE PUBLIC ACCOUNTING OUTSIDE CANADA

The information below relates to individuals who were admitted to membership in CPA Ontario on the basis of their membership in an accounting body outside of Canada that CPA Ontario regards as having standards that are substantially equivalent to its own.

	2017	2018	2019	2020
New licences issued during the period:				
Australia/New Zealand (Chartered Accountants of Australia and New Zealand)	0	0	0	1
Belgium (L'Institut des Réviseurs d'Entreprises de Belgique)	0	0	0	0
England and Wales (The Institute of Chartered Accountants in England and Wales)	3	0	0	0
France (Ordre des experts comptables de France)	0	0	0	0
Hong Kong (The Hong Kong Institute of Certified Public Accountants)	0	0	0	0
Ireland (The Chartered Accountants of Ireland)	1	0	0	0
Japan (The Japanese Institute of Certified Public Accountants)	0	1	0	0
Mexico (Instituto Mexicano de Contadores Publicos)	0	0	0	0
Scotland (The Institute of Chartered Accountants of Scotland)	0	0	0	1
South Africa (The South African Institute of Chartered Accountants)	0	2	1	0
United States of America (Recognized State Boards of Accountancy)	6	2	3	3
Zimbabwe (The Institute of Chartered Accountants of Zimbabwe)	0	0	0	0
Total new licences issued during the period	10	5	4	5

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	2017	2018	2019	2020
Current licensees at period end:				
Australia/New Zealand (Chartered Accountants of Australia and New Zealand)	1	1	1	2
Belgium (L'Institut des Réviseurs d'Entreprises de Belgique)	1	1	1	1
England and Wales (The Institute of Chartered Accountants in England and Wales)	74	70	65	59
France (Ordre des experts comptables de France)	0	0	0	0
Hong Kong (The Hong Kong Institute of Certified Public Accountants)	0	0	0	0
Ireland (The Institute of Chartered Accountants of Ireland)	4	4	4	4
Japan (The Japanese Institute of Certified Public Accountants)	0	1	1	0
Mexico (Instituto Mexicano de Contadores Publicos)	0	0	0	0
Scotland (The Institute of Chartered Accountants of Scotland)	7	6	6	6
South Africa (The South African Institute of Chartered Accountants)	41	40	36	31
United States of America (Recognized State Boards of Accountancy)	67	65	68	70
Zimbabwe (The Institute of Chartered Accountants of Zimbabwe)	0	0	0	0
Total current licensees – end of period (October 31)	195	188	182	173

APPENDIX B – FORMER LICENSEES WHO WERE RE-LICENSED

The information below provides detail on the number of new licences issued to former licensees. Where the former licensee did not meet the minimum criteria, the Public Accounting Licensing Board exercised its discretion in issuing the licence, as is described below. During the reporting period there were no instances where discretion was exercised in issuing a new licence to former licensees.

	2017	2018	2019	2020
Met the minimum criteria	45	24	14	8
Did not meet the minimum criteria – licence issued under discretion due to:				
Eligible hours	0	0	0	0
Other	0	0	0	0
Former licensees who were re-licensed (total new licences issued in period)	45	24	14	8

APPENDIX C – RENEWALS PERMITTED UNDER DISCRETION

The information below reflects the number of licence renewals permitted where the licensee has not met the minimum criteria but the Public Accounting Licensing Board (PALB) exercised its discretion, as is described below.

	2017	2018	2019	2020
Did not meet the minimum criteria – licence issued under discretion due to:				
Continuing Professional Development	11	15	7	20
Eligible hours	13	7	4	5
Other	0	0	0	0
Total renewals under discretion	24	22	11	25

Continuing Professional Development (20 licence renewals), consisting of:

1 licence renewal

Due to compassionate circumstances and the consequent absence from the practice of public accounting this member was unable to fulfil a minimum of 10 verifiable continuing profession development hours annually in activities directly related to the competencies needed to provide public accounting services. This member was able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as they met all other criteria for the renewal of a licence.

4 licence renewals

Due to parental leave and the consequent absence from the practice of public accounting, these members were unable to fulfil a minimum of 60 verifiable continuing professional development hours in the last three-year period and a minimum of 10 verifiable continuing professional development hours annually in activities directly related to the competencies needed to provide public accounting services. These members were able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as they met all other criteria for the renewal of a licence.

