



# MEMBER'S HANDBOOK

Effective March 31, 2020

**Chartered Professional Accountants of Ontario**  
**130 King Street West, Suite 3400, Toronto, M4W 1B3**  
**Phone:** (416) 962-1841 **Toll free:** 1-800-387-0735 **Fax:** (416) 962-8900  
**Internet:** <http://www.cpaontario.ca>

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MEMBER'S HANDBOOK: Revision 20200331

**Amendments to the *Member's Handbook*** included in the attached are effective March 31, 2020.

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***Regulation 9-1: Student Registration, Obligations and Standing***

The material changes that have been made impact the following provision:

- Appendix C2 – CPA Harmonized Education Policies – Volume 3

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***Regulation 9-2: Legacy Student Registration, Obligations and Standing***

The material changes that have been made impact the following provision:

- Appendix C2 – CPA Harmonized Education Policies – Volume 3

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***Regulation 11-1: Dues***

The material changes that have been made impact the following provisions:

- Section 2.1
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# NEW BY-LAW

CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO

EFFECTIVE ON NOVEMBER 19, 2018

By-law relating generally to the conduct of the  
affairs of the Chartered Professional Accountants  
of Ontario



**CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**

# NEW BY-LAW

**By-law relating generally to the conduct of the affairs of CPA Ontario**

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# BY-LAW

**A by-law relating generally to the conduct of the affairs of CPA Ontario**

**BE IT ENACTED** as a by-law of CPA Ontario as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 DEFINITIONS

In this By-law, all other by-laws, and the Regulations of CPA Ontario, words have the same meaning as they do in the Act, and:

- 1.1.1 “Act” means the *Chartered Professional Accountants of Ontario Act, 2017* and, where the context requires, includes the regulations made under it, and any statute that may be substituted for it, as amended from time to time, and includes the provisions of the *Corporations Act* that apply to CPA Ontario;
- 1.1.2 “Admission and Registration Committee” means the Adjudicative Committee established under section 6.2.1.1 and is the “appeal committee” specified in section 19 of the Act;
- 1.1.3 “Adjudicative Committee” means a committee established under section 6.2;
- 1.1.4 “Allegation” means an originating process alleging professional misconduct;
- 1.1.5 “Annual Meeting” means the annual meeting of the Members;
- 1.1.6 “Appeal Committee” means the Adjudicative Committee established under section 6.2.1.2;
- 1.1.7 “Business Day” means a day other than a Saturday, Sunday or statutory holiday in Ontario;
- 1.1.8 “By-law” means this by-law;
- 1.1.9 “by-laws” means this By-law, the Code, and any other by-laws of CPA Ontario made under the Act;
- 1.1.10 “CA Designation” means the designation “Chartered Accountant” and the initials “CA” or “C.A.”, and includes the French language equivalent of “comptable agréé”;
- 1.1.11 “Capacity Committee” means the Adjudicative Committee established under section 6.2.1.3;
- 1.1.12 “Certificate of Authorization” means a certificate of authorization issued to a Professional Corporation that is registered as a Firm under section 10 and permitted to engage in the Practice of Public Accounting by the Public Accounting Licensing Board;

- 1.1.13 “Certificate of Membership” means a certificate of membership in CPA Ontario issued to a Member in accordance with the by-laws and Regulations, and any membership card, which remains the property of CPA Ontario;
- 1.1.14 “CGA Designation” means the designation “Certified General Accountant” and the initials “CGA” or “C.G.A.”, and includes the French language equivalent of “comptable général accrédité”;
- 1.1.15 “Close Family Member” means a parent, child, grandchild, or sibling who is not an Immediate Family Member;
- 1.1.16 “CMA Designation” means the designation “Certified Management Accountant” and the initials “CMA” or “C.M.A.”, and includes the French language equivalent of “comptable en management accrédité”;
- 1.1.17 “Code” means the CPA Code of Professional Conduct;
- 1.1.18 “Committee” means a Council Committee, an Adjudicative Committee, or a Regulatory Committee established under the by-laws, as the case may be;
- 1.1.19 “*Corporations Act*” means the *Corporations Act* (Ontario) and, where the context requires, includes the regulations made under it, and any statute that may be substituted for it, as amended from time to time;
- 1.1.20 “Council” means the council of CPA Ontario;
- 1.1.21 “Council Committee” means a committee established by the Council under section 6.1;
- 1.1.22 “Council Member” means a member of the Council;
- 1.1.23 “CPAB” means the Canadian Public Accountability Board;
- 1.1.24 “CPA Canada” means the Chartered Professional Accountants of Canada;
- 1.1.25 “CPA Designation” means the designation “Chartered Professional Accountant” and the initials “CPA” or “C.P.A.”, and includes the use of the French language equivalent of “comptable professionnel agréé”;
- 1.1.26 “CPA Ontario” means the Chartered Professional Accountants of Ontario / Comptables professionnels agréés de l’Ontario;
- 1.1.27 “Day” means a calendar day;
- 1.1.28 “Discipline Committee” means the Adjudicative Committee established under section 6.2.1.4;
- 1.1.29 “documents” includes deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, bonds, debentures or other securities and all paper writings; and includes data and information in electronic form;

- 1.1.30 “Dues” means the dues, fees, and costs that the Council fixes, and that Members, Students, and Firms are required to pay to CPA Ontario under the Act, by-laws, and/or Regulations, but does not include application fees, administrative fees, or service fees;
- 1.1.31 “Fellow” means an individual named a fellow under section 19.1;
- 1.1.32 “Firm” means an entity registered as a firm under section 23 of the Act, in accordance with the by-laws and Regulations, and may be: (a) a partnership, including a limited liability partnership, established under section 27 of the Act, or other association of Members; (b) a Professional Corporation; or (c) a Sole Proprietor;
- 1.1.33 “Firm Representative” means the Member who is designated to act as the representative of the Firm in accordance with the Regulations;
- 1.1.34 “General Meeting” means a Members’ meeting other than an Annual Meeting;
- 1.1.35 “Honorary member” is an individual named an honorary member under section 19.3;
- 1.1.36 “Immediate Family Member” means a spouse (or equivalent) or dependant;
- 1.1.37 “Incapacitated” means incapable of meeting obligations under the Act by reason of physical or mental illness, condition, or disorder, other infirmity, or addiction to or excessive use of alcohol or drugs;
- 1.1.38 “Inspector” means a Person appointed under section 48 of the Act who has the powers set out in section 51 of the Act;
- 1.1.39 “Investigator” means a Person appointed under section 47 of the Act who has the powers set out in section 50 of the Act;
- 1.1.40 “Life Member” is a Member named a life member under section 19.2;
- 1.1.41 “Member” means an individual who is admitted as a member of CPA Ontario in accordance with this By-law, but does not include a Student, an Honorary member, or an individual whose membership was terminated or revoked;
- 1.1.42 “Member Entitled to Vote” means a Member described in section 8.6.1;
- 1.1.43 “Member In Good Standing” means a Member who has not died, resigned, or had their membership suspended or revoked;
- 1.1.44 “PAC Standards” mean the Standards and Guidelines of The Public Accountants Council for the Province of Ontario, as amended from time to time;
- 1.1.45 “Person” means an individual, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietor, governmental authority or any entity of any kind;
- 1.1.46 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated;

- 1.1.47 “Practice Inspection Committee” means the Regulatory Committee established under section 6.3.1.1;
- 1.1.48 “Practice of Public Accounting” means the provision of the services that require a Public Accounting Licence and are described in section 2 of the *Public Accounting Act, 2004*, excluding any exceptions to services listed in section 3 of that statute;
- 1.1.49 “Practising Office” means an office of a Member or Firm engaged in the Practice of Public Accounting or in Providing Accounting Services to the Public or both, and subject to any restrictions or conditions stipulated by the Council from time to time, and includes the office of Auditor General of Canada or of Auditor General of Ontario;
- 1.1.50 “Profession” means the profession of chartered professional accountants in Ontario;
- 1.1.51 “Professional Conduct Committee” means the Regulatory Committee established under section 6.3.1.2 and is the “complaints committee” specified in the Act;
- 1.1.52 “Professional Corporation” means a professional corporation established under section 28 of the Act that is composed of Members (and, for the purposes of this definition, “Member” includes a professional corporation);
- 1.1.53 “Providing Accounting Services to the Public” includes:
- 1.1.53.1 the performance of any engagement addressed by standards in the CPA Canada Handbook-Assurance for which a licence is not required under the *Public Accounting Act, 2004* to perform the engagement;
  - 1.1.53.2 accounting insofar as it involves analysis, advice, and interpretation in an expert capacity, but excluding record keeping;
  - 1.1.53.3 taxation, insofar as it involves advice and counselling in an expert capacity, but excluding mechanical processing of returns;
  - 1.1.53.4 compilation services, if it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the Member providing the service will be relied upon or used by a third party, whether or not a licence is required under the *Public Accounting Act, 2004*; and
  - 1.1.53.5 such other services and activities as may be determined by the Council from time to time;
  - 1.1.53.6 and all references in the Code to “public accounting” shall be read as though they were also references to “Providing Accounting Services to the Public”;
- 1.1.54 “Provincial Body” means an organization or ordre that regulates chartered professional accountants engaged in practice in any province or territory of Canada other than Ontario, or in Bermuda, and any other organization as set out in the Regulations;
- 1.1.55 “Public Accountants Council” means The Public Accountants Council for the Province of Ontario established under the *Public Accounting Act, 2004*;

- 1.1.56 “Public Accounting Licence” means a licence issued to a Member under the *Public Accounting Act, 2004* to permit the Member to engage in the Practice of Public Accounting;
- 1.1.57 “Public Accounting Licensing Board” means the Regulatory Committee established under section 6.3.1.3;
- 1.1.58 “Record Date” means the date fixed by the Council under section 8.3;
- 1.1.59 “Regional Body” means an organization that has been approved to deliver the CPA certification program, excluding accredited institutions;
- 1.1.60 “Registrar” means the registrar of CPA Ontario appointed under section 12 of the Act;
- 1.1.61 “Registration Certificate” means a certificate of registration issued by CPA Ontario to a Firm in accordance with the by-laws and Regulations;
- 1.1.62 “Regulations” means the regulations of CPA Ontario made under section 2.1;
- 1.1.63 “Regulatory Body” includes any Person with the authority to regulate any Person, service, good, or market;
- 1.1.64 “Regulatory Committee” means a committee established under section 6.3;
- 1.1.65 “Reviewer of Complaints” means the Person appointed by the Council that has all the powers and duties specified in section 15.5.1;
- 1.1.66 “Rules” means the rules of practice and procedure made under section 25.1 of the *Statutory Powers Procedure Act* and adopted by the Adjudicative Committees;
- 1.1.67 “Sole Proprietor” means a Member Providing Accounting Services to the Public or engaged in the Practice of Public Accounting other than in association with another Member;
- 1.1.68 “Student” means an individual registered as a student with CPA Ontario in accordance with the Act, by-laws, and Regulations; and
- 1.1.69 “Student Code” means the CPA Ontario document that prescribes the conduct of Students.

## 1.2 INTERPRETATION

In all by-laws of CPA Ontario, unless the context otherwise requires: the singular includes the plural and vice versa; words importing one gender include all genders; the use of “include(s)” or “including” does not connote an exhaustive list; references to writing include references to printing, electronic mail and other modes of representing or reproducing words in a visible form; the headings are for convenience of reference only and do not affect the interpretation of the by-laws; and references to section numbers are references to this By-law, unless otherwise provided.

## 1.3 LEGISLATION CHANGES

A reference to a statute in a by-law or Regulation, the citation or name of which has changed because of an amendment to the statute will be deemed to be a reference to the corresponding citation or name of the statute following the amendment.

## 2. COMPLIANCE WITH BY-LAWS AND REGULATIONS

### 2.1 REGULATIONS

The Council may make Regulations applicable to Members, Students, and Firms, including Regulations that are consistent with applicable laws, including the *Public Accounting Act, 2004* and the Act, and the by-laws, and that support the implementation of the *Public Accounting Act, 2004*, the Act and the bylaws.

### 2.2 COMPLIANCE – GENERAL

- 2.2.1 Every applicant, Member, Student, and Firm by the application for or continuance of membership or registration agrees with CPA Ontario to the terms of the by-laws and Regulations, and all acts and things done under them.
- 2.2.2 Every applicant, Member, Student, and Firm agrees, by the application for or continuance of membership or registration, to the release of any and all information and documents in the possession, under the control, or within the power, of CPA Ontario as provided for in the by-laws and Regulations, including release to any other Provincial Body, Regional Body, and/or Regulatory Body in order to enable CPA Ontario and/or that Provincial Body, Regional Body, and/or Regulatory Body to carry out its statutory mandate.
- 2.2.3 Where an applicant, Member, Student, or Firm is required, under the by-laws or Regulations, to notify CPA Ontario of a matter or event, to provide CPA Ontario with information or documentation, or to pay Dues, the due date for same shall be within 30 Days, unless otherwise specified in the applicable by-laws or Regulations. If the due date falls on a Saturday, Sunday, or statutory holiday in Ontario, the due date shall be deemed to be the next Business Day.

