

Chartered Professional Accountants of Alberta
Sanction Agreement
<i>Citation: Ali (Re), 2023 ABCPA 4</i>
Decision: 20230309
Syed Wajahat Ali

- [1] IN THE MATTER OF a complaint against Syed Wajahat Ali by the Complainant.
- [2] AND IN THE MATTER OF a sanction agreement pursuant to the provisions of section 74 of the *Chartered Professional Accountants Act*, SA 2014, c C-10.2 (“*CPA Act*”).
- [3] WHEREAS the Complaints Inquiry Committee, at its meeting of October 15, 2020, was of the opinion that there is sufficient evidence of unprofessional conduct to warrant a hearing before a discipline tribunal, it referred the following allegation of unprofessional conduct to the Discipline Tribunal Roster Chair.

The Complaints Inquiry Committee alleges that Syed Wajahat Ali is guilty of unprofessional conduct in that he:

1. Associated with false and misleading financial statements in that he retained and paid an unregistered accountant, IW of Firm M, who was not qualified to perform an audit, to audit the financial statements of CDCL in the years 2014, 2015 and 2016 with an attached Independent Auditor’s report, when he knew or ought to have known that the financial statements were misleading;
2. Associated with false and misleading financial statements in that he requested that IW, who was not qualified to perform an audit, sign an Independent Auditor’s Report for the December 2017 financial statement for the Association A financials:
 - a. within a time period that would not be sufficient to conduct an audit; and
 - b. when he knew or ought to have known that the resulting Independent Auditor’s Report was misleading.
3. Failed to perform his professional duties, while he was Treasurer of CDCL, with integrity and due care, in that he was negligent in ensuring that payments to companies from CDCL were legitimate and appropriate.

All of which is contrary to the provisions of the *Chartered Professional Accountants Act*, SA 2014, c. C-10.2, the *Regulated Accounting Profession Act*, RSA 2000, c. R-12, or the regulations, bylaws, Rules of Professional Conduct enacted pursuant thereto or standards of practice, constituting unprofessional conduct.

- [4] AND WHEREAS Syed Wajahat Ali, proposes to enter into a sanction agreement with the Complaints Inquiry Committee under section 74(1) of the *CPA Act*, admitting to certain

allegations of unprofessional conduct and setting out the sanctions to be imposed in consequence thereof.

- [5] AND WHEREAS, if a panel selected under section 74(2) of the *CPA Act* is unable to recommend this proposed sanction agreement to the Complaints Inquiry Committee, the admissions and sanctions proposed herein are inoperative and of no force and effect, and the proceedings under Part 5 of the *CPA Act* will be continued as if no sanction agreement was proposed.
- [6] AND WHEREAS, if the Complaints Inquiry Committee does not approve this proposed sanction agreement under section 74(8) of the *CPA Act*, the admissions and sanctions proposed herein are inoperative and of no force and effect, and the proceedings under Part 5 of the *CPA Act* will be continued as if no sanction agreement was proposed.
- [7] AND WHEREAS, if the Complaints Inquiry Committee does not approve this proposed sanction agreement under section 74(8)(a) of the *CPA Act*, this document is utterly null and void and of no force or effect and may not be used for any purpose.

FACTS

- [8] Syed Wajahat Ali (“Ali”) has been a member of the Chartered Professional Accountants of Alberta (“CPA Alberta”) since July 15, 2016. Prior to that, Ali was registered in the CGA Education program since June 2012, and he had been a designated Chartered Accountant in England and Wales. Ali resigned from CPA Alberta on May 1, 2022.
- [9] The CDCL is a society incorporated under the Alberta *Societies Act*, RSA 2000, c. S-14.
- [10] From October 2013 to March 2017, Ali was the Treasurer of CDCL. Also from October 2014 to December 2016, CDCL’s President was SK.

CCDL’s 2014, 2015 and 2016 year end audits

- [11] On behalf of CDCL, for its 2014, 2015 and 2016 year ends, Ali engaged IW of Firm M to be the independent auditor to sign CDCL’s financial statements, despite auditors having been appointed at CDCL’s annual general meeting for 2014 and 2015.
- [12] Ali knew that IW was not a designated accountant.
- [13] In respect of CDCL’s 2014 year end, Ali sent an email to IW on January 16, 2015. In it, Ali:
 - a. Indicated that the audit engagement needed to be completed by January 19, 2015;
 - b. Suggested that there would be an effort to get IW hired by CDCL “every year going forward”; and
 - c. Enclosed the 2013 and 2014 balance sheet, financials and profit and loss statement, as well as the 2014 general ledger details, journal entries and trial balance.
- [14] Ali knew or should have known that:
 - a. Completing audits was a restricted professional service only to be provided by registered professional accounting firms; and