1 licence renewals

Due to parental leave and the consequent absence from the practice of public accounting, this member was unable to fulfil a minimum of 60 verifiable continuing professional development hours in the last three year period, but fulfilled the minimum of 10 verifiable continuing professional development hours annually in activities directly related to the competencies needed to provide public accounting services. This member was able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as they met all other criteria for the renewal of a licence.

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Continuing professional development (20 licence renewals), consisting of:

6 licence renewals

Due to parental leave and the consequent absence from the practice of public accounting these members were unable to fulfill a minimum of 10 verifiable continuing profession development hours annually in activities directly related to the competencies needed to provide public accounting services. These members were able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as

3 licence renewals

Due to parental leave and the consequent absence from the practice of public accounting, these members were unable to fulfill the minimum of 120 continuing professional development hours in the last three year period, but fulfilled the minimum of 60 verifiable continuing professional development hours in the last three year period and the minimum of 10 verifiable continuing professional development hours annually in activities directly related to the competencies needed to provide public accounting services. These members were able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as they met all other criteria for the renewal of a licence

2 licence renewals

Due to medical circumstances and the consequent absence from the practice of public accounting, these members were unable to fulfill a minimum of 60 verifiable continuing professional development hours in the last three year period and a minimum of 10 verifiable continuing professional development hours annually in activities directly related to the competencies needed to provide public accounting services. These members were able to demonstrate to the satisfaction of the PALB that they had the required capabilities, competences and current skills to provide public accounting services as they met all other criteria for the renewal of a licence

3 licence renewals

Due to medical circumstances and the consequent absence from the practice of public accounting, these members were unable to fulfill a minimum of 10 verifiable continuing profession development hours annually in activities directly related to the competencies needed to provide public accounting services. These members were able to demonstrate to the satisfaction of the PALB that they otherwise had the required capabilities, competence and current skills to provide public accounting services as they met all other criteria for the renewal of a licence.

Eligible hours (5 licence renewals), consisting of:

3 licence renewals

These members obtained more than 1,250 eligible hours in public accounting services (assurance or compilation services) but less than 2,500 total eligible hours within the immediate past five years. These members were able to demonstrate to the satisfaction of the PALB that on the basis of supervisory, management and/or oversight responsibilities of their current leadership roles, they had the required capabilities, competence and current skills to provide public accounting services. These members met all other criteria for the renewal of a licence.

2 licence renewals

These members obtained more than 500 but less than 1,250 eligible hours in public accounting services (assurance or compilation services) and less than 2,500 total eligible hours within the immediate past five years. These members were able to demonstrate to the satisfaction of the PALB that on the basis of supervisory, management and/or oversight responsibilities of their current leadership roles, they had the required capabilities, competence and current skills to provide public accounting services. These members met all other criteria for the renewal of a licence

APPENDIX D – SUMMARY OF DISCIPLINE HEARINGS

SANCTIONS AND COSTS	SETTLEMENTS								
	FLETCHER +	JEWETT +	MULLIGAN	CLIFFORD	MOOSA +	LOPEZ	GIBB +	ESSEX	HAWKINS
Formal reprimand, orally or in writing	X	X	X						
Fine	X	X	X	X		X	X	X	X
Costs	X	X	X	X	X	X	X	X	X
Completion of specified professional development or examinations			X			X		X	
Supervised practice for a specified period (see disclosure below), with or without conditions						X			
Re-investigation by the Professional Conduct Committee by a specified date						X			
Practice inspection, with or without conditions									
Counselling or treatment									
Restriction or conditions on practice or employment for a specified period (see disclosure below)									X
Establishment and implementation of quality control procedures or professional training programs as specified									
Monitoring of compliance									
Suspension of licence or authorization to practice public accounting, for a specified period (see disclosure below), with or without conditions									
Suspension (see disclosure below) of membership or registration, with or without conditions			X						
Revocation of licence or authorization to practice public accounting									
Resignation of membership by a specified date									
Revocation of membership or registration	X				X				
Other Sanctions (as specified in note disclosure below)	2,4	2	2,4,7	2,4,5,6	3,4	2,8	2,9	3,9	3,4,9