### 2.3 COMPLIANCE – SUSPENSION

A Member, Student, or Firm, whose rights and privileges have been suspended under the Act, by-laws, and Regulations, remains subject to the disciplinary powers of CPA Ontario during the period of suspension to the same extent as if the rights and privileges were not suspended.

### 2.4 COMPLIANCE – EXPIRY AND REVOCATION

A Member, Student, or Firm, whose membership, Public Accounting Licence, or Certificate of Authorization is revoked, whose registration expires, or who is deregistered, as applicable, remains subject to the continuing jurisdiction of CPA Ontario in respect of an investigation or disciplinary proceeding arising from their conduct while a Member, Student, or Firm to the same extent as if the revocation, expiry, or deregistration did not occur, subject to any limitations set out in the Act, by-laws, and Regulations.



## 2.5 COMPLIANCE – RESIGNATION, VOLUNTARY SURRENDER OF REGISTRATION

A Member or Firm whose resignation or voluntary surrender of registration, as applicable, is accepted remains subject to the continuing jurisdiction of CPA Ontario in respect of an investigation or disciplinary proceeding arising from their conduct while a Member or Firm to the same extent as if the resignation or voluntary surrender of registration did not occur, subject to any limitations set out in the Act, by-laws, and Regulations.

## 2.6 PROCEDURES FOR MEETINGS

Any questions of procedure at or for any meetings of Members, of the Council, or of any Committee that have not been provided for by the Act or in the by-laws or Regulations shall be determined by the chair of the meeting in accordance with the rules of procedure adopted by the Council, or failing such resolution, adopted by the chair of the meeting, provided that no action taken or decision made shall be invalid by reason only of a failure to adhere to such rules.

## 3. THE COUNCIL

### 3.1 COUNCIL ROLE AND RESPONSIBILITIES

The Council is the board of directors of CPA Ontario, and it shall manage or supervise the management of its affairs in accordance with the Act, by-laws, and Regulations, and in a manner that protects the public interest.

### 3.2 COUNCIL COMPOSITION

The Council shall be composed of:

- 3.2.1 until the termination of the 2019 Annual Meeting, 15 Members, who meet the qualifications set out in section 3.3, and who are elected by the Members Entitled to Vote in accordance with section 3.5 or are appointed by the Council in accordance with section 3.7;
- 3.2.2 after the termination of the 2019 Annual Meeting, 12 Members, who meet the qualifications set out in section 3.3, and who are elected by the Members Entitled to Vote in accordance with section 3.5 or are appointed by the Council in accordance with section 3.7; and
- 3.2.3 four individuals who are not Members or members of a self-regulating accounting body and who are appointed by the Lieutenant Governor in Council in accordance with section 8(2)(b) of the Act.

The Lieutenant Governor in Council's failure to appoint the number of individuals provided for in section 3.2.3 shall not adversely affect the Council's legal constitution and powers. An individual whose appointment under section 3.2.3 expires is deemed to have been reappointed until their successor takes office.

### 3.3 COUNCIL MEMBER QUALIFICATIONS

Each elected Council Member shall:

- 3.3.1 be a Member In Good Standing;
- 3.3.2 be at least 18 years of age;
- 3.3.3 not be an undischarged bankrupt;
- 3.3.4 not have been found under the *Substitute Decisions Act, 1992* or the *Mental Health Act* to be incapable of managing property, and not have been found to be incapable by any court in Canada or elsewhere;
- 3.3.5 have received satisfactory results from a criminal record check, as determined by the Council in its sole discretion;
- 3.3.6 not be, nor shall any Close Family Member or Immediate Family Member be, an employee

of CPA Ontario;

3.3.7 within the ten years immediately preceding the date of election and throughout the term of office, not have:

3.3.7.1 been found to have committed professional misconduct;

3.3.7.2 entered into a settlement agreement with the Professional Conduct Committee;  
or

3.3.8 not have been the subject of a matter that would require informing CPA Ontario under the Code and not be the subject of a complaint, investigation, or referral by the Professional Conduct Committee.

If an individual ceases to be qualified to hold office by the terms of sections 3.3.1 to 3.3.7, the individual automatically ceases to be a Council Member, and the vacancy created may be filled in accordance with section 3.7.

If an individual ceases to be qualified to hold office by the terms of section 3.3.8, the individual automatically ceases to be a Council Member, and has none of the rights, privileges, duties or obligations of a Council Member, but may be reappointed by Council, at its discretion, once the complaint, investigation, or referral is concluded unless the individual becomes disqualified under the terms of sections 3.3.1 to 3.3.7.

### 3.4 COUNCIL NOMINATION AND ELECTION PROCESS

The Council nomination and election process shall take place in accordance with the Regulations.

### 3.5 ELECTED COUNCIL MEMBERS' TERM

3.5.1 Subject to sections 3.6 and 5.3.3 concerning the term of office of Chair, each newly elected Council Member shall be elected for a term of three years, provided that the Council Member shall hold office until the earlier of the date on which their office is vacated under this By-law or until the end of the meeting at which their successor is elected or appointed.

3.5.2 Despite the foregoing, from 2019 to 2022, each newly elected Council Member may serve a term of one, two, or three years, as determined by the Council, provided that the Council Member shall hold office until the earlier of the date on which their office is vacated under this By-law or until the end of the meeting at which their successor is elected or appointed.

### 3.6 MAXIMUM TERMS

Each elected Council Member shall be eligible for re-election, provided that the Council Member shall not be elected or appointed for a term that will result in the Council Member serving more than nine years. In determining a Council Member's length of service, service before the coming into force of this By-law shall be included. Where a Council Member is appointed to fill

a vacancy on the Council, the partial term shall be excluded in the calculation of the maximum years of service. Despite the foregoing, a Council Member may, by resolution of the Council, have their maximum term extended for the purpose of that Council Member succeeding to, or serving in, the office of Chair.

### 3.7 VACANCIES

So long as a quorum of the Council Members remains in office, a vacancy in the position of an elected Council Member may be filled with a qualified Member by the Council Members then in office. A Council Member so appointed shall hold office for the unexpired portion of the term vacated. If no quorum of the Council Members exists, the remaining Council Members shall promptly call a General Meeting to fill the vacancies in the Council.

### 3.8 REMOVAL OF COUNCIL MEMBERS

The Members Entitled to Vote may, by a resolution passed by a majority of the votes cast at a General Meeting of which notice specifying the intention to pass the resolution has been given, remove from office any Council Member elected under section 3.4 or appointed under section 3.7, and may elect any individual in the place and stead of the individual removed for the remainder of the term of the removed Council Member.

## 4. COUNCIL MEETINGS

### 4.1 COUNCIL MEETINGS

- 4.1.1 Council meetings shall be held at least four times in each financial year of CPA Ontario at such times, dates, and places, within or outside Ontario, as designated in the notice calling the meeting.
- 4.1.2 The Council may appoint one or more Days for regular Council meetings at a time, date, and place named. A copy of any resolution fixing the time, date, and place of regular Council meetings shall be given to each Council Member promptly after being passed, and no further notice of the regular meetings is required.

### 4.2 CALLING MEETINGS

Council meetings may be called by the Council, the Chair, or Vice-Chair, and shall be called by the Secretary upon receipt of the written request of two Council Members.

### 4.3 NOTICE OF MEETINGS

- 4.3.1 Notice of Council meetings, other than regular meetings, shall be given to all Council Members by telephone, email, or other electronic method not less than 48 hours before the meeting. In calculating this 48-hour notice period, Saturdays, Sundays, and statutory holidays shall be excluded. The Chair or Vice-Chair may call a meeting on less notice, by such means as are deemed appropriate, provided that notice is given to all Council Members, and the majority of the Council Members consent to holding the meeting.
- 4.3.2 The Chair's or Vice-Chair's statutory declaration that notice has been given in accordance with this By-law shall be sufficient and conclusive evidence of the giving of the notice.
- 4.3.3 No formal notice of a meeting is necessary if all Council Members are present or if those absent have signified their consent to the meeting being held without notice and in their absence.
- 4.3.4 If a quorum of Council Members is present, each newly elected Council may, without notice, hold its first meeting immediately following the meeting of Members at which the Council is elected.

### 4.4 TELEPHONE MEETINGS

If all the Council Members present at or participating in the meeting consent, a Council meeting or a Council Committee meeting may be held by such telephone, electronic or other communication facilities that permit all individuals participating in the meeting to communicate with each other simultaneously and instantaneously, and the Council Member or Council Committee member participating in the meeting by those means is deemed to be present at

the meeting, provided that, at the outset of the meeting, and whenever votes are required, the chair of the meeting shall call roll to establish quorum, and shall adjourn the meeting to a predetermined time, date, and place whenever not satisfied that the meeting may proceed with adequate security and confidentiality, unless a majority of the individuals present at the meeting otherwise require.

## 4.5 VOTING

- 4.5.1 Each Council Member shall have one vote on all questions arising at any Council meeting. The Chair shall not have a second vote.
- 4.5.2 Questions arising at any Council meeting shall be decided by a majority of votes. In the case of an equality of votes, the motion shall be deemed to have been lost.
- 4.5.3 At every Council meeting, every question shall be decided by a show of hands unless a poll on the question is required by the chair of the meeting or requested by any Council Member. Whenever a vote by show of hands has been taken upon a question, unless a poll is requested, a declaration by the chair of the meeting that a motion has been carried or lost by a particular majority and an entry to that effect in the minutes is conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

## 4.6 WRITTEN RESOLUTIONS

A resolution in writing signed by all the individuals entitled to vote on that resolution at a meeting of the Council or of the Council Committee is as valid as if it had been passed at a meeting called, constituted, and held for that purpose.

## 4.7 QUORUM

Quorum for the transaction of business at Council meetings shall be eight Council Members.

## 4.8 REMUNERATION OF COUNCIL MEMBERS

- 4.8.1 The Council Members shall serve as such without remuneration, provided that Council Members shall be entitled to be reimbursed for reasonable expenses incurred in carrying out their duties.
- 4.8.2 Despite section 4.8.1, the Council may:
  - 4.8.2.1 fix a stipend to be paid to the Chair as compensation for the duties and responsibilities of that position; and
  - 4.8.2.2 fix an honorarium to be paid to the Council Members appointed by the Lieutenant Governor in Council for their attendance at meetings.

## 4.9 DISCLOSURE OF INTEREST

Every Council Member who has a real, potential, or perceived conflict of interest shall disclose their interest in accordance with the Act and any conflict of interest by-law, Regulation, or resolution passed by the Council from time to time.

## 5. OFFICERS

### 5.1 ELECTED OFFICERS

- 5.1.1 At the first Council meeting after a vacancy in the office of Chair, the Council shall elect a Chair from among the elected Council Members.
- 5.1.2 At the first Council meeting following the Annual Meeting, the Council shall elect a Vice-Chair, Secretary, and Treasurer from among the elected Council Members.
- 5.1.3 The Council may from time to time elect such other officers as it considers expedient to hold office at the will of the Council.

### 5.2 APPOINTED OFFICERS

- 5.2.1 The Council shall appoint a President and Chief Executive Officer and a Registrar to hold office at the will of the Council.
- 5.2.2 The Council may from time to time appoint such other officers as it considers expedient to hold office at the will of the Council.

### 5.3 TERMS OF OFFICE

- 5.3.1 The Chair shall hold office until the second Annual Meeting after appointment to office or until a successor has been elected.
- 5.3.2 The Vice-Chair, Secretary, and Treasurer shall hold office until the next Annual Meeting after appointment to office or until a successor has been elected.
- 5.3.3 The Chair is not eligible for re-election as Chair. The Chair's term of office as Council Member shall automatically expire upon the expiry of their term of office as Chair. Any vacancy created may be filled in accordance with section 3.7. The President and Chief Executive Officer and the Registrar shall hold office at the will of the Council. Every elected officer, other than the Chair, is eligible for re-election for a maximum of six one-year terms which may, but need not be, consecutive.
- 5.3.4 The Council may remove any officer at a meeting for which notice of the intention to present a resolution for removal has been given to all Council Members.

### 5.4 POWERS AND DUTIES

- 5.4.1 The powers and duties of the officers are as the terms of their appointment call for, and as the Council otherwise prescribes.



- 5.4.2 Any officer shall be responsible for the powers and duties assigned to them, and he or she may delegate these duties to others, subject to the provisions on delegation in the Act.

## 6. COMMITTEES

### 6.1 COUNCIL COMMITTEES

- 6.1.1 The Council hereby establishes the following Council Committees:
- 6.1.1.1 Finance and Audit Committee; and
  - 6.1.1.2 Governance and Nominating Committee.
- 6.1.2 The Council shall, after each Annual Meeting, appoint from among its number members of the Finance and Audit Committee and Governance and Nominating Committee.
- 6.1.3 The Council may establish, from among its number, and disband additional standing and ad hoc Council Committees as it may determine from time to time.
- 6.1.4 The Council may appoint individuals who are not Council Members to any Council Committee established under section 6.1 in accordance with the terms of reference of that Council Committee.
- 6.1.5 The members of each Council Committee established under section 6.1 shall hold office only until the next Annual Meeting following their appointment or until their successors have been appointed, and may be re-appointed for successive terms in accordance with the terms of reference of that Council Committee.
- 6.1.6 Each Council Committee established under section 6.1 shall have a mandate and act in accordance with its terms of reference as passed by Council resolution.

