

IN THE MATTER OF *THE ACCOUNTING PROFESSION ACT*
OF THE PROVINCE OF SASKATCHEWAN

AND IN THE MATTER OF A HEARING BY THE DISCIPLINE COMMITTEE
OF THE INSTITUTE OF CHARTERED PROFESSIONAL
ACCOUNTANTS OF SASKATCHEWAN
CONCERNING A COMPLAINT AGAINST
KENNETH E. (TED) LEWIS, CPA, CMA
OF SASKATOON, SASKATCHEWAN

BETWEEN:

THE PROFESSIONAL CONDUCT COMMITTEE,
established pursuant to *The Accounting Profession Act*

-and-

KENNETH E. (TED) LEWIS, CPA, CMA

DETERMINATION AND ORDER

HEARD BY: ERIN CAMPBELL, CPA – Chairperson
JOHN AMUNDSON, FCPA, FCA
MARK BORGARES, FCPA, FCMA
DAN LI, CPA, CA
STEVE McLELLAN (Public Representative)
ADAM TOUET (Public Representative)

COUNSEL FOR THE PROFESSIONAL
CONDUCT COMMITTEE

SEAN M. SINCLAIR

KENNETH E. (TED) LEWIS, CPA, CMA

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COUNSEL FOR THE DISCIPLINE
COMMITTEE

AMANDA M. QUAYLE, K.C.

INTRODUCTION

- [1] This matter came for hearing before a discipline hearing panel of the Discipline Committee of the Institute of Chartered Professional Accountants of Saskatchewan (hereinafter referred to as the “Panel”) on May 8, 2024 to hear and determine the Formal Complaint concerning Kenneth E. (Ted) Lewis, CPA, CMA (the “Respondent”) dated September 28, 2023, as required by Section 28(2)(a) of *The Accounting Profession Act*, SS 2014, c A-3.1 (the “Act”). The discipline hearing proceeded by video conference by consent of the parties in accordance with Discipline Committee Rules 503.1, 503.2 and 503.3 of the Institute of Chartered Professional Accountants of Saskatchewan (the “Institute”).
- [2] At all times material to the complaint against him, the Respondent was registered as a member with the Institute and held a Compilation license, and subject to the Act, CPA Saskatchewan Bylaws, and the Standards of Professional Conduct of the Institute.

THE FORMAL COMPLAINT

- [3] Legal counsel for the Professional Conduct Committee (“PCC”) filed the Notice of Hearing dated April 15, 2024, with enclosed Formal Complaint respecting Case #2301-04, with proof of service at the hearing.

EVIDENCE

- [4] An Agreed Statement of Facts was entered into by the parties on or about April 5, 2024, and was, with the consent of the parties, provided to the Panel in advance of the hearing. The Agreed Statement of Facts was filed at the hearing and constituted the sole evidence submitted at the hearing. It provided (references to documents filed in support of the Agreed Statement of Facts and Schedules omitted, and client names anonymized):
1. Kenneth E. (Ted) Lewis, CPA, CMA (“**Lewis**”) is currently registered as a member with the Institute of Chartered Professional Accountants (the “**Institute**”) and holds a Compilation licence.
 2. Lewis has received and acknowledges service of the Formal Complaint. The Formal Complaint is attached as **TAB 1**.
 3. Lewis was, at all material times, an employee and a partner with A1 Accounting Group LLP (“**A1**”). Lewis left A1 in or around December, 2022.
 4. As a result of a practice inspection of A1 by the Institute in 2021, Lewis and A1 received a licence restriction effective November 12, 2021 requiring that, for all audit engagement reports prepared by A1 and Lewis on behalf of their clients, that authorization be granted by a licensed monitor before such reports could be released to clients. Attached as **TAB 2** is a copy of the PPC decision.
 5. [REDACTED] (“[REDACTED]”), a CPA registrant in Ontario, was retained by A1 to provide monitoring services in this regard. Attached as **TAB 3** is a copy of A1’s external monitoring engagement letter.