X = Applies to licensee * = Under appeal + = Licence expired

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Other sanctions:

- (1) Notice of the Decision and Order, disclosing the name of the members, shall be given in the form and manner determined by the Discipline Committee to (a) all members of CPA Ontario and (b) all provincial bodies, and shall be made available to the public.
- (2) Notice of the Decision and Order, disclosing the name of the members, be given in the form and manner determined by the Discipline Committee to (a) all members of CPA Ontario; (b) to the Public Accountants Council and (c) to all provincial bodies; and shall be made available to the public.
- (3) Notice of the terms of the Settlement is to be published in accordance with the provisions of CPA Ontario Regulation 6-2, s. 45, 50 and 52, including notice to be given to all members of CPA Ontario, the Public Accountants Council, and to all provincial CPA bodies.
- (4) Publication in a newspaper in the geographic area of the member's practice or residence.
- (5) Retirement effective June 30, 2020 and will irrevocably surrender his public accounting licence effective on the date of approval of the Settlement Agreement.
- (6) Surrender of public accounting licence.

Restrictions or conditions on practice or employment for a specified period:

- (7) Suspension of membership in CPA Ontario and Public Accounting Licence for three months.
- (8) The member shall enter into a Supervision Agreement approved by the Director of Standards Enforcement (the "Director") with a Supervisor approved by the Director from outside of the member's practice who will review all assurance work undertaken by the member for a period of 24 months, after the Discipline Committee accepts the Settlement Agreement and commencing with the first assurance work undertaken by the member following approval of the Settlement Agreement.
- (9) Restriction of practice prohibiting carrying out any assurance engagements.

APPENDIX E – SUMMARY OF APPEALS

The following matters were dealt with by the CPA Ontario Appeal Committee during the 2020 reporting period.

Case Name: Stive Farranato

Summary of Discipline Committee Findings: On March 7, 2019, the Discipline Committee found that allegations Farranato had breached Rules 101 and 409 of the Rules of Professional Conduct were established and that the breaches constituted professional misconduct. The Discipline Committee further found that two allegations Farranato had breached Rule 205 of the Rules of Professional Conduct were not established. The Professional Conduct Committee (PCC) appealed the latter finding.

Summary of Decision made by Appeal Committee: On August 27, 2020, the Appeal Committee upheld the Decision (March 7, 2019) and Order (March 8, 2019) of the Discipline Committee and dismissed the appeal of the PCC. The Appeal Committee made no order of costs against the PCC as it was prohibited by legislation from doing so.

APPENDIX F – SUMMARY OF APPLICATIONS FOR JUDICIAL REVIEW

CPA Ontario had 1 licensee file an application for Judicial Review during the reporting period. The matter is on-going.

Case Name: Stephen W.A. Wall

Summary of Discipline Committee Findings: On March 20, 2017, the Discipline Committee found that the particulars alleged that were found proven constituted a breach of Rule 206.1 of the Rules of Professional Conduct, and, having breached this Rule, Mr. Wall had committed professional misconduct. Mr. Wall appealed.

Summary of Decision made by Appeal Committee: On July 19, 2019, the Appeal Committee upheld the Decision (March 20, 2017) and Order (October 6, 2017) of the Discipline Committee.

Grounds for Judicial Review: On March 6, 2020, Stephen W.A. Wall made an application for a declaration that the Discipline Committee and the Appeal Committee made unreasonable determinations of law and mixed law and fact, in the professional disciplinary proceedings against him.

APPENDIX G – LEGISLATIVE AND MEMBER’S HANDBOOK CHANGES

The Member’s Handbook is a comprehensive guide to the By-law, CPA Code of Professional Conduct and regulations that govern the behaviour of all members, students, applicants and firms of CPA Ontario. The current version can be found [here](#). All material changes made to the Member’s Handbook during the period November 1, 2019 to October 31, 2020 have been outlined in the section that follows.

MEMBER'S HANDBOOK: NOVEMBER 1, 2019 TO OCTOBER 31, 2020

The dates of the last material changes to the Member's Handbook are set out below. Material changes include all non-editorial changes.