### 6.2 ADJUDICATIVE COMMITTEES

- 6.2.1 The Council hereby establishes the following Adjudicative Committees:
- 6.2.1.1 Admission and Registration Committee;
  - 6.2.1.2 Appeal Committee;
  - 6.2.1.3 Capacity Committee; and
  - 6.2.1.4 Discipline Committee.
- 6.2.2 The Council shall appoint, for such term as it may specify, the members of the Adjudicative Committees, none of whom shall be Council Members.
- 6.2.3 Each Adjudicative Committee shall have all of the powers and duties set out in the provisions of the Act, by-laws, Regulations, and PAC Standards applicable to the Adjudicative Committee.

6.2.4 The Regulations shall set out the terms of reference for the Adjudicative Committees.

6.2.5 In the case of each Adjudicative Committee:

6.2.5.1 The Adjudicative Committee shall conduct itself and carry out its powers and duties in accordance with the applicable provisions of the Act, the *Statutory Powers and Procedures Act* (Ontario), by-laws, and Regulations.

6.2.5.2 The practice and procedure before the Adjudicative Committees shall be governed by the Rules as adopted by each Adjudicative Committee in accordance with the Regulations.

6.2.5.3 The Adjudicative Committee may sit in panels for such purposes as are specified in the Regulation and, when the Adjudicative Committee sits in panels:

(a) subject to section 6.2.5.3(d), the quorum for any Adjudicative Committee panel is three members;

(b) a decision of a panel of an Adjudicative Committee constitutes the decision of the Adjudicative Committee;

(c) if a panel member's term expires before a matter in which that member has been involved has concluded, the member may remain a member of the panel until the conclusion of the matter; and

(d) if a panel member who has participated in a hearing becomes unable to complete the hearing or to participate in the decision or order, the remaining panel members shall form quorum and complete the hearing, and make the decision and any order.

6.2.5.4 Except as otherwise provided in the Regulations, each Adjudicative Committee has the power to make decisions, and such decisions shall not be altered or vacated except in accordance with any appeal or reconsideration procedure provided in the Act, by-laws, or Regulations.

6.2.6 The Council may establish and disband additional Adjudicative Committees as it may determine from time to time.

## 6.3 REGULATORY COMMITTEES

6.3.1 The Council hereby establishes the following Regulatory Committees:

6.3.1.1 Practice Inspection Committee;

6.3.1.2 Professional Conduct Committee; and

6.3.1.3 Public Accounting Licensing Board.

6.3.2 Subject to the Regulations, the Council shall appoint, for such term as it may specify, the members of the Practice Inspection Committee, the Professional Conduct Committee, and the Public Accounting Licensing Board, none of whom shall be Council Members.

6.3.3 Each Regulatory Committee shall have all of the powers and duties set out in the provisions of the Act, by-laws, Regulations, and PAC Standards applicable to the Regulatory Committee.

6.3.4 The Council may establish and disband additional Regulatory Committees as it may determine from time to time.

## 6.4 REMOVAL OF COMMITTEE MEMBERS

Despite the term of membership set out in the by-laws or Regulations, the Council may remove any Committee member.

## 6.5 ASSOCIATIONS

6.5.1 The Council may permit Members or Students to organize associations.

6.5.2 The associations shall not speak for, or act on behalf of, CPA Ontario without the express authority of the Council.

6.5.3 The Council may dissolve an association at any time.

## 6.6 PUBLIC NOTICE

6.6.1 To promote and protect the public interest, but subject to any restrictions set out in the Regulations, the Adjudicative Committees shall provide public notice of:

6.6.1.1 the time, date, and place of hearings, considerations of settlement agreements, applications for reconsideration, readmission, reregistration, and appeals, in the manner and on the terms specified in the Regulations;

6.6.1.2 the decisions, reasons, and orders of hearings, applications for reconsideration, readmission, reregistration, and appeals, in the manner and on the terms specified in the Regulations; and

6.6.1.3 any other matter for which the Regulations provide public notice by an Adjudicative Committee.

6.6.2 The Regulatory Committees shall provide public notice of any matter for which the Regulations provide public notice by a Regulatory Committee in the manner and on the terms specified in the Regulations.

6.6.3 Sections 6.6.1 and 6.6.2 and the Regulations shall not prevent the exercise of discretion by the Adjudicative Committees or Regulatory Committees, in individual cases, to refrain from publicly disclosing some or all of the information specified in the Regulations on the basis that in the particular matter before the Committee such disclosure would not be in the public interest.

## 7. MEMBERSHIP

### 7.1 ADMISSION AND CONTINUING OBLIGATIONS

- 7.1.1 The Registrar shall admit as a Member, and issue a Certificate of Membership to, any individual who:
- 7.1.1.1 has the qualifications and has met the requirements for membership set out in the Regulations; and
  - 7.1.1.2 has applied for membership in accordance with the Regulations.
- 7.1.2 There shall be one class of membership in CPA Ontario.
- 7.1.3 Every Member shall provide CPA Ontario with all information, documents, and other materials required by the Act, by-laws, and Regulations.

### 7.2 MEMBER NAME

Every Member shall:

- 7.2.1 practise or hold themselves out as a chartered professional accountant only in their legal or preferred name as set out in the CPA Ontario register described in section 13.1; and
- 7.2.2 use any designation controlled by CPA Ontario only in conjunction with their legal or preferred name as set out in the CPA Ontario register.

### 7.3 BANKRUPTCY

Every Member, and every individual applying for membership in CPA Ontario, shall notify the Registrar of an event of bankruptcy as described in the Regulations in the manner provided in the Regulations, and shall be subject to the requirements set out in the Regulations and the powers of the Registrar in this regard.

### 7.4 CONTINUING EDUCATION AND PROFESSIONAL DEVELOPMENT

- 7.4.1 Every Member shall fulfil the requirements for continuing education and professional development set out in the Regulations.
- 7.4.2 CPA Ontario may offer, alter, or discontinue any continuing education and professional development program or related service intended to benefit or assist its Members, and restrict access to any such program or service by its Members.
- 7.4.3 By participating in any program or service, a Member shall have agreed to indemnify and save harmless CPA Ontario from and against all costs, charges, and expenses incurred by

CPA Ontario in relation to any demand, action, suit, or proceeding brought, commenced, or prosecuted against CPA Ontario or any related Person in respect of any act, deed, matter, or thing arising, directly or indirectly, from the program or service, or the Member's participation in the program or service.

## 7.5 RESIGNATION

7.5.1 A Member shall submit a written application to resign from membership in CPA Ontario.

7.5.2 The Registrar may, in accordance with the Regulations:

7.5.2.1 refuse to accept the application to resign;

7.5.2.2 impose conditions that must be satisfied before an application to resign is accepted; or

7.5.2.3 accept the application to resign.

7.5.3 If the Member's application to resign is accepted:

7.5.3.1 the resignation shall take effect on the date set by the Registrar;

7.5.3.2 the Member shall destroy the Certificate of Membership, and any other proof of membership issued to the Member on or before the date the resignation takes effect, as directed by the Registrar; and

7.5.3.3 the Public Accounting Licence of the Member, if any, shall automatically terminate as of the date of resignation.

## 7.6 ADMINISTRATIVE SUSPENSION OF MEMBERSHIP

7.6.1 The Registrar may, in accordance with the Act and Regulations, suspend the membership of any Member:

7.6.1.1 for the failure to pay any Dues;

7.6.1.2 for the failure to provide information, documents, or other materials required under the Act, by-laws, or Regulations, or requested by the Registrar or any Committee;

7.6.1.3 following the disclosure of certain bankruptcy events, as provided in the Regulations;

7.6.1.4 for the failure to successfully complete any obligation or requirement, or maintain any status, imposed by the Act, by-laws, or Regulations, or to provide proof of such successful completion;

7.6.1.5 upon the date the Member:

- (a) is declared by a court to be a mentally incompetent individual or incapable of managing their affairs;
- (b) is certified incompetent to manage their estate or appoints the Public Trustee as committee of their estate under the *Mental Health Act* (Ontario), or other similar statute;
- (c) is admitted as or becomes an involuntary patient in a psychiatric facility under the *Mental Health Act* (Ontario), or other similar statute; or
- (d) is found to be unfit to stand trial or not criminally responsible on account of a mental disorder; or

7.6.1.6 for the failure to abide by an order of the Capacity Committee made under the Regulations.

7.6.2 During the period of suspension, a Member's Public Accounting Licence, if any, shall also automatically be suspended.

7.6.3 During the period of suspension, the Member has none of the rights and privileges of membership or licensure, as applicable.

7.6.4 A Member who is suspended for a failure to comply with the requirements of the by-laws or Regulations shall remain suspended until the Member complies with the requirements and is reinstated in accordance with the Regulations, or until their membership is terminated or revoked.

## 7.7 REVOCATION OF MEMBERSHIP

7.7.1 The Registrar shall revoke a Member's membership 60 Days after the imposition of a suspension under any of sections 7.6.1.1 to 7.6.1.4 or 10.7.2 unless, before that date, the Registrar has reinstated the membership, unless otherwise specified in the Regulations.

7.7.2 A membership shall automatically terminate upon the death of a Member.

## 7.8 REINSTATEMENT OF MEMBERSHIP

A Member may be reinstated in accordance with the Regulations.

## 7.9 HEARINGS AND APPEALS

7.9.1 The Registrar's decision to deny membership, to admit a Member subject to restrictions and/or conditions, to administratively suspend a Member, or to revoke a membership, may be appealed by the subject of the decision to the Admission and Registration Committee, as set out in the Regulations.

- 7.9.2 An individual affected by the Registrar's decision to suspend a membership under section 7.6.1.5 may apply to the Capacity Committee for a hearing to determine whether the Member is Incapacitated, in accordance with the Regulations.

## 7.10 REAPPLICATION AFTER DENIAL OF ADMISSION TO MEMBERSHIP

Individuals who are denied admission to membership are eligible to reapply for admission to membership as provided in the Regulations.

## 7.11 READMISSION

- 7.11.1 Subject to section 7.11.2, the Registrar may, as set out in the Regulations, readmit as a Member any individual, who was permitted to resign or whose membership was revoked.
- 7.11.2 Any individual who, by order of an Adjudicative Committee, was permitted to resign or whose membership was revoked, may only be readmitted after reconsideration of the order by that Adjudicative Committee as specified in the Regulations.



## 8. MEETINGS OF THE MEMBERS

### 8.1 ANNUAL MEETING

The Annual Meeting shall be held within six months of the end of each financial year of CPA Ontario and within 15 months of the holding of the previous Annual Meeting, within Ontario, at a time, date, and place determined by the Council, for the purpose of:

- 8.1.1 hearing and receiving the reports and statements required by law to be read at and laid before the Members at an Annual Meeting;
- 8.1.2 electing the Council Members as are to be elected at the Annual Meeting; and
- 8.1.3 appointing the auditor, who shall be from a Firm other than that of a Council Member.

### 8.2 GENERAL MEETING

The Council or the Chair may at any time call a General Meeting for the transaction of any business, the general nature of which is specified in the notice calling the meeting.

### 8.3 RECORD DATE

The Council may fix a date as the Record Date for determining Members Entitled to Vote at a Members' meeting. The Record Date shall be at the close of business ten Days before the Members' meeting or such other date as set by the Council from time to time.

### 8.4 NOTICE OF MEETINGS

Notice of the time, date, and place of Members' meetings shall be given at least ten Days before the meeting to each Member (and in the case of an Annual Meeting to the auditor of CPA Ontario) by one of the methods set out in **section 22**.

### 8.5 QUORUM

Twenty-five Members Entitled to Vote present in person or represented by proxy (with at least two Members Entitled to Vote present in person) shall constitute a quorum at a Members' meeting. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of the business. If within one-half hour after the time appointed for a Members' meeting, a quorum is not present, the meeting shall stand adjourned until a Day to be determined by the Council. Not less than three Days' notice of an adjourned Members' meeting shall be given in such manner as the Council may determine.

## 8.6 VOTING BY MEMBERS

8.6.1 Only Members In Good Standing as of and following the Record Date shall be Members Entitled to Vote. Each Member Entitled to Vote shall have the right to exercise one vote.

8.6.2 Unless otherwise required by the Act, this By-law or the Regulations, every question shall be determined by a majority of the votes cast. In the case of an equality of votes, the question shall be deemed to have been lost.

## 8.7 PROXIES

Every Member Entitled to Vote may appoint the Secretary, by means of a signed proxy, as the Members' nominee to attend and act at a Members' meeting in the manner, to the extent, and with the authority conferred by the proxy. A proxy must be in a form that the Council prescribes or in another form that the chair of the meeting accepts as sufficient. The proxy shall be submitted to the Secretary at least one hour before any vote is called under its authority, or at such earlier time as set out in the notice of the meeting and in such manner as the Council may prescribe. Any notice calling a Members' meeting shall include a form of proxy, or a reminder of a voting Member's right to use a proxy, and the time limits for its deposit. A proxy is valid only for the meeting for which it is given or, if that meeting is adjourned, at the meeting that continues the adjourned meeting.