- b. In order to conform with generally accepted accounting principles, CDCL's 2014 financial statements required more than a review of the draft financial statements, bank statements, general ledger, journal entries and trial balance.
- [15] Ali submitted the financial statements of CDCL to the City of Calgary for the CC Grant and Culture Grant applications, knowing that the attached audit report was misleading, in that it was signed by a non-designated accountant and that insufficient procedures had been performed in order to make the affirmation in the attached audit report.
- [16] In respect of CDCL's 2015 year end, Ali sent CDCL's casino account bank statements and general account bank statements to IW by email on March 18, 2016. The resulting Independent Auditor's Report was dated March 18, 2016, the same date on which IW was paid \$1,000 for his services.
- [17] In respect of CDCL's 2016 year end, Ali sent an email to IW on March 25, 2017, enclosing bank statements, CDCL's 2016 financial statements, back-up for undeposited funds (accounts receivable and accounts payable) and the trial balance.
- [18] Ali knew or should have known that:
- a. Completing audits was a restricted professional service only to be provided by registered professional accounting firms; and
 - b. In order to conform with generally accepted accounting principles, CDCL's 2015 financial statements required more than a cursory review of bank statements, draft financial statements, back-up for undeposited funds (accounts receivable and accounts payable) and the trial balance.
- [19] IW provided an invoice charging CDCL for \$1,000 plus GST for this audit engagement.
- [20] In two of the three engagement years, Ali – on behalf of CDCL – paid IW for the audit engagement.
- [21] IW was neither registered with CPA Alberta – a *CPA Act* requirement to conduct an audit engagement for a society in Alberta when remuneration is paid – nor was IW experienced or otherwise qualified to conduct an audit engagement.

Other audit in the 2018 year end

- [22] Ali also made a request of IW on behalf of Association A, in which SK was involved.
- [23] On December 5, 2018, Ali contacted IW by email and requested that IW sign an Independent Auditor's Report for Association A "within 30 minutes, if possible." Within that request, Ali stated that he would provide the records, upon which the Independent Auditor's Report was based, later. Ali also indicated that Association A was informed that the fee for service was \$1,000. Ali enclosed Association A's balance sheet and profit and loss statement.
- [24] Ali knew or should have known that:
- a. Completing audits was a restricted professional service only to be provided by registered professional accounting firms; and

- b. In order to conform with generally accepted accounting principles, Association A's financial statements required more than a cursory review completed within 30 minutes, with no records whatsoever having been reviewed.

[25] IW responded on December 5, 2018, enclosing – among other things – a December 5, 2018 Independent Auditor's Report for Association A, and a declaration of two officers of Association A, identifying SK and signed by IW as the Appointed Auditor.

ADMISSIONS AND SANCTIONS

[26] THEREFORE, I, Syed Wajahat Ali, admit to the allegations of unprofessional conduct as set out in the October 15, 2020 motion referring the matter to a hearing, in that I:

1. Associated with misleading financial statements in that I retained and paid an unregistered accountant, IW of Firm M, who was not qualified to perform an audit, to audit the financial statements of CDCL in the years 2014, 2015 and 2016 with an attached Independent Auditor's report, when I knew or ought to have known that the financial statements were misleading;
2. Associated with misleading financial statements in that I requested that IW, who was not qualified to perform an audit, sign an Independent Auditor's Report for the December 2017 financial statement for Association A financials:
 - a. within a time period that would not be sufficient to conduct an audit; and
 - b. when I knew or ought to have known that the resulting Independent Auditor's Report was misleading.

[27] AND I, Syed Wajahat Ali, and the Complaints Inquiry Committee agree that the sanctions to be imposed in consequence thereof will be:

1. Payment of a fine of \$3,500 for allegation #1 within 30 days of the statement of costs being served;
2. Payment of a fine of \$2,000 for allegation #2 within 30 days of the statement of costs being served;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, capped at \$10,000 within 6 months of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
5. If Syed Wajahat Ali fails to comply with the Tribunal's orders within the time specified, the registration of Syed Wajahat Ali will be cancelled.

[28] I, Syed Wajahat Ali, acknowledge that, pursuant to section 74(9) of the *CPA Act*, each admission of unprofessional conduct herein is to be considered and treated, for all purposes, as a finding of unprofessional conduct by a discipline tribunal, and that this sanction agreement is to be considered and treated, for all purposes, as a decision and order of a discipline tribunal.

[29] I, Syed Wajahat Ali, acknowledge that, pursuant to section 74(11) of the *CPA Act*, there is no appeal allowed from this sanction agreement, nor from the orders contained herein.

[30] By signing this sanction agreement, I, Syed Wajahat Ali, acknowledge and understand that this is a legal and binding document and acknowledge that I was advised to seek legal counsel, and I have voluntarily made the admissions herein.

[31] This sanction agreement may be executed in counterpart and/or by facsimile or other electronic reproduction and such copies, when executed, shall be as fully effective and binding as if all parties signed one and the same document.

APPROVED and ACCEPTED by the Complaints Inquiry Committee on the 9th day of March, 2023.