Content	Last Material Revision Date
By-law	No change
CPA Code of Professional Conduct	No change
Regulation 3-1	No change
Regulation 6-1	March 6, 2020
Regulation 6-2	March 6, 2020
Regulation 6-3	March 6, 2020
Regulation 7-1	No change
Regulation 7-2	No change
Regulation 9-1	September 25, 2020
Regulation 9-2	September 25, 2020
Appendix A (Regulations 9-1 & 9-2)	September 25, 2020
Appendix B (Regulations 9-1 & 9-2)	March 6, 2020
**Appendix C1 (Regulations 9-1 & 9-2)	No change
**Appendix C2 (Regulations 9-1 & 9-2)	March 31, 2020
Appendix D (Regulations 9-1 & 9-2)	No change
Appendix E (Regulations 9-1 & 9-2)	September 25, 2020
Appendix F (Regulations 9-1 & 9-2)	September 25, 2020
Regulation 10-1	No change
Regulation 11-1	March 31, 2020
Regulation 12-1	No change
Regulation 14-1	No change
Regulation 15-1	June 18, 2020
Regulation 15-2	No change
Regulation 16-1	March 6, 2020
Regulation 17-1	No change
Regulation 18-1	No change
Regulation 19-1	No change
Regulation 23-1	No change

**Appendix C1 & C2 - CPA Canada's Harmonized Education Policies Volumes 1 & 3 were updated to the most current versions provided by CPA Canada.

The following amendments to the Member’s Handbook are effective January 7, 2020:

Regulation 9-1: Student Registration, Obligations and Standing

The material changes that have been made impact the following provisions:

- Section 1.19

Regulation 9-2: Legacy Student Registration, Obligations and Standing

The material changes that have been made impact the following provisions:

- Section 1.20

The following amendments to the Member’s Handbook are effective March 6, 2020:

Regulation 6-1: Admission and Registration Committee

The material changes that have been made impact the following provisions:

- 4
- 7.1.2
- 7.3
- 8
- 12
- 22
- 40.2.2

Regulation 6-2: Discipline Committee

The material changes that have been made impact the following provisions:

- 4
- 7.1.2
- 7.3
- 8
- 11

Regulation 6-3: Appeal Committee

The material changes that have been made impact the following provisions:

- 4
- 7.1.2
- 7.3
- 8
- 11

Regulation 9-1: Student Registration, Obligations and Standing

The material changes that have been made impact the following provision:

- Appendix B – CPA Ontario Practical Experience Requirements

Regulation 9-2: Legacy Student Registration, Obligations and Standing

The material changes that have been made impact the following provision:

- Appendix B – CPA Ontario Practical Experience Requirements

Regulation 15-1: Complaints

The material changes that have been made impact the following provisions:

- 43
- 47

Regulation 16-1: Capacity

The material changes that have been made impact the following provisions:

- 15
- 18.3
- 19
- 27

The following amendments to the Member’s Handbook are effective March 31, 2020:

Regulation 9-1: Student Registration, Obligations and Standing

The material changes that have been made impact the following provision:

- Appendix C2 – CPA Harmonized Education Policies – Volume 3

Regulation 9-2: Legacy Student Registration, Obligations and Standing

The material changes that have been made impact the following provision:

- Appendix C2 – CPA Harmonized Education Policies – Volume 3

Regulation 11-1: Dues

The material changes that have been made impact the following provisions:

- 2.1

The following amendments to the Member’s Handbook are effective June 18, 2020:

Regulation 15-1: Complaints

The material changes that have been made impact the following provisions:

- 11
- 33
- 53
- 53.1

The following amendments to the Member’s Handbook are effective September 25, 2020:

Regulation 9-1: Student Registration, Obligations and Standing

The material changes that have been made impact the following provisions:

- 9
- 87
- Schedule A
- Appendix A - Academic Code of Conduct
- Appendix E - Transcript Assessment Policy
- Appendix F - Transfer Credit Policy

Regulation 9-2: Legacy Student Registration, Obligations and Standing

The material changes that have been made impact the following provisions:

- Appendix A - Academic Code of Conduct
- Appendix E - Transcript Assessment Policy
- Appendix F - Transfer Credit Policy