## 8.8 SHOW OF HANDS

At every Members' meeting, every question shall be decided by a show of hands unless otherwise required by this By-law or unless a poll on the question is required by the chair of the meeting or requested by ten or more Members Entitled to Vote present. Whenever a vote by show of hands has been taken upon a question, unless a poll is requested, a declaration by the chair of the meeting that a motion has been carried or lost by a particular majority and an entry to that effect in the minutes is conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

## 8.9 CHAIR

In the absence of the Chair or Vice-Chair, the Members Entitled to Vote present at any Members' meeting shall choose another Council Member as chair and if no Council Member is present or if all the Council Members present decline to act as chair, the Members Entitled to Vote present shall choose one of their number to be chair.

## 8.10 BALLOTS

If at any meeting a ballot is requested on the election of a chair or on the question of adjournment, it shall be taken immediately without adjournment. If a ballot is requested on any other question, it shall be taken in the manner and either at once or later at the meeting or after adjournment as the chair of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which it was requested. A request for a ballot may be withdrawn.

## 8.11 ADJOURNMENTS

Any Members' meeting may be adjourned to any time, and any business may be transacted at any adjourned meeting that might have been transacted at the original meeting from which the adjournment took place. No notice is required of any adjourned meeting.

## 9. STUDENTS

### 9.1 GENERAL

A Student is not a Member and has none of the rights and privileges of membership.

### 9.2 REGISTRATION

9.2.1 CPA Ontario shall register as a Student any individual who:

9.2.1.1 has the qualifications and has met the requirements for registration set out in the Regulations; and

9.2.1.2 has applied for registration as a Student in accordance with the Regulations.

### 9.3 CONDUCT

Students are subject to the applicable provisions of the by-laws, Regulations, and Student Code, and to the regulatory and disciplinary processes of CPA Ontario applicable to Members.

### 9.4 RESIGNATION, SUSPENSION, AND DEREGISTRATION

9.4.1 CPA Ontario may consider a Student's application for resignation in accordance with the Regulations.

9.4.2 A Student who applies for resignation while the subject of the investigation or discipline processes of CPA Ontario, including any disciplinary order, may be deregistered by CPA Ontario, but only in circumstances where the Student has given an undertaking not to apply for registration, reregistration, or membership in CPA Ontario, a Provincial Body, a Regional Body, a Regulatory Body, or CPA Canada.

9.4.3 CPA Ontario may suspend, reinstate, and deregister a Student in accordance with the Regulations.

9.4.4 CPA Ontario shall not reregister any deregistered Student except as provided by the by-laws and Regulations. A reregistration may be subject to restrictions or conditions.

## 10. FIRMS

### 10.1 PROHIBITIONS ON PRACTICE

- 10.1.1 No Member or Student shall engage in the Practice of Public Accounting or in Providing Accounting Services to the Public except through a Firm that is registered with CPA Ontario in accordance with the by-laws and Regulations and holds a valid and current Registration Certificate.
- 10.1.2 No Firm shall carry on any practice or business permitted by law without a Registration Certificate in good standing.
- 10.1.3 No Professional Corporation shall engage in the Practice of Public Accounting unless it holds a valid and current Certificate of Authorization.

### 10.2 REGISTRATION, RENEWAL, AND CONTINUING OBLIGATIONS

- 10.2.1 The Registrar shall register as a Firm, and issue a Registration Certificate to, any entity that:
  - 10.2.1.1 has met the requirements for registration set out in the Regulations; and
  - 10.2.1.2 has applied for registration in accordance with the Regulations.
- 10.2.2 The Registrar shall renew the registration of a Firm that has met the requirements for renewal and has applied for renewal in accordance with the Regulations, if any.
- 10.2.3 Every Firm shall provide CPA Ontario with all information, documents, and other materials required by the Act, by-laws, and Regulations.
- 10.2.4 Every Firm shall notify CPA Ontario immediately, and provide proof as required by CPA Ontario of any change to the information provided in its application for registration or renewal within 30 Days of the change.
- 10.2.5 Every Firm shall provide CPA Ontario with written notice of any significant change in the practice, composition, or structure of the Firm before the change takes place or within 30 Days of the change. A significant change includes:
  - 10.2.5.1 the merger, acquisition, closure or dissolution of a Firm; and
  - 10.2.5.2 for a Professional Corporation, any change in shareholder, director, officer, or articles of incorporation.

## 10.3 FIRM NAME

Every Firm shall:

- 10.3.1 practise or hold itself out as practising as a chartered professional accountant only in its registered name as set out in the CPA Ontario register described in section 13.1; and
- 10.3.2 use any designation controlled by CPA Ontario only in conjunction with its registered name as set out in the CPA Ontario register.

## 10.4 BANKRUPTCY

Every Firm, and every entity applying for registration in CPA Ontario, shall notify the Registrar of an event of bankruptcy as described in the Regulations in the manner provided in the Regulations, and shall be subject to the requirements set out in the Regulations and the powers of the Registrar in this regard.

## 10.5 VOLUNTARY SURRENDER OF REGISTRATION

10.5.1 A Firm shall submit a written application to deregister as a Firm with CPA Ontario.

10.5.2 The Registrar may, in accordance with the Regulations:

- 10.5.2.1 refuse to accept the application to deregister;
- 10.5.2.2 impose conditions that must be satisfied before an application to deregister is accepted; or
- 10.5.2.3 accept the application to deregister.

10.5.3 If the Firm's application to deregister is accepted:

- 10.5.3.1 the deregistration shall take effect on the date set by the Registrar; and
- 10.5.3.2 the Firm shall destroy the Registration Certificate and any other proof of registration issued to the Firm on or before the date the deregistration takes effect, as directed by the Registrar; and
- 10.5.3.3 the Certificate of Authorization of the Firm, if any, shall automatically terminate as of the date of deregistration.

## 10.6 ADMINISTRATIVE SUSPENSION OF REGISTRATION

- 10.6.1 The Registrar may, in accordance with the Act and Regulations, suspend the registration of any Firm for the failure to maintain professional liability insurance in accordance with section 14.
- 10.6.2 During the period of suspension, a Firm's Certificate of Authorization, if any, shall also automatically be suspended.
- 10.6.3 During the period of suspension, the Firm:
- 10.6.3.1 has none of the rights and privileges of registration; and
  - 10.6.3.2 continues to be responsible for all Dues.
- 10.6.4 A Firm that is suspended under section 10.6.1 shall remain suspended until the Firm complies with the requirements.

## 10.7 FIRM REPRESENTATIVE

- 10.7.1 Every Firm shall name a Member In Good Standing as its Firm Representative. The Firm Representative shall be accountable for the Firm's compliance with the Act, by-laws, and Regulations.
- 10.7.2 The Registrar may, in accordance with the Act and Regulations, suspend the membership of the Firm Representative:
- 10.7.2.1 for the Firm's failure to pay any Dues;
  - 10.7.2.2 for the Firm's failure to provide information, documents, or other materials required by the Act, by-laws, or Regulations, or requested by the Registrar or any Committee;
  - 10.7.2.3 following the Firm's disclosure of certain bankruptcy events, as provided in the Regulations; or
  - 10.7.2.4 for the Firm's failure to successfully complete any obligation or requirement, or maintain any status, imposed by the Act, by-laws, or Regulations, or to provide proof of such successful completion.
- and the Firm Representative shall remain suspended until the Firm complies with the requirements and the Firm Representative is reinstated in accordance with the by-laws and Regulations, or until the Firm Representative's membership is revoked under section 7.7.1.
- 10.7.3 Where the Firm Representative's membership is revoked, the Firm shall name a new Firm Representative.
- 10.7.4 Where the Firm has no Members In Good Standing to name as a Firm Representative, the Registrar may deregister the Firm.

## 10.8 DEREGISTRATION

10.8.1 The Registrar shall deregister a Firm 60 Days after the imposition of a suspension under section 10.6 unless, before that date, the Registrar has reinstated the registration, unless otherwise specified in the Regulations.

10.8.2 A Firm shall automatically be deregistered if the memberships of all of its proprietors, partners or shareholders have been revoked, or upon its dissolution.

## 10.9 REINSTATEMENT OF REGISTRATION

A Firm may be reinstated in accordance with the Regulations.

## 10.10 APPEALS

The Registrar's decision to deny registration as a Firm, to not renew the registration of a Firm, to register a Firm subject to restrictions and/or conditions, to administratively suspend a Firm's registration, or to deregister a Firm, may be appealed by the subject of the decision to the Admission and Registration Committee, as set out in the Regulations.



## 11. DUES

### 11.1 DUES

- 11.1.1 The Council shall fix and may vary the Dues from time to time.
- 11.1.2 The Council shall make Regulations governing Dues and their payment terms.
- 11.1.3 The Council may require each Member to pay to CPA Ontario the amount charged to that Member by CPA Canada for membership in CPA Canada. The Regulations governing Dues shall apply to this payment.
- 11.1.4 Despite any suspension, a Member, Student, or Firm continues to be responsible for all Dues levied before and during the suspension.
- 11.1.5 Despite any resignation, revocation, or deregistration, a current or former Member, Student, or Firm continues to be responsible for all Dues levied before the resignation, revocation, or deregistration.

## 12. DESIGNATIONS, INITIALS, AND RECOGNITION OF SPECIALISTS

### 12.1 DESIGNATIONS AND INITIALS

The Council may make Regulations providing for the use of designations and initials. A Member is entitled to use the designations and initials set out in the Regulations in accordance with the Regulations.

### 12.2 RECOGNITION OF SPECIALISTS

- 12.2.1 The Council may make Regulations providing for the training and recognition of specialists. Any Regulation so made may, among other matters, provide for the registration of specialists, and the use of, or restriction on, any associated designations and initials.

## 13. REGISTER AND DIRECTORIES

### 13.1 REGISTER

The Registrar shall establish and maintain a register containing the names of all Members and Firms. The register shall be open to examination by the public at CPA Ontario's head office during normal office hours free of charge.

### 13.2 CONTACT INFORMATION

13.2.1 Every Member and Student shall provide CPA Ontario with their legal and preferred names, residential and business address, telephone number, and email address, and shall specify a preferred contact address (business or residential), and any other information required by the Registrar in accordance with the Regulations.

13.2.2 Every Firm shall provide CPA Ontario with their name, business address, telephone number, website url, the name and contact details of the Firm Representative, and any other information required by the Registrar in accordance with the Regulations.

13.2.3 Every Member, Student, and Firm shall provide CPA Ontario with written notice of any change in their contact information before a change takes place or within 30 Days of the change, and shall provide proof as required by CPA Ontario of any legal change of name.

### 13.3 DIRECTORIES

13.3.1 CPA Ontario may establish and maintain a directory of Members and a directory of Firms. CPA Ontario may make the Member and Firm directories available to the public.

13.3.2 The Member directory may contain a Member's legal and preferred names, designations and initials, Public Accounting Licence (if any), Firm or employer name, city of employment, discipline history, bankruptcy history, restrictions and conditions on practice, and Allegations made against the Member.

13.3.3 CPA Ontario may exempt a Member from having their contact information being made available to the public where CPA Ontario is of the opinion that there are legitimate concerns surrounding a Member's personal security.

13.3.4 The Firm directory may contain a Firm's name, address, telephone number, registration and discipline history, bankruptcy history, restrictions and conditions on practice, and Allegations made against the Firm.

### 13.4 ROLL OF LICENSED PUBLIC ACCOUNTANTS

13.4.1 CPA Ontario shall establish a roll of Members and Professional Corporations with a Public Accounting Licence or Certificate of Authorization, as applicable, to be called the Roll of Licensed Public Accountants.

- 13.4.2 The roll shall contain the names and addresses of Members and Professional Corporations who hold or who have held a Public Accounting Licence or Certificate of Authorization, respectively, as set out in the Regulations.
- 13.4.3 CPA Ontario shall maintain the roll on its website in a publicly accessible and freely available manner that is open for public inspection, except to the extent that CPA Ontario is of the opinion that there are legitimate concerns surrounding a licensee's personal security.

## 14. PROFESSIONAL LIABILITY INSURANCE

### 14.1 PROFESSIONAL LIABILITY INSURANCE

Every Member and Firm engaged in the Practice of Public Accounting or Providing Accounting Services to the Public shall maintain professional liability insurance, and provide CPA Ontario with proof of such insurance, in accordance with the Regulations.

## 15. COMPLAINTS AND DISCIPLINE

### 15.1 STANDARDS OF CONDUCT

All Members, Students, and Firms shall comply with the applicable provisions of the by-laws and the Student Code.

### 15.2 DEEMED KNOWLEDGE OF FIRMS

There is a rebuttable presumption that a Firm knows of any act, conduct, omission, matter, or thing in respect of any of its Members, Students, employees or agents which, in the course of carrying out the business of the Firm, breaches the Code and/or the Student Code.

### 15.3 COMPLAINTS

15.3.1 A complaint about a Member, Student, or Firm shall be made in the form and manner specified in the Regulations.

15.3.2 The Professional Conduct Committee, or its designate as specified in the Regulations, may consider information received from any source a complaint, and review and investigate accordingly.