6. The Institute carried out a re-inspection on November 16-18, 2022 and December 8, 2022.
7. The reinspection and the subsequent investigation found that between May to December 2022, eight (8) audit engagement reports were issued to clients of Lewis and A1 without the authorization of the external monitor, [REDACTED] (the “**Unauthorized Reports**”).
8. In particular, the Unauthorized Reports consisted of the following reports prepared for clients of A1:

Client	Fiscal Period End	Date of Audit Report
(a) Client #1 Expense Return Audit TAB 4	September 20, 2021	February 8, 2022
(b) Client #2 Charitable Foundation TAB 5	December 31, 2021	February 8, 2022
(c) Client #3 TAB 6	March 31, 2020	April 2, 2022
(d) Client #4 TAB 7	December 31, 2021	June 20, 2022
(e) Client #5 TAB 8	December 31, 2021	June 20, 2022
(f) Client #6 TAB 9	March 31, 2022	October 21, 2022
(g) Client #7 TAB 10	March 31, 2022	October 21, 2022
(h) Client #8 Return Audit TAB 11	September 26, 2022	December 2, 2022

9. Lewis released the eight (8) Unauthorized Reports without the prior approval of [REDACTED] in contravention of the restrictions placed upon Lewis’ licence by the PPC.
10. Further, the Institute’s reinspection showed that two (2) of the Unauthorized Reports, those of Client #3 and Client #6, contained significant deficiencies and did not comply with the applicable professional standards required for audit engagement reports prepared by members of the Institute (the “**Non-Compliant Reports**”).
11. Specifically, for Client #3 Lewis breached the following Canadian Audit Standards (“CAS”):
 - (a) CAS 230, paragraph 8 – There was insufficient documentation on file in numerous respects. An experienced auditor, having no previous connection with the files, would not be able to understand the audit procedures employed,

the results of the audit procedures, the significant findings or issues that arose and conclusions reached and the identifying characteristics of specific items or matters tested.

12. For Client #6, Lewis breached the following CASs:
 - (a) CAS 230, paragraph 8 – There was insufficient documentation on file in numerous respects. An experienced auditor, having no previous connection with the files, would not be able to understand the audit procedures employed, the results of the audit procedures, the significant findings or issues that arose and conclusions reached and the identifying characteristics of specific items or matters tested.
13. A formal complaint was lodged against Lewis by the PCC on September 28, 2023 (the “**Formal Complaint**”) respecting Lewis’s involvement with the Unauthorized Reports.
14. A formal complaint was also lodged against A1.
15. Lewis and A1 are no longer licensed to perform assurance engagements.

Conduct

16. Lewis has no record of previous conduct or discipline matters.
17. The relevant bylaws are appended as **TAB 12**.
18. The relevant rules are appended as **TAB 13**.
19. Specifically, Lewis acknowledges that:
 1. For the period beginning in or about November 21, 2021, through to about January 13, 2023, Lewis, as the sole licensed practice leader for A1 Accounting Group LLP (“A1”), did not cooperate with the regulatory process of the Institute and/or demonstrate the integrity, due care and competence expected of a registrant in the delivery of professional services to the clients listed above. Contrary to restrictions on Lewis’ licence, Lewis authorized the release of audit engagement reports for the eight (8) clients identified above without the prior authorization of an external monitor.
 2. Further, during the same period, Lewis authorized the release of two (2) audit engagement reports for the clients listed above for which there was non-compliance with the CPA Canada Handbook accounting and assurance standards.

As a result, Lewis breached:

- A. CPA Saskatchewan Bylaws 200.1(a) (previously in force) / 200.1 (currently in force), 200.3 (previously in force) / 200.7 (currently in force) and/or CPA Saskatchewan Standards of Professional Conduct Rule 202.1, and
- B. CPA Saskatchewan Bylaws 200.1(c) (previously in force) / 200.3 (currently in force) and/or CPA Saskatchewan Standards of Professional Conduct Rule 203.1.

