

A large, abstract graphic on the right side of the page consists of several overlapping circular shapes. A large, solid blue circle is partially visible on the right edge. To its left, a light blue circle overlaps it, and a smaller, solid blue circle overlaps the light blue one. Further left, another light blue circle overlaps the smaller blue one. The overall effect is a layered, organic shape that frames the title text.

# Protecting the Foundation of Canada's Capital Markets:

CPA Ontario's Oversight  
of Public Accounting

## Canada's capital markets are built on trust.

Trust in the numbers, and trust in those who report and provide assurance on those numbers. Which is why the technical expertise and strong commitment to ethics that CPAs bring to the practice of public accounting helps lay the foundation of that trust. Given public accounting's essential role, smart, strong and proactive regulatory oversight of the practice of public accounting is critical for the profession, and the economy.

In 2021 the Government of Ontario passed Bill 245, *Accelerating Access to Justice Act, 2021*, which included amendments to the *Public Accounting Act, 2004*. These amendments saw CPA Ontario assume all regulatory oversight and responsibilities for public accounting in Ontario from the Public Accountants Council (PAC) for the Province of Ontario.

The dissolution of PAC on April 30, 2021 represented an important milestone for the regulation of the profession. It completed unification of Ontario's public accounting profession, removed a redundant layer of regulatory burden and the associated costs, and allowed for a more streamlined and efficient regulatory structure going forward.

Since taking on this accountability we have made significant strides. Through committee oversight, the issuance of guidance, the support of regulatory harmonization and the ongoing prioritization of audit quality, CPA Ontario is working to ensure that CPAs with a Public Accounting Licence (PAL) continue to uphold the standards of the profession.

# The Public Accounting Standards Committee

When CPA Ontario first took on oversight of public accounting, one of its first acts was the establishment of the Public Accounting Standards Committee (PASC).

Made up of experts in the fields of regulation and public accounting, the PASC has provided insight and guidance, making a positive impact on PAL holders both here in Ontario and across Canada.

For example, the PASC recommended important amendments to existing qualifications for licensure, broadening who can provide supervision for pre-licensing experience in Ontario to include members of an affiliated provincial accounting body who holds equivalent licence or certificate to practice public accounting. It also recommended removing the requirements of 100 hours in taxation for new applicant experience. These changes have helped to harmonize the approach to licensure, protecting the public while allowing for greater mobility for the profession.

In addition to the establishment of the PASC, CPA Ontario also appointed a Public Accounting Reviewer of Complaints, responsible for reviewing the handling of complaints about the conduct of PAL holders related to the practice of public accounting.

Information on public accounting licensure is included in [CPA Ontario's Annual Supplemental Report on Public Accounting](#).

## The Public Accounting Standards Committee (PASC)

The Public Accounting Standards Committee (PASC) reviews, provides advice and recommends to CPA Ontario Council the creation of any proposed amendments to the Public Accounting Standards and any other CPA Ontario governing documents dealing with public accounting, or any other instruments referred to in the *Public Accounting Act 2004*.

## When is a PAL Required in Ontario?

The physical location of a CPA is not necessarily tied to the jurisdiction in which they are performing their work, or where their client is located. CPAs need to understand how their regulatory obligations apply in this new environment so, in response to questions from members, CPA Ontario released updated guidance on when a PAL is required in Ontario.

This guidance includes when a PAL is required if the CPA is the lead engagement person responsible for signing reports or statements in respect of an assurance engagement. It also includes when a PAL is required if the work for the engagement is physically performed in Ontario or, if the engagement is performed remotely, the client is in Ontario.

More information on when a PAL is required in Ontario can be found on [CPA Ontario's Public Accounting website](#).

# Managing Audit Quality

As the regulator of the profession, maintaining strong audit quality is one of CPA Ontario's highest priorities.

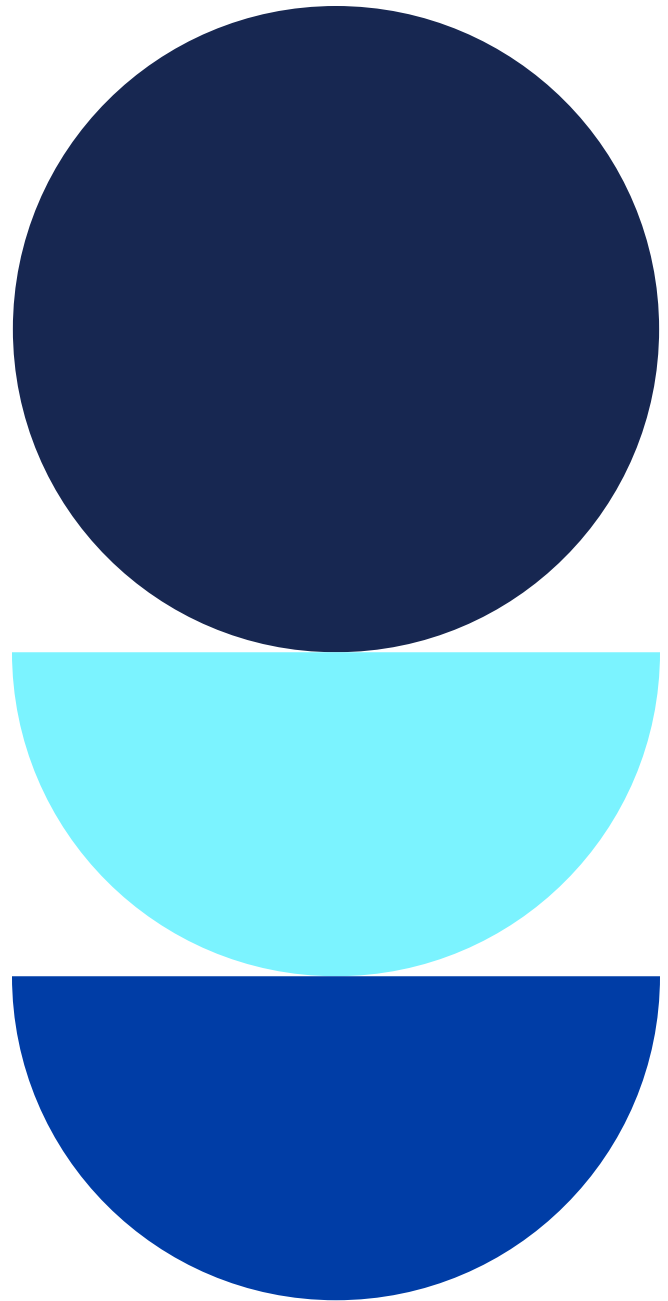
Audits are one of the foundational pillars of public accounting. And investors, governments, and other institutions rely on the information provided through the audit to make critical decisions.