### 15.4 REVIEW AND INVESTIGATION OF COMPLAINTS

15.4.1 The Professional Conduct Committee, or its designate as specified in the Regulations:

15.4.1.1 shall review all complaints in accordance with the Regulations;

15.4.1.2 at the conclusion of the review, may:

- (a) appoint an Investigator to investigate a complaint; or
- (b) take any other action set out in the Regulations.

15.4.2 An Investigator shall:

15.4.2.1 investigate matters in the manner specified in the Regulations; and

15.4.2.2 report the results of the investigations to the Professional Conduct Committee.

15.4.3 At the conclusion of the investigation, the Professional Conduct Committee may:

15.4.3.1 refer the matter to the Discipline Committee; or

15.4.3.2 take any other action set out in the Regulations.

## 15.5 REVIEWER OF COMPLAINTS

15.5.1 The Council shall appoint, for such term as it may specify, a Reviewer of Complaints, as prescribed in the Regulations.

15.5.2 Following the review or investigation set out in section 15.4, the complainant may, in the circumstances set out in the Regulations, apply to the Reviewer of Complaints for a review of the determination made by the Professional Conduct Committee or its designate.

15.5.3 The Reviewer of Complaints shall have such powers and duties as set out in the Regulations.

## 16. CAPACITY

### 16.1 CAPACITY – INVESTIGATION

- 16.1.1 In dealing with information suggesting that a Member is Incapacitated, the Registrar has the powers and duties set out in the Act, by-laws, and Regulations.
- 16.1.2 The Registrar shall investigate any matter referred to it as a Potential Capacity Application in accordance with the Regulations.
- 16.1.3 The Registrar may consider information received from any source in determining whether such information should constitute a Potential Capacity Application.
- 16.1.4 The Registrar's determination under section 16.1.3 is final.
- 16.1.5 At the conclusion of the investigation of a Potential Capacity Application, the Registrar may take any further actions set out in the Regulations.

### 16.2 CAPACITY – DETERMINATION

- 16.2.1 The Capacity Committee shall hear and decide:
  - 16.2.1.1 all applications referred to it by the Registrar under section 16.1.5; and
  - 16.2.1.2 all applications made directly to the Capacity Committee as set out in the Regulations.

## 17. PUBLIC ACCOUNTING LICENCES AND CERTIFICATES OF AUTHORIZATION

### 17.1 REQUIREMENT OF A PUBLIC ACCOUNTING LICENCE

17.1.1 Membership in CPA Ontario does not, in and of itself, entitle a Member to a Public Accounting Licence.

17.1.2 No Member shall engage in the Practice of Public Accounting without holding a valid and current Public Accounting Licence.

### 17.2 ISSUANCE OF NEW PUBLIC ACCOUNTING LICENCE

A Member is eligible to be issued a new Public Accounting Licence if the Member has:

17.2.1 met the requirements set out in the Regulations; and

17.2.2 applied for a Public Accounting Licence in accordance with the Regulations.

### 17.3 RENEWAL OF PUBLIC ACCOUNTING LICENCE

To remain valid, a Public Accounting Licence shall be renewed as provided in this By-law and the Regulations. A Member is eligible for the renewal of their Public Accounting Licence if the Member has:

17.3.1 applied for renewal before the expiry date of the Public Accounting Licence in accordance with the Regulations; and

17.3.2 met all other requirements for renewal set out in the Regulations.

### 17.4 REQUIREMENT OF A CERTIFICATE OF AUTHORIZATION

17.4.1 Registration as a Firm with CPA Ontario does not, in and of itself, entitle a Professional Corporation to a Certificate of Authorization.

17.4.2 No Professional Corporation shall engage in the Practice of Public Accounting without:

17.4.2.1 holding a valid and current Certificate of Authorization; and

17.4.2.2 registering as a Firm with CPA Ontario in accordance with section 10.

## 17.5 ISSUANCE OF A CERTIFICATE OF AUTHORIZATION

A Professional Corporation that is registered as a Firm is eligible to be issued a new Certificate of Authorization if the Professional Corporation has:

- 17.5.1 met the requirements set out in the Regulations; and
- 17.5.2 applied for a Certificate of Authorization in accordance with the Regulations.

## 17.6 RENEWAL OF CERTIFICATE OF AUTHORIZATION

A Professional Corporation that is registered as a Firm is eligible for the renewal of a Certificate of Authorization if it has:

- 17.6.1 met the requirements for renewal set out in the Regulations; and
- 17.6.2 applied for renewal before the expiry date of the Certificate of Authorization in accordance with the Regulations.

## 17.7 POWERS AND DISCRETION IN ISSUANCE AND RENEWAL

- 17.7.1 The Public Accounting Licencing Board and, in the circumstances set out in the Regulations, the Admissions and Registration Committee shall have the power to issue Public Accounting Licences and Certificates of Authorization, and to renew Public Accounting Licences and Certificates of Authorization, in accordance with the Regulations.
- 17.7.2 The Public Accounting Licensing Board may, in its discretion, issue or renew a Public Accounting Licence or a Certificate of Authorization in the circumstances and in accordance with the procedure outlined in the Regulations.

## 17.8 SUSPENSION AND REVOCATION OF PUBLIC ACCOUNTING LICENCE OR CERTIFICATE OF AUTHORIZATION

- 17.8.1 CPA Ontario shall suspend or revoke a Public Accounting Licence upon the suspension, revocation, or voluntary surrender of the membership of the Member, in accordance with the procedure set out in the Regulations.
- 17.8.2 CPA Ontario shall suspend or revoke a Certificate of Authorization:
  - 17.8.2.1 if the registration of a Firm is suspended, revoked, or voluntarily surrendered; or
  - 17.8.2.2 the Firm has no shareholders with a valid and current Public Accounting Licence.
- 17.8.3 The Public Accounting Licensing Board may suspend a Public Accounting Licence or a Certificate of Authorization for the failure to meet the requirements set out in the by-laws or Regulations.



## 17.9 REVIEW BY THE ADMISSION AND REGISTRATION COMMITTEE

The Admission and Registration Committee shall have the power to review licensure decisions made by the Public Accounting Licencing Board, in accordance with the Regulations.

## 17.10 REQUIRED DISCLOSURES BY PUBLIC ACCOUNTANTS

Every Member or Firm shall make the disclosures set out in the Regulations on any statement or report relating to the Practice of Public Accounting.

## 17.11 MANDATORY REGISTRATION WITH CPAB

Every Member or Firm authorized to engage in the Practice of Public Accounting that issues, or seeks to be authorized to issue, audit reports on financial statements of any reporting issuer as defined in the *Securities Act* (Ontario) shall be registered with CPAB, shall be subject to the rules and oversight of CPAB, and may be inspected by CPAB in respect of the performance of such engagements.

## 18. PRACTICE INSPECTION

### 18.1 PRACTICE INSPECTION PROGRAM

- 18.1.1 CPA Ontario shall maintain a practice inspection program, with the power to inspect the practice of any Member or Firm engaged in the Practice of Public Accounting or in Providing Accounting Services to the Public, including Members who do not hold a Public Accounting Licence, in accordance with the Act, by-laws, and Regulations.
- 18.1.2 Each Member or Firm subject to a practice inspection shall pay the cost of the practice inspection, as set out in the Regulations.
- 18.1.3 A Member or Firm subject to a practice inspection shall cooperate fully with CPA Ontario, and shall produce any working paper files, books, documents or other material in their possession, custody, or control immediately upon the request of an Inspector.
- 18.1.4 An Inspector has the powers, duties, and responsibilities set out in the Act, by-laws, and Regulations.

## 19. DISTINCTIONS

### 19.1 FELLOWS

- 19.1.1 The Council may name any Member In Good Standing, or any former Member posthumously, a Fellow.
- 19.1.2 A Fellow may use such designations and initials as are prescribed by the Regulations.
- 19.1.3 The Council may suspend or revoke a fellowship at any time.
- 19.1.4 A Member may not identify themselves as a Fellow during any period of suspension.
- 19.1.5 A fellowship shall automatically be revoked upon the revocation of membership.

### 19.2 LIFE MEMBERS

- 19.2.1 The Council may name any Member In Good Standing a Life Member, if the Member:
  - 19.2.1.1 is a past chair of CPA Ontario;
  - 19.2.1.2 has rendered conspicuous service to CPA Ontario; or
  - 19.2.1.3 has attained 70 years of age at the beginning of the financial year in which the Member is considered for life membership, and has completed a minimum of 40 years of membership in an organization that regulates chartered professional accountants incorporated in any province or territory of Canada.

### 19.3 HONORARY MEMBERS

- 19.3.1 The Members may name an individual an Honorary member, and may revoke such honorary membership, in accordance with the Regulations.
- 19.3.2 An Honorary member is not a Member, and does not have any of the rights, privileges, and obligations of a Member; however, an Honorary member shall have the rights and privileges set out in the Regulations.

## 20. INSURANCE AND INDEMNIFICATION

### 20.1 INSURANCE

CPA Ontario shall purchase and maintain appropriate liability insurance for the benefit of CPA Ontario and each Person acting or having previously acted: (a) in the capacity of a Council Member, officer, or any other capacity at the request of or on behalf of CPA Ontario; or (b) in any similar capacity at Chartered Professional Accountants of Ontario Foundation, which insurance shall include property and public liability insurance, and directors' and officers' liability insurance; and may include such other insurance as the Council sees fit from time to time, with coverage limits in amounts per occurrence, with aggregate maximum limits, and with insurers, all as the Council deems appropriate from time to time.

### 20.2 LIABILITY EXCLUSION

Absent the failure to act honestly and in good faith with a view to the best interests of CPA Ontario in the performance of the duties of office, and save as may otherwise be provided in any statute or law, no present or past Council Member, officer or Committee member shall be personally liable for any loss, damage, or expense to CPA Ontario arising out of the acts, receipts, neglects, omissions, or defaults of such Council Member, officer, or Committee member, or of any other Council Member, officer, or Committee member, or any employee or agent of CPA Ontario, arising from any of the following:

- 20.2.1 insufficiency or deficiency of title to any property acquired by CPA Ontario or for or on behalf of CPA Ontario;
- 20.2.2 insufficiency or deficiency of any security in or upon which any of the monies of or belonging to CPA Ontario shall be placed out or invested;
- 20.2.3 loss or damage arising from the bankruptcy or insolvency of any Person, including any Person with whom or which any monies, securities or effects shall be lodged or deposited;
- 20.2.4 loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with monies, securities, or other assets belonging to CPA Ontario; or
- 20.2.5 loss, damage, or misfortune that may occur in the execution of the duties of the Council Member's, officer's, or Committee member's respective office or trust or in relation to the execution of their duties.

### 20.3 INDEMNIFICATION

Every individual (in this section referred to as a "protected individual"), including the respective heirs, executors, administrators, and estates and effects, of the individual, who:

- 20.3.1 is a Council Member; or

20.3.2 is an officer; or

20.3.3 is a Committee member; or

20.3.4 with the direction of CPA Ontario, has undertaken or is about to undertake any liability on behalf of CPA Ontario or any Person controlled by CPA Ontario, whether in the individual's personal capacity or as a Council Member, officer, or Committee member, or as a director, officer, committee member, employee, or volunteer of such Person,

shall be indemnified and saved harmless (including, the right to receive the first dollar payout, and without deduction or any co-payment requirement) to a maximum limit per claim made as established by the Council from time to time, from and against all costs, charges, and expenses that such protected individual sustains or incurs:

20.3.5 in or in relation to any demand, action, suit, or proceeding that is brought, commenced, or prosecuted against such protected individual in respect of any act, deed, matter, or thing whatsoever, made, done, or permitted or not permitted, by such protected individual, in or in relation to the execution of the duties of such office or in respect of any such liability; or

20.3.6 in relation to the affairs of CPA Ontario generally,

save and except such costs, charges, or expenses as are occasioned by the failure of such protected individual to act honestly and in good faith with a view to the best interests of CPA Ontario in the performance of their duties of office.

In the case of a criminal or administrative action or proceeding against a protected individual that is enforceable by a monetary penalty, no coverage shall be provided unless the protected individual had reasonable grounds for believing that their conduct was lawful.

Such indemnity will only be effective upon the exhaustion of all available and collectible insurance provided to protected individuals by CPA Ontario inclusive of whatever valid and collectible insurance has been collected.

It shall be the obligation of any individual seeking insurance coverage or indemnity from CPA Ontario to co-operate fully with CPA Ontario in the defence of any demand, claim, or suit made against such individual, and to make no admission of responsibility or liability to any third party without the prior agreement of CPA Ontario.

## 21. DOCUMENTS, FINANCIAL, AND OTHER MATTERS

### 21.1 HEAD OFFICE

The head office of CPA Ontario shall be in Toronto, Ontario, at the place the Council determines from time to time.

### 21.2 CHEQUES, DRAFTS, NOTES, ETC.

All cheques, drafts or orders for the payment of money, and all notes and acceptances, and bills of exchange shall be signed by the individual(s) and in the manner prescribed by the Council from time to time.