CONDUCT DECISION

- [5] Upon consideration of the evidence and given the admission of guilt by the Respondent, the Panel is satisfied the Respondent is guilty of professional misconduct as defined in the Act in respect of the Formal Complaint in Case #2301-04. The Panel finds that the facts admitted by the Respondent in the Agreed Statement of Facts were in breach of CPA Saskatchewan Bylaw 200.1(a) (previously in force) / 200.1 (currently in force), CPA Saskatchewan Bylaw 200.1(c) (previously in force) / 200.3 (currently in force), 200.3 (previously in force) / 200.7 (currently in force) and CPA Saskatchewan Standards of Professional Conduct Rules 202.1 and 203.1.

SANCTION DECISION

- [6] The parties filed a Joint Submission on Penalty. The parties submitted the following sanction was appropriate in the circumstances of this case:

(a) **Ted Lewis shall:**

- (i) Receive and acknowledge in writing a Letter of Reprimand issued by the Panel Chair;
- (ii) Pay a fine to CPA Saskatchewan in the sum of four thousand dollars (\$4,000.00) payable within three hundred and sixty-five (365) days of the Order;
- (iii) Complete four (4) hours of professional development on ethics within one hundred and eighty (180) days of the Order. Lewis is responsible to report and declare the verifiable continuing professional development in the provided tool before the deadline. Proof of attendance at the verifiable continuing professional development is required. These hours of professional development shall be in addition to any other continuing professional development that would otherwise be required;
- (iv) Pay costs of two thousand dollars (\$2,000.00) to CPA Saskatchewan within three hundred and sixty-five (365) days of the Order; and
- (v) Be permanently restricted from executing audit and review engagements.

(b) **The Institute shall:**

- (i) Publish notice of the decision of the Panel's Determination and Order on a named basis on the Institute website and newsletter.

(c) **Additional conditions to the Determination and Order:**

- (i) All periods specified in the Order commence on the day the Order is received (or is deemed to be received, if earlier) by the Registrant.
- (ii) Failure to comply with the following components of the Order – the written reprimand, fine and costs – within one hundred and eighty (180) days of the date specified in the Order for each component shall result in the Registrant's registration rights being suspended, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis. The Institute shall file the Order with the Court pursuant to section 32(3) of the Act at that time.

- (iii) Failure to comply with the following components of the Order – the written reprimand, fine and costs – within three hundred and sixty-five (365) days of the date specified in the Order for each component shall result in the Registrant being expelled, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis.

- [7] The Panel acknowledges and has taken guidance from the judicial decision of *Camgoz v. College of Physicians and Surgeons of Saskatchewan*, 1993 114 Sask R 161, and the following factors relevant to the imposition of professional disciplinary sanctions:
1. specific deterrence of the member to curtail any future breaches;
 2. general deterrence of other members of the profession;
 3. rehabilitation;
 4. punishment;
 5. isolation;
 6. denunciation;
 7. the need to maintain the public's confidence in the profession's ability to self-regulate;
 8. aggravating factors; and
 9. mitigating factors.
- [8] The Panel also acknowledges and has taken guidance from the judicial decisions of *R v Anthony-Cook*, 2016 SCC 43, *Rault v Law Society of Saskatchewan*, 2009 SKCA 81, and *Nanson v Saskatchewan College of Psychologists*, 2013 SKQB 191. These decisions emphasize the importance of joint submissions on sanction and that a decision-maker should not depart from a joint submission unless the proposed sanction would bring the administration of justice into disrepute or is otherwise contrary to the public interest. The Panel understands that it is constrained to consider and accept the Joint Submission on Penalty in this case unless it finds that the joint submission is inappropriate because it is not within the range of sanctions for similar misconduct, it is unfit or unreasonable, and/or it is contrary to the public interest.
- [9] With respect to the proposed sanction of a reprimand, a reprimand is intended to provide public denunciation for a member's conduct. In CPA "*Reid Joseph McLeod*" ("McLeod"), Notice of Discipline Committee Decision and Order Case #1810-27, April 2021, the member in that case had been more than six (6) years late in filing income tax returns for six (6) clients, had filed inaccurate returns, and did not respond to client requests in a timely, accurate or transparent manner. One of the sanctions imposed in that case was a reprimand.
- [10] As in McLeod, a reprimand is a suitable sanction in this case for the Respondent filing audits for clients without authorization from the monitor, and for failing to comply with the CPA Canada Handbook Accounting and Assurance Standards for material financial statement items.