The importance of audit to the profession and the economy is why CPA Ontario undertook a focused review of how firms that audit reporting issuers in Ontario are managing audit quality.

The results of this review are found in [Upholding High Standards to Protect the Public: Managing Audit Quality 2023](#) and in [CPA Ontario's 2024 Regulatory Report](#). The purpose of this review was to ensure quality management policies and procedures uphold the regulations and standards of the profession. The results of the review underscored for firms the importance of taking the appropriate steps to reinforce their commitment.

The results of this review are also, in part, informing the proactive steps that CPA Ontario is taking through our Enhanced Quality Management Review (EQMR) program. The EQMR, conducted through Practice Inspections, emphasizes themes reported in [Managing Audit Quality](#), taking into considerations areas like governance and decision-making, ethical mindset, working papers and monitoring activities.

The findings of the pilot EQMR program can be found in [CPA Ontario 2024 Regulatory Report](#), and CPA Ontario will continue to release the results of the EQMR program going forward.



# PAL Holders and Continuing Professional Development

From evolving standards to emerging technologies like AI, CPAs must stay informed of the forces that are changing the profession and the economy.

The need to stay abreast on the latest changes to standards, expectations and technology is essential for PAL holders who are required to complete continuing professional development (CPD) in activities directly related to the competencies needed to engage in the practice of public accounting.

CPA Ontario conducts annual audits of CPD compliance among both members and PAL holders. In parallel with our focused review on audit quality, CPA Ontario conducted a review of CPD for PAL holders authorized to audit reporting issuers, the results of which can be found in [Upholding High Standards to Protect the Public: Managing Audit Quality 2023](#).

This review uncovered deficiencies in CPD among some PAL holders and a strong, demonstrable disconnect between what firms have described as robust learning and development programs and what is required under internationally harmonized standards for PAL holder CPD. With these results revealing a potential risk to quality, CPA Ontario issued guidance to firms and to PAL holders to help them remain compliant.

As the world changes, the public's expectations of CPAs will change along with it. It is the responsibility of PAL holders to ensure that their CPD meets the requirements, as well as the changing demands of the market.

## CPD should be progressive

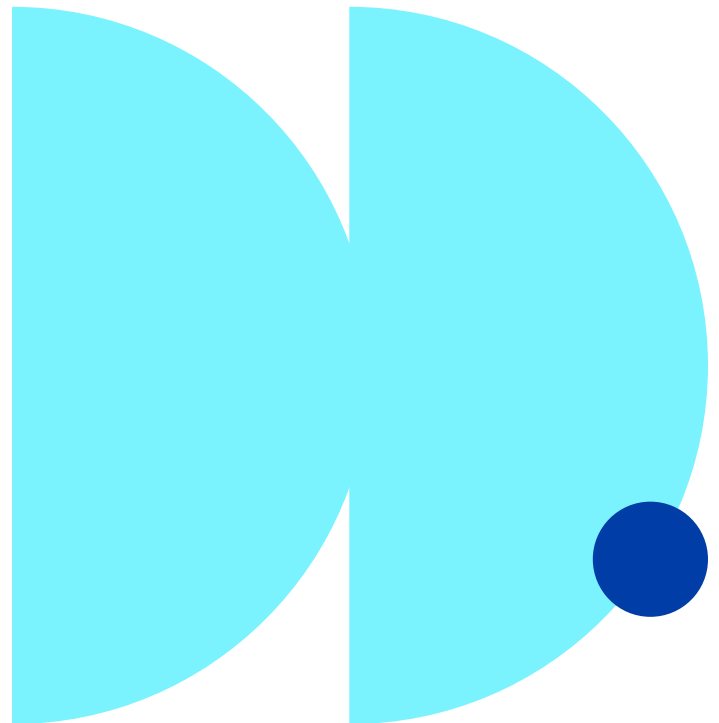
“Did I learn something new or build on my previous knowledge as a PAL holder?”

## CPD should cover the breadth of the area of practice

“Did my learning align with and cover my public accounting practice?”

## CPD should be proportionate to the role

“Did my learning contain sufficient technical content to sustain and advance my competence in public accounting?”



# Moving Forward

As the regulator of the profession, CPA Ontario has taken steps to reinforce regulatory oversight of the practice of public accounting in Ontario since taking over the responsibility from PAC.

From easing burdens without compromising public protection, to reinforcing the importance of audit quality and continuing professional development, we have continued to strengthen the practice of public accounting in the province and nationally.

**As we look to the future, CPA Ontario will continue our strong oversight of the practice of public accounting, and its role in protecting the public and supporting our capital markets.**