### 21.3 EXECUTION OF DOCUMENTS

Documents requiring execution by CPA Ontario shall be signed by an officer and the President and Chief Executive Officer, or their delegate for the purpose, or in such other manner as the Council may determine from time to time.

### 21.4 BOOKS AND RECORDS

The Council shall see that all necessary books and records required by the by-laws or by any applicable statute are regularly and properly kept.

### 21.5 RETENTION OF DOCUMENTS

All information and documents in the possession of CPA Ontario, the Council, or any Committee, shall be retained and destroyed in accordance with its policy on document retention.

### 21.6 BANKING

The Council shall designate the individuals authorized to transact the banking business of CPA Ontario, or any part thereof, with the bank, trust company, or other corporation carrying on banking business, that the Council has designated as CPA Ontario's banker, and to have the authority set out in the resolution, including, unless otherwise restricted, the power to:

21.6.1 operate CPA Ontario's accounts with the banker;

21.6.2 make, sign, draw, accept, endorse, negotiate, lodge, deposit or transfer any of the cheques, promissory notes, drafts, acceptances, bills of exchange, and orders for the payment of money;

21.6.3 issue receipts for and orders relating to any property of CPA Ontario;

21.6.4 execute any agreement relating to any banking business and defining the rights and powers of the parties to the agreement; and

21.6.5 authorize any officer of the banker to do any act or thing on CPA Ontario's behalf to facilitate the banking business.

## 21.7 DEPOSIT OF SECURITIES

The securities held by CPA Ontario shall be deposited for safe keeping with one or more bankers, trust companies, or other financial institutions, selected by the Council. Any and all securities so deposited may be withdrawn, from time to time, only upon the written order of CPA Ontario signed by such individual(s) and in the manner prescribed by the Council from time to time, and such authority may be general or confined to specific instances.

## 21.8 BORROWING

Without limiting the borrowing powers of CPA Ontario as set forth in the Act, the Council may from time to time, without authorization of the Members:

21.8.1 borrow money on the credit of CPA Ontario;

21.8.2 issue, sell, or pledge securities held by CPA Ontario; or

21.8.3 charge, mortgage, hypothecate, or pledge all or any of the real or personal property of CPA Ontario, including book debts, rights, powers, franchises, and undertakings, to secure any securities or for any money borrowed, or other debt, or any other obligation or liability of CPA Ontario,

provided that, except where CPA Ontario borrows on the security of its real or personal property, its borrowing power shall be limited to borrowing money for current operating expenses.

## 21.9 SPECIFIC BORROWING AUTHORITY

From time to time the Council may authorize any individual to make arrangements with reference to the money so borrowed or to be borrowed and as to the terms and conditions of the loan thereof, and as to the security to be given therefor, with power to vary or modify such arrangements, terms, and conditions, and to give such additional security as the Council may authorize, and generally to manage, transact, and settle the borrowing of money by the Council.

## 21.10 INVESTMENTS

The Council is authorized to make or receive any investments it determines appropriate.

## 21.11 AFFILIATIONS

- 21.11.1 CPA Ontario is affiliated with the Chartered Professional Accountants of Ontario Foundation, a charitable organization incorporated under the laws of Ontario. The Council may establish and continue affiliated foundations and other entities whose work supports CPA Ontario and authorize transfers of funds to such affiliated foundations and other entities.
- 21.11.2 CPA Ontario, with the Council's approval, may enter into an affiliation agreement with a university, college, school, corporation, or other entity with objects that are similar or related to CPA Ontario's objects.

## 21.12 GRANTS AND DONATIONS

The receipt, management, and investment of contributions, donations, and bequests from Members and others for benevolent and charitable purposes shall be the responsibility of the Chartered Professional Accountants of Ontario Foundation, unless the Council determines otherwise.

## 21.13 FINANCIAL YEAR

The financial year of CPA Ontario shall terminate on March 31 in each year or on such other date as the Council may determine from time to time.

## 21.14 AUDITORS

The Members Entitled to Vote shall, at each Annual Meeting, appoint an auditor to audit the books of CPA Ontario and to report to the Members at the next Annual Meeting. The auditor shall hold office until the next Annual Meeting, provided that the Council may fill any vacancy in the office of the auditor until the next Annual Meeting. The Council shall fix the remuneration of the auditor.



## 22. NOTICE

### 22.1 METHOD OF NOTICE

Except where otherwise provided in the Act, by-laws, Regulations, or Rules, notice shall be validly given if given by telephone, and notice shall also be validly given if given or sent:

22.1.1 by personal delivery;

22.1.2 by registered or ordinary mail;

22.1.3 by email or other electronic method;

22.1.4 to a Member, by inclusion in a Member communication, sent by email or other electronic method; or

22.1.5 by posting on CPA Ontario's website.

If given or sent to a Member, Student, or Firm, the notice shall be validly given if addressed to the Member, Student, or Firm for whom intended at the last address shown on CPA Ontario's records.

Any such notice shall be deemed given:

22.1.6 in the case of telephone, at the time of the telephone call;

22.1.7 in the case of posting on CPA Ontario's website, on the date of posting;

22.1.8 in the case of personal delivery, one Day after it is sent;

22.1.9 in the case of mailing by registered or ordinary mail, three Days after it is mailed; and

22.1.10 in the case of email or other electronic method, one Day after it is sent.

### 22.2 COMPUTATION OF TIME

In computing the date when notice must be given under any provision of the by-laws requiring a specified number of Days' notice of any meeting or other event, the date of giving the notice is excluded and the date of the meeting or other event is included. If the deadline for giving notice is on a Day that is not a Business Day, the deadline shall be deemed to be the next Business Day that follows that Day. If the Day on which notice is deemed given is on a Day that is not a Business Day, the notice shall be deemed given on the next Business Day.

### 22.3 OMISSIONS AND ERRORS

The accidental omission to give notice of any meeting of the Council, a Committee, or Members, or the non-receipt of any notice by any Council Member, Committee member, Member, or by the auditor of CPA Ontario, or any error in any notice not affecting its substance, shall not

invalidate any resolution passed or any proceedings taken at the meeting. Any Council Member, Committee member, Member, or the auditor of CPA Ontario may at any time waive notice of any meeting and may ratify and approve any or all proceedings taken at the meeting. Attendance and participation at a meeting constitutes waiver of notice.

## 22.4 EMAIL ADDRESS

All Members, Students, and Firms admitted or registered after the effective date of this By-law shall maintain a valid email address registered with CPA Ontario.

## 22.5 PROVISION OF NOTICES OR DOCUMENTS TO CPA ONTARIO

Unless otherwise specifically provided in the by-laws, Regulations, or Rules, any notice or document permitted or required to be provided to CPA Ontario by a Member, Student, or Firm under the by-laws, Regulations, or Rules may be given by personal service or may be sent by personal delivery, registered or ordinary mail, or email, provided that anything required to be in a form prescribed by CPA Ontario is in such form, anything required to be signed is signed, and anything required to be received at CPA Ontario within a prescribed time or by a prescribed date is received within such time or by such date.

## 22.6 ELECTRONIC SIGNATURES

Unless otherwise specifically provided in the by-laws, Regulations, or Rules, any document permitted or required to be signed may be signed by electronic signature as long as CPA Ontario may reliably determine that the document was created or communicated by or on behalf of the Person permitted or required to sign the document.

## 23. BY-LAWS AND AMENDMENTS

### 23.1 ENACTMENT

Subject to the Act:

- 23.1.1 The Council may make, repeal, or amend by-laws as necessary or desirable for CPA Ontario to conduct its business and carry out its objects in accordance with the Act.
- 23.1.2 A by-law or an amendment to a by-law made by the Council is effective as of the day it is made.
- 23.1.3 A by-law or an amendment to a by-law made by the Council shall be presented to the Members at the earlier of the next Annual Meeting, which shall be called an Annual and General Meeting, or at a General Meeting called for the purpose of considering the by-law or amendment. The notice of the meeting shall refer to the by-law or amendment to be presented.
- 23.1.4 The Members may approve the by-law or amendment as presented. If the Members withhold approval, it ceases to have effect on the day on which approval is withheld.
- 23.1.5 The rejection of a by-law or amendment by the Members does not affect the validity of any action taken under the by-law while it was in effect.
- 23.1.6 In the case of a by-law under paragraph 5 or 16 of section 65(2) of the Act, the Council shall, before making the by-law, submit it to the Minister responsible for the administration of the Act. A by-law so submitted may only be made if the Minister does not, within 45 Days of its submission, provide to the Council a written objection to the by-law.

### 23.2 EDITORIAL CHANGES

CPA Ontario may make editorial changes to the by-laws that do not affect the substance of any by-law in accordance with the Regulations.

### 23.3 REPEAL

This By-law shall become effective on November 19, 2018, and all prior by-laws (other than the Code) are repealed. The repeal of prior by-laws shall not impair in any way the validity of any act or thing done under any repealed by-law.

**ENACTED** by the Council on September 21, 2018.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

**APPROVED** by the Members on September 21, 2018.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

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**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 3-1**

**COUNCIL NOMINATION AND ELECTION PROCESS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 3-1  
COUNCIL NOMINATION AND ELECTION PROCESS**

**Application**

This is the Council nomination and election process contemplated by the By-law.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and by-laws and, for the purpose of this Regulation:
  - 1.1 “Candidate” means a Member who is qualified in accordance with the By-law and nominated for election to the Council; and
  - 1.2 “Election Materials” means the nomination form, Candidate biography, Candidate statement, Candidate photograph, education verification check, Candidate criminal background check, and such other materials as may be prescribed by the Council from time to time, all in the form prescribed by the Council.

**Eligibility**

2. Every Member who meets the Council Member qualifications set out in the By-law is eligible for election to the Council.
3. A Candidate who ceases to meet the Council Member qualifications set out in the By-law at any time before the Annual Meeting at which an election of Council Members is to take place shall immediately notify the Office of the General Counsel of that fact.

**Nomination Process**

***Call for Nominations***

4. At least 90 days before each Annual Meeting at which an election of Council Members is to take place, the Secretary shall provide a notice to all Members In Good Standing calling for nominations for Candidates and describing the nominations process and requirements for that election.
5. The call for nominations may be provided by any method of notice set out in the By-law.

***Submission of Election Materials***

6. Any two Members In Good Standing may nominate another qualified Member as a Candidate by completing and signing a nomination form, in the prescribed form.
7. The Candidate shall also sign the nomination form and, in so doing, shall certify that the Candidate is qualified and eligible for election to the Council, and that all information

provided in the nomination form and other submitted Election Materials is accurate and complete.

8. Together with the nomination form, the Candidate:
  - 8.1 shall provide a Candidate biography in the prescribed form;
  - 8.2 shall provide a Candidate statement in the prescribed form;
  - 8.3 may provide a photograph;
  - 8.4 shall complete, sign, and provide an education verification check, in the prescribed form;
  - 8.5 shall complete, sign, and provide a criminal background check form, in the prescribed form; and
  - 8.6 shall provide such other materials as may be prescribed by the Council from time to time.
9. The Candidate shall file the nomination form and other Election Materials with the Office of the General Counsel by personal delivery, registered or ordinary mail, email, or other electronic method.
10. Election Materials shall be filed by 5:00 p.m. on the 60th day before the Annual Meeting at which the election is to take place. Late filing shall result in the rejection of the nomination.
11. The Office of the General Counsel shall validate Election Materials.
12. If a Candidate is not qualified in accordance with the By-law and this Regulation, or if the Election Materials contain information that is false or misleading, the Office of the General Counsel shall reject the nomination.

### ***Candidate Vetting Process***

13. The Governance and Nominating Committee or its designees shall evaluate all Candidates whose Election Materials were validated and not rejected by the Office of the General Counsel in a vetting process.
14. The vetting process may include: an assessment of the Election Materials; a request for additional information; an interview; and other processes determined by the Governance and Nominating Committee, with the approval of the Council. Each Candidate will be evaluated on criteria such as: skill sets aligned to strategy; experience, leadership, diversity, professional reputation, engagement, and any additional factors determined by the Governance and Nominating Committee, with the approval of the Council.
15. The Governance and Nominating Committee shall provide the Council with a report on each Candidate whom it intends to recommend to the Members for election to the

Council; however all Candidates shall be put forward for election. The Governance and Nominating Committee may recommend to the Members more Candidates than vacancies.

16. Candidates who will not be recommended for election by the Governance and Nominating Committee shall be so notified before the publication of Election Materials.
17. A Candidate may withdraw their nomination at any time.

#### **Posting of Election Materials**

18. The Candidate biography, Candidate statement, and photograph, if filed, shall be posted to CPA Ontario's website for the information of Members, as the Council election profiles, and, by filing these Election Materials, the Candidate agrees to that posting.
19. CPA Ontario may edit any Candidate biography and/or Candidate statement for uniformity of presentation and space requirements and, while CPA Ontario shall make reasonable efforts to contact the Candidate before making changes, the Candidate agrees that changes may be made without their knowledge.
20. The Candidate biography shall include the Candidate's disclosure of their CPA Ontario discipline history.