- [11] With respect to the proposed fine of four thousand dollars (\$4,000.00), section 32(2) of the Act provides that the Panel may order that a Registrant pay to the Institute within a fixed period a fine in an amount not exceeding fifty thousand dollars (\$50,000.00).
- [12] Counsel for the PCC provided the following cases involving fines imposed for misconduct similar to the misconduct in this case:
- (a) CPA "*Michael A. Marchand*", Notice of Discipline Committee Decision and Order Case #2010-23 and #2101-01, April 2023, where the member was found guilty of failing to meet standards for audits. The penalty was ten (10) hours of CPD on quality control and ethics, a reprimand, a fine of sixteen thousand dollars (\$16,000.00), no costs because of the guilty plea, and publication of the decision;
 - (b) CPA "*Edwin William Chalupiak*", Notice of Discipline Committee Decision and Order Case #1906-06, September 2022, where the member was found guilty of one charge relating to auditing standards. The member's penalty was an external file review, a reprimand, a fine of five thousand dollars (\$5,000.00), and publication of the decision;
 - (c) CPA "*Rakesh Kaushik [Kaushik]*", Notice of Discipline Committee Decision and Order Case #2001-05, June 2022, where the member issued review engagement reports without a monitor. The penalty was a six (6) month suspension, costs of thirty thousand dollars (\$30,000.00), a reprimand, and publication of the decision. In that case, the member had a recent discipline decision where there was a flouting of the decision;
 - (d) CPA "*Isaac Maliba Mvula*", Notice of Discipline Committee Decision and Order Case #1907-15, April 2022, where the member issued an opinion in the context of auditing standards without proper licensure. The penalty was a fine of six thousand five hundred dollars (\$6,500.00), a reprimand, ten (10) hours of CPD in audit documentation and quality control for assurance and engagements, costs of eight thousand (\$8,000.00), and publication of the decision;
 - (e) CPA "*Asel Omurzakova*", Notice of Discipline Committee Decision and Order Case #1907-12, November 2021, where the member was guilty of failing to meet auditing standards. The penalty was ten (10) hours of CPD in independence/objectivity for assurance engagements and communications on assurance engagements, retention of an external monitor, a fine of seven thousand five hundred dollars (\$7,500.00), a reprimand, publication of the decision, and no costs; and
 - (f) CPA "*Robert Arthur Frape*", Notice of Discipline Committee Decision and Order Case #2005-14, April 2021, where the member was found guilty of failing to meet auditing standards. The penalty was a reprimand, fine of seven thousand five hundred dollars (\$7,500.00), eight (8) hours of CPD in quality control for assurance engagements, no costs, and publication of the decision.
- [13] Counsel for the PCC noted that the Respondent was not employed for a period after ceasing employment with A1. The submission of the PCC is the proposed fine, in conjunction with the permanent restriction on assurance engagements, is within the range of acceptable outcomes.

