CPA ONTARIO

Quality Management Bulletin:

Ethics as the Bedrock of the Profession

October 2026

Through Quality Management Bulletins (QMBs), CPA Ontario provides insights and non-authoritative guidance to help firms embed quality into their practice by offering practical, scalable solutions for day-to-day implementation. These bulletins also identify approaches that smaller firms can adopt to help them meet the requirements of the Canadian Standards on Quality Management (CSQMs).

Learn More About CPA Ontario's EQMR Program:

Upholding High Standards to Protect the Public – Managing Audit Quality 2023

Upholding High Standards to Protect the Public – Quality Management Report 2025

Quality Management Bulletin – Governance as the Cornerstone of Quality February 2026

QMBs are intended to be considered both individually and as part of an evolving series of guidance supporting firms' systems of quality management.

Introduction

If governance sets the tone through leadership, expectations and culture, ethics serves as the bedrock of the profession, guiding the decisions and behaviours that help firms maintain quality in practice.

Ethics have a direct impact on engagement quality and the ability of a firm's System of Quality Management (SOQM) to achieve its objectives. The results of CPA Ontario's Enhanced Quality Management Reviews (EQMRs) have consistently shown that many quality issues involve ethical considerations, as well as maintaining sufficient professional competence for the work performed. Accordingly, ethical risks should be identified early and reassessed as circumstances change, with proportionate safeguards applied throughout the engagement.

Ethical considerations should be embedded throughout a firm's SOQM. This bulletin highlights practical, scalable ways firms can integrate ethical considerations into day-to-day workflows, supporting sound professional judgment and reinforcing a culture where raising and addressing ethical concerns is expected and supported.

Quality Management Best Practices for Smaller Firms

Ethical behaviour is driven by practitioners who visibly model ethical conduct, set clear expectations and strengthen those expectations through everyday actions and decisions. In smaller practices, the close involvement of partners, streamlined communication and naturally collaborative workflows create opportunities to integrate ethical considerations into daily activities. The practices that follow reflect practical, proportionate approaches that align with the CSQMs.

1 Support ethical decision-making through a consistent framework

Ethical dilemmas often arise in moments of uncertainty, conflicts of interest, changing client expectations, significant judgment requirements or other situations involving competing pressures. To help personnel respond consistently, firms can benefit by adopting a practical method that guides practitioners from identifying an ethical issue to reaching a well reasoned conclusion:

- **Define the issue** by clearly identifying the facts and individuals involved.
- **Refer to professional requirements** by considering the applicable rules in the CPA Code of Professional Conduct.
- **Evaluate available options,** including whether safeguards can be applied to address identified threats.
- **Document the decision,** including rationale supporting the conclusion reached.

This structured reasoning process supports sound professional judgment and helps ensure ethical considerations are addressed thoughtfully rather than reactively.

Situations Where Ethical Risks Commonly Arise

- **Multi service relationships,** such as providing bookkeeping or financial reporting support alongside assurance (self review threats).
- **Overlapping or competing client relationships,** including related parties or clients with conflicting interests.
- **Resource or operational pressures,** including peak season workloads or confidentiality risks in remote environments.
- **Long-standing or close client relationships,** which may create familiarity risks and reduce professional skepticism over time.
- **Advocacy or representation roles,** such as supporting a client's position in transactions, disputes or regulatory matters.

Ethical risks may also arise in learning, training and professional development. Pressures to complete mandatory training or meet CPD requirements can give rise to misconduct such as plagiarism, sharing assessment content or misrepresentation of completed work. As highlighted in CPA Ontario's *Managing Audit Quality 2023* review, academic dishonesty is an ethical violation that undermines professional competence and public trust. It can also indicate broader weaknesses in a firm's culture or system of quality management.

Considering ethical risks during activities such as engagement acceptance, planning and discussions supports early identification and timely response.

2 Identify and manage independence and conflict of interest risks

Independence and addressing potential conflicts of interest are core ethical requirements that reinforce both engagement quality and the public's trust. In smaller firms, these risks commonly arise from long-standing, multi-service or interconnected client relationships.

These risks can be addressed by adopting practical steps within existing workflows:

- **Streamlined procedures** to identify, assess and address independence and conflict-of-interest risks during engagement acceptance and planning.
- **Annual independence confirmations** for partners and staff, with tracked follow-up on completion and timely resolution of identified exceptions.
- **Ongoing monitoring of identified threats**, with documentation of safeguards, conclusions and reassessment triggers.
- **Consultation on higher-risk or unclear matters** with the firm's designated ethics contact, senior partner or other appropriate individual.
- **External consultation**, used as appropriate to the nature and complexity of matters involving significant judgment, unfamiliar issues or technical complexity.
- **Scalable oversight and review practices**, such as independent review, periodic training or clear escalation channels, tailored to the firm's size, structure and risk profile.

Ethical considerations related to independence and potential conflicts should be documented consistently.

3 Raise and escalate ethical concerns

An ethical culture is reinforced when personnel feel supported to raise concerns early and without fear of reprisal. Even when strong decision-making frameworks are in place, issues may remain unaddressed if escalation pathways are unclear.

Smaller firms can offer more than one route for raising ethical concerns, depending on the situation. The managing partner or senior team member is often the first point of contact. Where concerns involve sensitive matters or firm leadership, an external escalation option, such as a peer reviewer, independent consultant or reciprocal network contact, may be appropriate.

Maintaining a dedicated confidential mailbox or secure digital channel, accessible only to the ethics contact or designated external advisor, provides a proportionate alternative to a whistleblower hotline. A more formal mechanism may become appropriate as the firm grows, operates across multiple locations or undertakes higher-risk engagements.

Regular communication about escalation options, for example through team meetings or annual reminders, helps normalize their use. When concerns are raised, timely acknowledgment, respectful engagement and clear documentation of outcomes demonstrates the firm's commitment to ethical conduct.

4 Direct partner oversight

Partners play a central role in embedding ethical expectations through visible leadership and active oversight. This includes participating in consultations where appropriate, reinforcing independence and confidentiality expectations in real time and responding promptly to ethical issues through coaching or remediation. Consistent partner involvement signals that ethical judgment is integral to engagement execution, not a separate compliance exercise.

Conclusion

For sole practitioners and small firms, incorporating ethical practice does not have to require complex technical infrastructure or processes: it just takes clarity, consistency and intention. By incorporating ethical considerations into workflows, decision-making and documentation, firms can strengthen professional judgment, manage quality effectively and meet the requirements of the CSQMs in a scalable and sustainable way.

Ethical practice supports the profession's reputation and public trust in the CPA designation. Every CPA has a responsibility to uphold ethical requirements through their decisions, behaviours and professional judgment, reinforcing confidence in the profession and the services it provides.

Best Practices in Action – Reinforcing a Culture of Ethics

1. The visible role modelling of ethical behaviour by partners, including explicit communication that engagement quality and compliance with professional standards take precedence over deadlines, budgets and client pressure.
2. The use of case-based ethical dilemmas at team meetings, including lessons learned from regulatory findings or public disciplinary matters where appropriate and addressing questions like "What specific requirements apply and are we meeting them?" and "Would an independent reviewer understand and agree with our conclusion based on documentation?"
3. The establishment of safe and accessible channels to raise concerns, including a designated ethics contact and the use of peer firms where additional objectivity or expertise is required for sensitive or complex matters.

Disclaimer

This document is intended for general informational purposes only and may not be applicable to all firm circumstances. It is your responsibility to ensure compliance with the CSQMs. In the event of any discrepancy between this document and the applicable official standards or guidance, the official sources shall prevail.

cpaontario.ca