#### **Disqualification**

21. A Candidate shall be disqualified from the election process if the Candidate:
  - 21.1 is not eligible for election, as set out in this Regulation and the By-law;
  - 21.2 fails to comply with this Regulation, which includes a failure to fully participate in the vetting process;
  - 21.3 withdraws their nomination; or
  - 21.4 is disqualified by the Governance and Nominating Committee.

#### **Election Method**

22. At each Annual Meeting, the Members shall elect the number of Council Members equal to the number of open seats on the Council.
23. The vote shall take place for each Candidate individually.

#### **Voting**

24. The scrutineer retained to manage the Annual Meeting at which the election takes place shall act as scrutineer for the election.

25. A ballot and proxy containing, in alphabetical order, the names of all Candidates whose nomination forms have been accepted, and who have not been disqualified, shall be provided to each Member Entitled to Vote.
26. Each Member Entitled to Vote may vote for up to the number of Candidates to be elected. Any ballot or proxy containing more votes than that number shall be considered spoiled and the scrutineer shall reject and not count that ballot or proxy.
27. A Member may not cast more than one vote for any one Candidate and must ensure that their ballot is received as required by the scrutineer.

#### **Tabulation of Results**

28. The scrutineer shall tabulate all votes received by ballot or proxy, and shall prepare a list with the name of each Candidate and the number of votes received by that Candidate.
29. Candidates shall be elected to the Council in the order of votes received, until all vacancies are filled.
30. If two or more Candidates receive the same number of votes, and that equality of votes would result in one or more of the Candidates not being elected, the Candidate(s) to be elected shall be decided by lot drawn by the chair of the meeting in the presence of the scrutineer and the Candidate(s) affected, if present at the meeting.

#### **Certificate of Results**

31. The scrutineer shall prepare, sign and deliver to the Office of the General Counsel a certificate of the results of the election showing the total number of votes cast for each Candidate.
32. The certificate of results shall be retained by the Office of the General Counsel and a copy of that certificate shall be made available to any Member In Good Standing on written request made within one year of the date of the meeting at which the election took place.
33. Except as provided in section 32, the Office of the General Counsel shall destroy all voting papers, documents and records pertaining to the Council election, including the Election Materials, within 30 days following the meeting at which the election took place.

#### **Governance and Nominating Committee**

34. The Governance and Nominating Committee shall:
  - 34.1 monitor, review and make recommendations on the nomination and election processes;



## REGULATIONS

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- 34.2 make rulings on the propriety of Election Materials, and any other matters related to the nomination and election processes; and
  - 34.3 address, as it deems appropriate, any matter related to the nomination and/or election process impacting on the integrity of that process or on the reputation of the profession, the membership, any Member, or CPA Ontario.
35. A decision of the Governance and Nominating Committee under section 34.2 is final.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-1**

**ADMISSION AND REGISTRATION COMMITTEE**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and as amended to March 6, 2020.**

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**REGULATION 6-1  
ADMISSION AND REGISTRATION COMMITTEE**

**Application**

This Regulation deals with the powers and obligations of the Admission and Registration Committee to hear and decide matters and appeals, and to review decisions. This Regulation applies to Members, Firms, Students, and applicants for admission to membership and registration as Firms or Students.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and By-law, and for the purpose of this Regulation:
  - 1.1 “Board” means the Public Accounting Licensing Board;
  - 1.2 “Panel” means a panel of the Admission and Registration Committee constituted in accordance with section 7;
  - 1.3 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated;
  - 1.4 “Request for Review” means the originating process for a review set out in section 40;
  - 1.5 “Secretary” means the secretary to the Admission and Registration Committee.

**Jurisdiction**

2. The Admission and Registration Committee is established under the Act and the By-law and has the powers of a statutory tribunal under the Statutory Powers Procedure Act.
3. The Admission and Registration Committee shall:
  - 3.1 hear and decide:
    - 3.1.1 matters of good character and matters where credibility is in issue referred by the Registrar or the Board under the Regulations; and
    - 3.1.2 applications for a Public Accounting Licence referred by the Board under the Regulations;
  - 3.2 hear and decide appeals from decisions of the Registrar where a right to appeal to the Admission and Registration Committee is provided in the Regulations;
  - 3.3 review decisions of the Board, as provided in the Regulations; and

- 3.4 regulate the processes and procedures for the hearings, appeals, and reviews before the Admission and Registration Committee,

in accordance with the by-laws and Regulations.

### **Composition**

4. The Admission and Registration Committee shall usually consist of 15 to 30 members, including a Chair, at least two Deputy Chairs, and between three and four public representatives. The Admission and Registration Committee members shall generally be representative of CPA Ontario's membership by occupation, geographic location, and shall include public accounting licensees or persons who held a public accounting licence within the three year period prior to their current appointment to the Admission and Registration Committee. The Head, Adjudicative Tribunals is an *ex officio* member of the Admission and Registration Committee, and is exempt from the provisions of section 5.
5. The Admission and Registration Committee members shall be appointed for an initial one year term, and shall be eligible for reappointment for a maximum of three additional three year terms. The Council may extend the maximum term of an Admission and Registration Committee member in extraordinary circumstances.
6. The Chair and Deputy Chairs of the Admission and Registration Committee shall be appointed from among the Admission and Regulation Committee members for a two year term, and shall be eligible for reappointment for a maximum of three additional two year terms. The Council may extend the maximum term of the Chair in extraordinary circumstances.

### **Panels and Quorum**

7. All hearings, appeals and reviews before the Admission and Registration Committee shall be heard by a Panel constituted as follows:
- 7.1 each Panel shall include at least three Admission and Registration Committee members including, where the subject matter of the hearing relates to the Practice of Public Accounting:
- 7.1.1 a public representative; and
- 7.1.2 a public accounting licensee or a person who held a public accounting licence within the three year period prior to their current appointment to the Admission and Registration Committee;
- 7.2 each Panel shall usually be chaired by the Admission and Registration Committee Chair or a Deputy Chair, but may be chaired by another Admission and Registration Committee member in exceptional circumstances, at the

discretion and direction of the Admission and Registration Committee Chair;  
and

- 7.3 the Head, Adjudicative Tribunals shall not sit on a Panel considering the merits of a hearing, appeal or review.
8. The Chair and Deputy Chairs of the Admission and Registration Committee and the Head, Adjudicative Tribunals are empowered to decide all matters referred to in section 3.4, including the adoption of Rules.

### **Hearings**

9. All hearings before a Panel under section 3.1 shall be conducted in accordance with the Rules.
10. The parties to a hearing under section 3.1 shall be the person directly impacted by the order being sought and the person at CPA Ontario referring the matter.
11. All hearings:
- 11.1 under section 3.1.1 shall be oral hearings; and
  - 11.2 under section 3.1.2 shall be written hearings unless:
    - 11.2.1 the hearing involves matters of good character or matters where the credibility of the Member is in issue, in which case the hearing shall be an oral hearing; or
    - 11.2.2 the Panel orders otherwise in accordance with the provisions set out in the Rules.
12. A Panel may, at any time, seek the advice of independent counsel. The Head, Adjudicative Tribunals may act as independent counsel. Any advice from independent counsel on an issue before the panel during the course of a hearing shall be given on the record. All parties shall have the opportunity to make submissions on that advice. The Panel is not bound by the advice of independent counsel.
13. A Panel shall consider the evidence and determine if, on the evidence, the party bearing the onus in the hearing has met that onus on the balance of probabilities.
14. Only members of the Panel hearing a matter shall participate in deliberations and make any decision and order on the matter before them in the hearing.
15. A Panel exercising the authority set out in section 3.1 shall have the power to make such decision and order as provided in the Regulation in which the power to refer the matter to the Admission and Registration Committee is set out.
16. A party to a hearing under:

- 16.1 section 3.1.1; and
  - 16.2 if the hearing involves matters of good character or matters where the credibility of the Member is in issue, section 3.1.2,
- may appeal the Panel's decision and order to the Appeal Committee.
17. Except as provided in section 16.2, the Panel's decision or order made under section 3.1.2 is final.

### **Appeals**

- 18. All hearings of appeals before a Panel under section 3.2 shall be conducted in accordance with the provisions in the Rules applicable to appeals and this Regulation.
- 19. The parties to an appeal under section 3.2 shall be the person directly impacted by the decision and the Registrar.
- 20. All hearings of appeals shall be written hearings unless the Panel orders otherwise in accordance with the provisions set out in the Rules.
- 21. The Panel shall not rehear a matter on appeal, but shall decide if, on the record, the final decision and order made are reasonable on the evidence and law.
- 22. A Panel may, at any time, seek the advice of independent counsel. The Head, Adjudicative Tribunals may act as independent counsel. Any advice from independent counsel on an issue before the panel during the course of an appeal hearing shall be given on the record. All parties shall have the opportunity to make submissions on that advice. The Panel is not bound by the advice of independent counsel.
- 23. Only Panel members hearing an appeal shall participate in deliberations and make any decision and order on the appeal.
- 24. The Panel has the power to:
  - 24.1 dismiss the appeal;
  - 24.2 vary the final decision and/or order of the decision maker appealed from, and make any decision and order that the decision maker appealed from could have made; or
  - 24.3 refer the matter back to the original decision maker.
- 25. The Panel's decision on an appeal is final.

### **Reconsiderations**

26. The Admissions and Registration Committee may reconsider a decision or order made under sections 3.1 or 3.2:
- 26.1 at any time after the fifth anniversary of the decision or order becoming final, if:
    - 26.1.1 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, unnecessary;
    - 26.1.2 there has been a material change in circumstances that obstructs or impedes the purpose and intent of the decision or order, or a part of the decision or order;
    - 26.1.3 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, incapable of being reasonably complied with or fulfilled; or
    - 26.1.4 the decision or order, or a part of the decision or order, is no longer legally valid or enforceable;
  - 26.2 at any time, if:
    - 26.2.1 one or more of the conditions set out in sections 26.1.2, 26.1.3, or 26.1.4 exist; and
    - 26.2.2 the decision or order (or a part of the decision or order) will result in a miscarriage of justice that may be prevented by the reconsideration.
27. The Panel hearing a motion for reconsideration may include Panel members who did not participate in the decision or order being reconsidered.
28. The responding party to a motion under section 26 shall be the person or Committee at CPA Ontario that was the party to the hearing or appeal on the original hearing or appeal.
29. The party bringing the motion under section 26 bears the onus of establishing, on a balance of probabilities, that the reconsideration should be granted.
30. After hearing the motion for reconsideration, the Panel may:
- 30.1 confirm the decision or order in whole or in part;
  - 30.2 strike the decision or order in whole or in part; or
  - 30.3 vary the decision or order in whole or in part, on such terms and conditions and with such restrictions as the Panel considers appropriate.
31. In the case of decisions or orders originally made under section 3.1, a party may appeal the Panel's decision under section 30 to the Appeal Committee. In all other cases the Panel's decision shall be final.

**Applications for Readmission**

32. An application for:
- 32.1 readmission after an order revoking membership made by the Admission and Registration Committee; or
  - 32.2 reregistration as a Student or admission to Membership, after an order deregistering the Student made by the Admission and Registration Committee,
- under Regulations 7-1 and 9-1 requires a motion for reconsideration of the original order by the Admission and Registration Committee.
33. The Panel hearing a motion under section 32 may include Panel members who did not participate in the decision or order being reconsidered.
34. The responding party to a motion under section 32 shall be the Registrar.
35. Before bringing a motion under section 32, the applicant shall obtain written confirmation from the Registrar that the applicant otherwise meets the requirements for readmission, reregistration or admission as provided in Regulations 7-1 or 9-1.
36. If the confirmation referred to in section 35 cannot be obtained only because:
- 36.1 the applicant has not provided evidence of good character satisfactory to the Registrar; or
  - 36.2 the Registrar requires assessment of the applicant's credibility,
- the Registrar shall provide confirmation that all other requirements for readmission, reregistration, or admission as provided in Regulations 7-1 or 9-1 have been met.
37. The applicant on a motion under section 32 bears the onus of establishing that:
- 37.1 the confirmation under section 35 or section 36 has been obtained;
  - 37.2 in the case of a confirmation under section 36, that:
    - 37.2.1 the applicant is of good character; or
    - 37.2.2 that the issue of the applicant's credibility should be resolved in the applicant's favour,
- as the case may be;
- 37.3 the requirements for reconsideration provided in section 26 have been met; and



- 37.4 the applicant has abided by all terms of the order revoking membership or deregistration, as the case may be.
- 38. If the Panel is satisfied that the provisions of section 37 have been met, it may:
  - 38.1 grant the application for readmission, reregistration, or admission on such conditions and restrictions as the Panel considers appropriate; and
  - 38.2 vary or strike the original order as provided in sections 30.2 and 30.3.
- 39. A party may appeal the Panel's decision to the Appeal Committee.