- [14] In this case, the mitigating factors are that the Respondent recognized his misconduct, this is a first offence, and the Respondent admitted guilt and was cooperative. An aggravating factor in this case is the Respondent deliberately authorized the release of audit engagement reports for clients without the proper authorization of an external monitor, contrary to restrictions on his license.
- [15] The Panel finds that although the fine proposed to be imposed on the Respondent is less than would be warranted in cases involving similar misconduct, the permanent restriction from exercising audit and review engagements proposed to be imposed on the Respondent is a significant sanction which, together with the fine and other proposed sanctions, is within the range of sanctions for similar misconduct. The Panel also finds that taken together, the proposed sanctions are reasonable and not contrary to public policy, nor do they bring disrepute to the administration of justice. Importantly, the Panel finds that the permanent restriction from exercising audit and review engagements will ensure the public is protected from potential similar misconduct of the Respondent in the future.
- [16] Taking into account the mitigating and aggravating factors, and the fines imposed for misconduct similar to the misconduct of the Respondent, the Panel finds that the joint submission for a fine of four thousand dollars (\$4,000.00), together with the permanent restriction on assurance engagements, strikes an appropriate balance for the misconduct in this case.
- [17] With respect to the joint submission on payment of costs for the investigation and hearing, the Saskatchewan Court of Appeal's decision in *Abrametz v Law Society of Saskatchewan*, 2018 SKCA 37, is the leading case in Saskatchewan regarding costs in a professional disciplinary matter. The Saskatchewan Court of Appeal recognized in *Abrametz* that a profession's members should not bear the total cost of disciplining a registrant's behaviour, but costs should not be so prohibitive as to prevent a registrant from defending his or her right to practice in the profession.
- [18] Given that the Respondent has been cooperative throughout and agreed to a joint submission on sanction, the Panel accepts the parties' joint submission for a costs order of two thousand dollars (\$2,000.00).
- [19] With respect to the joint submission on timing for payment of the fine and costs, the Panel agrees with the parties that the proposed timing appears reasonable given the amounts involved.
- [20] With respect to publication of the Determination and Order in this case, there are two purposes that are served by publishing decisions of the Discipline Committee:
- (a) Deterrence for future similar offences by the offender and the membership at large; and
 - (b) Assurance to the public that the regulatory body is appropriately regulating its membership to ensure public trust and security.

- [21] The Panel's view is that publication of its decisions and orders on the Institute's website and in its newsletter effectively deters future offences by members of the Institute, and that the standard publication of this Determination and Order on the Institute's website and newsletter is appropriate in this case.
- [22] With the objectives of denunciation, specific deterrence, general deterrence and maintenance of public confidence in the ability of the Institute to self-regulate in mind, and given the mitigating factors in this case, the Panel endorses the parties' Joint Submission on Penalty.

ORDER AS TO SANCTION

- [23] The Panel hereby orders as follows:

(a) **Ted Lewis shall:**

- (i) Receive and acknowledge in writing a Letter of Reprimand issued by the Panel Chair;
- (ii) Pay a fine to CPA Saskatchewan in the sum of four thousand dollars (\$4,000.00) payable within three hundred and sixty-five (365) days of the Order;
- (iii) Complete four (4) hours of professional development on ethics within one hundred and eighty (180) days of the Order. Lewis is responsible to report and declare the verifiable continuing professional development in the provided tool before the deadline. Proof of attendance at the verifiable continuing professional development is required. These hours of professional development shall be in addition to any other continuing professional development that would otherwise be required;
- (iv) Pay costs of two thousand dollars (\$2,000.00) to CPA Saskatchewan within three hundred and sixty-five (365) days of the Order; and
- (v) Be permanently restricted from executing audit and review engagements.

(b) **The Institute shall:**

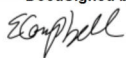
- (i) Publish notice of the decision of the Panel's Determination and Order on a named basis on the Institute's website and newsletters.

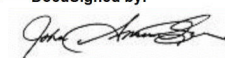
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- (i) All periods specified in the Order commence on the day the Order is received (or is deemed to be received, if earlier) by the Registrant.
- (ii) Failure to comply with the following components of the Order – the written reprimand, fine and costs – within one hundred and eighty (180) days of the date specified in the Order for each component shall result in the Registrant's registration rights being suspended, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis. The Institute shall file the Order with the Court pursuant to section 32(3) of the Act at that time.

- (iii) Failure to comply with the following components of the Order – the written reprimand, fine and costs – within three hundred and sixty-five (365) days of the date specified in the Order for each component shall result in the Registrant being expelled, with publication in *CPA SK Connect* and the appropriate regional newspaper on a named basis.

Dated this 27th day of June, 2024.

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Erin Campbell, CPA – Chairperson

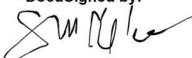
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