

## Discipline Notice

On December 18, 2023, a panel of the Discipline Committee (the "Panel") of Chartered Professional Accountants of Manitoba ("CPA Manitoba"), held a hearing into the charges of professional misconduct (the "charges") against Carol Edwards, CPA, CGA, a registered member of CPA Manitoba (the "Member"). The charges alleged breaches of sections 500.A45, 500.8, 500.A49 and 500.A54 of the Canadian Auditing Standards and breaches of Rules 201.1 and 202.1 of CPA Manitoba's Code of Professional Conduct.

The Member appeared before the Panel with legal representation. The Panel was advised that the Member would enter a guilty plea to breaches of Rules 201.1 and 202.1 of CPA Manitoba's Code of Professional Conduct and that the Complaints Investigation Committee (the "CIC") would not be proceeding with the remainder of the charges.

The Panel was advised that an agreement had been reached regarding the appropriate sanction. CIC counsel further advised that the sanction was being put before the Panel as a joint recommendation. The joint recommendation regarding the sanction provided that the sanction included:

- (a) A formal reprimand;
- (b) A requirement for the Member to complete a remedial course titled "Assurance – Compliance with Agreements, Laws, and Regulations" within 90 days; and
- (c) An order for the Member to pay costs of \$12,500.

The Panel heard submissions from counsel for the CIC that:

- The Member had previously served as auditor for the years of 2016, 2017 and 2018 of a not-for-profit organization (the "NPO") that is entirely funded by the Government of Manitoba ("the Government") and was a party to a Service Purchase Agreement (the "SPA") with the Government.
- The SPA, which was known to the member as the auditor, specified how surpluses of the NPO had to be dealt with. The SPA provided that surpluses were only to be used to provide services or with prior written approval from the Government. However, in the present case, surpluses were used without this approval, as it related to certain lease payments and payments related to the purchase of an operating system.
- In the Member's audit report for the fiscal years ending March 31, 2017 and March 31, 2018, the Member failed to report that surplus funds received pursuant to the SPA were used to make lease payments and to purchase the operating system. It is this conduct to which the Member was pleading guilty.
- The CIC suggested that the costs awarded in a separate discipline decision should form the basis for the cost award in the present case, and that accordingly the Member should be required to pay \$12,500. This amount in costs were ordered by the Panel for the discipline decision against another CPA Manitoba member for their conduct in relation to the purchase transaction at the NPO.

- The law regarding joint recommendations was established in the Supreme Court of Canada case of R v Anthony Cook, 2016 SCC 43 ("Anthony-Cook"). The CIC explained that according to Anthony-Cook, joint recommendations on penalties should generally be followed unless the jointly proposed sanction would be viewed by reasonable and informed persons as a breakdown in the proper functioning of the justice system.

The Panel heard submissions from the Member's legal counsel that:

- Since 2017, shortly after the release of Anthony-Cook, discipline decisions have frequently referred to Anthony-Cook. The Member, through counsel, echoed the statements made by the CIC regarding joint recommendations and the law surrounding them.
- The Member is already enrolled in the course titled "Assurance – Compliance with Agreements, Laws, and Regulations," which she would be required to take should the joint recommendation be accepted.

Findings and Orders:

- Having reviewed the submissions, the exhibits presented, and the guiding legal principles, the panel accepts the joint recommendation.
- Accepting the joint recommendation would not be contrary to the public interest and would not bring the administration of justice into disrepute. The Panel also finds that the recommended sanctions are proportionate to the gravity of the misconduct and align with the objectives of protecting the public interest, ensuring general deterrence, and maintaining public confidence in the profession.
- Based on the evidence and authorities before it, and on hearing the submissions of the CIC and the Member, on noting the guilty plea that was entered into on behalf of the Member, and on noting the joint recommendation that was put before the Panel, the Panel determined the following sanctions be imposed:
  - The Member shall receive a reprimand;
  - The Member shall be required to complete the course: "Assurance – Compliance with Agreements, Laws, and Regulations" within 90 days;
  - The Member shall pay costs in the amount of Twelve-Thousand Five Hundred Dollars (\$12,500.00) and the Member be given six months (6) months to pay the order of costs awarded herein by the Panel.



Inquiries regarding this matter or the complaint process can be obtained from:

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