### **Review**

- 40. All reviews by a Panel under section 3.3 shall be conducted as follows:
  - 40.1 Reviews shall be commenced by a Request for Review, which shall include:
    - 40.1.1 the grounds for the review;
    - 40.1.2 a copy of the decision to be reviewed;
    - 40.1.3 a copy of each document relevant to the review that was before the Board at the time that it made its decision; and
    - 40.1.4 the written submissions of the applicant on the review.
  - 40.2 The applicant on a review shall file the Request for Review with the Secretary:
    - 40.2.1 within 30 Days of the decision being reviewed; or
    - 40.2.2 after 30 Days, only with leave of the Panel or the Head, Adjudicative Tribunals.
  - 40.3 The Secretary shall:
    - 40.3.1 forward the Request for Review to the Board; and
    - 40.3.2 request the Board to provide any additional information, documents, and materials relevant to the review that was before the Board at the time that it made its decision.
- 41. After considering the Request for Review and any additional information, documents and materials provided under section 40.3.2, the Panel may refer an application back to the Board if the Board:
  - 41.1 acted outside its jurisdiction;

- 41.2 acted contrary to the rules of natural justice and procedural fairness applicable in the circumstances; or
  - 41.3 did not give appropriate consideration to all of the evidence that was before the Board at the time that the original decision was made.
42. The Panel's decision on a review is final.

**Orders, Decisions, and Reasons**

- 43. The decision or order of a Panel is final when it is pronounced, except that the Panel or the Secretary may at any time correct minor administrative errors in the decision, order, or reasons of a Panel.
- 44. The Panel shall provide its final order, decision, and reasons, if applicable, in writing, to all parties.

**Capacity Determinations**

- 45. If a party to a hearing, appeal, or review has been referred to the Registrar for consideration as a Potential Capacity Application, or if the issue of the capacity of the party arises during an Admission and Registration Committee hearing, appeal, or review, the Panel shall determine if the party is competent to participate in the hearing, appeal, or review and, if the Panel determines that the party is not competent to participate, the Panel shall stay the hearing, appeal, or review on such terms as it deems appropriate.
- 46. In all cases where the Panel has not stayed a hearing as provided in section 45 and where evidence is presented on the capacity of the party, the Panel shall consider the evidence in the same manner as it would consider any other evidence properly before it in reaching its decision and/or making an order.
- 47. If the party referred to in section 45 has not been referred to the Registrar for consideration as a Potential Capacity Application, and if the Panel determines that there are reasonable grounds to believe a party who is a Member may be Incapacitated, the Panel shall, at the conclusion of the hearing, appeal, or review, refer the matter to the Registrar as a Potential Capacity Application.

**Notice to be Provided by the Admission and Registration Committee**

- 48. Notice of the time, date and place of:
  - 48.1 hearings under section 3.1.1;
  - 48.2 hearings under section 3.1.2 that involve matters of good character or matters where the credibility of the Member is in issue; and
  - 48.3 reconsiderations of matters referred to in sections 48.1 and 48.2,

not including the name of the subject Member, Student, or applicant shall be posted on CPA Ontario's website, along with notice that the hearing is not open to the public.

49. In the case of hearings under section 3.1.1, hearings under section 3.1.2 that involve matters of good character, or matters where the credibility of the Member is in issue and reconsiderations of matters referred to in sections 48.1 and 48.2, the decision, order, and written reasons of the Admission and Registration Committee, with the name and other identifying information of the subject Member, Student, or applicant removed, shall be posted on a publicly accessible area of CPA Ontario's website.
50. The Admission and Registration Committee shall report on the disposition of every hearing, appeal, and review referred to it and of any decision to stay a hearing or appeal under section 45:
  - 50.1 to the parties;
  - 50.2 to the Council; and
  - 50.3 if the subject of the matter is licensed or authorized to practise public accounting, to the Public Accountants Council, along with the written reasons for the decision, disclosing the name of the subject.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-2**

**DISCIPLINE COMMITTEE**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and as amended to March 6, 2020.**

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**REGULATION 6-2  
DISCIPLINE COMMITTEE**

**Application**

This Regulation deals with the powers and obligations of the Discipline Committee, and applies to Members, Students, and Firms.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and By-law, and for the purpose of this Regulation:
  - 1.1 “Panel” means a panel of the Discipline Committee constituted in accordance with section 7;
  - 1.2 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated;
  - 1.3 “Secretary” means the secretary to the Discipline Committee.

**Jurisdiction**

2. The Discipline Committee is established under the Act and the By-law and has the powers of a statutory tribunal under the Statutory Powers Procedure Act.
3. The Discipline Committee shall:
  - 3.1 hear and decide every:
    - 3.1.1 Allegation brought before it by the Professional Conduct Committee;
    - 3.1.2 application for a preliminary suspension brought before it by the Professional Conduct Committee;
    - 3.1.3 motion for reconsideration as provided in section 24; and
    - 3.1.4 motion for readmission, reregistration, or admission referred to the Discipline Committee under Regulation 7-1, 9-1 and 10-1; and
  - 3.2 consider every settlement agreement brought before it by the Professional Conduct Committee; and
  - 3.3 regulate the processes and procedures for the hearings before the Discipline Committee,

in accordance with the by-laws and Regulations.

**Composition**

4. The Discipline Committee shall consist of between 15 to 35 members, including a Chair and at least two Deputy Chairs, and between three and eight public representatives. The Discipline Committee members shall generally be representative of CPA Ontario's membership by occupation and geographic location, and shall include public accounting licensees or those who held public accounting licences within the three year period prior to their current appointment to the Discipline Committee. The Head, Adjudicative Tribunals is an *ex officio* member of the Discipline Committee, and is exempt from the provisions of section 5.
5. The Discipline Committee members shall be appointed for a one-year term, and shall be eligible for reappointment for a maximum of three additional three-year terms. The Council may extend the maximum term of a Discipline Committee member in extraordinary circumstances.
6. The Chair and Deputy Chairs of the Discipline Committee shall be appointed from among the Discipline Committee members for a two-year term, and shall be eligible for reappointment for a maximum of three additional two-year terms. The Council may extend the maximum term of the Chair or a Deputy Chair in extraordinary circumstances.

**Panels and Quorum**

7. All hearings before the Discipline Committee shall be heard by a Panel constituted as follows:
  - 7.1 each Panel shall include at least three Discipline Committee members including, where a subject of the hearing holds a Public Accounting License:
    - 7.1.1 a public representative; and
    - 7.1.2 a public accounting licensee or a person who held a public accounting licence within the three year period prior to their current appointment to the Discipline Committee;
  - 7.2 each Panel shall usually be chaired by the Discipline Committee Chair or a Deputy Chair, but may be chaired by another Discipline Committee member in exceptional circumstances, at the discretion and direction of the Discipline Committee Chair; and
  - 7.3 the Head, Adjudicative Tribunals shall not sit on a Panel considering the merits of a hearing.
8. The Chair and Deputy Chairs of the Discipline Committee and the Head, Adjudicative Tribunals are empowered to decide all matters referred to in section 3.3 including adoption of Rules.

### **Hearings**

9. All hearings before a Panel shall be conducted in accordance with the Rules and this Regulation.
10. The Professional Conduct Committee may withdraw an Allegation or any portion of an Allegation up to the time that the subject of the Allegation either admits or declines to admit professional misconduct as set out in the relevant portion of the Allegation, and afterwards, shall only withdraw the Allegation or the relevant portion of it with the consent of all parties and with leave of the Panel hearing the Allegation.
11. A Panel may, at any time, seek the advice of independent counsel. The Head, Adjudicative Tribunals may act as independent counsel. Any advice from independent counsel on an issue before the panel during the course of a hearing shall be given on the record. All parties shall have the opportunity to make submissions on that advice. The Panel is not bound by the advice of independent counsel.
12. A Panel shall consider the evidence and determine if, on the evidence, the party bearing the onus in the hearing has met that onus on the balance of probabilities.
13. Only Panel members hearing a matter shall participate in deliberations and make any decision or order on the matter.

### **Sanctions for Findings of Professional Misconduct**

14. A Panel shall not consider the sanctions referred to in section 16 unless and until it has made a finding of professional misconduct under the Code or the Student Code.
15. In determining appropriate sanctions, the Panel:
  - 15.1 shall consider any aggravating and mitigating factors; and
  - 15.2 may consider relevant principles, that may include:
    - 15.2.1 protection of the public interest;
    - 15.2.2 general deterrence of the membership;
    - 15.2.3 specific deterrence of the Member;
    - 15.2.4 rehabilitation of the Member; and
    - 15.2.5 denunciation.
16. A Panel may, by order, impose one or more of the following sanctions on a person found to have committed professional misconduct:
  - 16.1 in the case of all Members, Firms, and, to the extent applicable, Students:

- 16.1.1 formal reprimand, orally or in writing;
- 16.1.2 fine;
- 16.1.3 completion of specified professional development or examinations;
- 16.1.4 supervised practice for a specified period of time, with or without conditions;
- 16.1.5 re-investigation by the Professional Conduct Committee by a specified date;
- 16.1.6 practice inspection, with or without conditions;
- 16.1.7 counselling or treatment;
- 16.1.8 restriction of or conditions on practice or employment for a specified period;
- 16.1.9 establishment and implementation of quality control procedures or professional training programs, as specified;
- 16.1.10 monitoring of compliance;
- 16.1.11 suspension of membership or registration, with or without conditions;
- 16.1.12 resignation of membership by a specified date;
- 16.1.13 revocation of membership or deregistration;
- 16.1.14 payment of compensation to a person for losses arising from the professional misconduct; and
- 16.1.15 any other sanction appropriate in the circumstances; and
- 16.2 in the case of Members and Firms that engage in the Practice of Public Accounting, in addition to the sanctions set out in section 16.1:
  - 16.2.1 suspension of licence or authorization to practise public accounting, for a specified period, with or without conditions;
  - 16.2.2 revocation of licence or authorization to practise public accounting; and
  - 16.2.3 any other sanction authorized by the PAC Standards.
- 17. A Panel has the power to informally admonish any person under the jurisdiction of CPA Ontario, either during or at the conclusion of the hearing, regardless of any finding of professional misconduct.



18. A party may appeal the Panel's decision and order on misconduct and sanctions to the Appeal Committee.

### **Settlement Agreements**

19. A Panel shall either approve or reject a settlement agreement brought before it by the Professional Conduct Committee.
20. A Panel's decision to approve a settlement agreement shall:
- 20.1 be recorded in writing; and
  - 20.2 have the force and effect of an order.
21. A settlement agreement that is rejected by a Panel shall not be reviewed by any other Panel, but the parties may revise the agreement and have it reviewed by the same Panel.
22. The Panel is not required to provide written reasons for its approval or rejection of a settlement agreement.
23. There is no right to appeal the Panel's approval or rejection of a settlement agreement. However, a decision made under section 20 is subject to reconsideration as provided in section 24.

### **Reconsiderations**

24. The Discipline Committee may reconsider a decision or order made by a Panel of the Discipline Committee:
- 24.1 at any time after the fifth anniversary of the decision or order becoming final, if:
    - 24.1.1 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, unnecessary;
    - 24.1.2 there has been a material change in circumstances that obstructs or impedes the purpose and intent of the decision or order, or a part of the decision or order;
    - 24.1.3 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, incapable of being reasonably complied with or fulfilled; or
    - 24.1.4 the decision or order, or a part of the decision or order, is no longer legally valid or enforceable; and
  - 24.2 at any time, if:

- 24.2.1 one or more of the conditions set out in sections 24.1.2, 24.1.3, or 24.1.4 exist; and
  - 24.2.2 the decision or order, or a part of the decision or order, will result in a miscarriage of justice that may be prevented by the reconsideration.
- 25. The Panel hearing a motion for reconsideration may include Panel members who did not participate in the decision or order being reconsidered.
- 26. The responding party to a motion under section 24 shall be the Professional Conduct Committee.
- 27. The party bringing the motion under section 24 bears the onus of establishing, on a balance of probabilities, that the reconsideration should be granted.
- 28. After hearing the motion for reconsideration, the Panel may:
  - 28.1 confirm the decision or order in whole or in part;
  - 28.2 strike the decision or order in whole or in part; or
  - 28.3 vary the decision or order in whole or in part, on terms and conditions and with such restrictions as the Panel considers appropriate.
- 29. A party may appeal the Panel's decision under section 28 to the Appeal Committee.

### **Applications for Readmission**

- 30. An application for:
  - 30.1 readmission after an order revoking Membership or permitting the Member to resign made by the Discipline Committee;
  - 30.2 reregistration as a Firm after an order deregistering the Firm or permitting the Firm to surrender its registration made by the Discipline Committee; or
  - 30.3 reregistration as a Student or admission to Membership, after an order deregistering the Student or permitting the Student to resign made by the Discipline Committee,

under Regulations 7-1, 9-1, and 10-1, requires a motion for reconsideration of the original order by the Discipline Committee.
- 31. The Panel hearing a motion under section 30 may include Panel members who did not participate in the decision or order being reconsidered.
- 32. The responding party to a motion under section 30 shall be the Professional Conduct Committee.

33. Before bringing a motion under section 30, the applicant shall obtain written confirmation from the Registrar that the applicant otherwise meets the requirements for readmission, reregistration or admission as provided in Regulations 7-1, 9-1, or 10-1;
34. If the confirmation referred to in section 33 cannot be obtained only because:
- 34.1 the applicant has not provided evidence of good character satisfactory to the Registrar; or
- 34.2 the Registrar requires assessment of the applicant's credibility,
- the Registrar shall provide confirmation that all other requirements for readmission, reregistration, or admission as provided in Regulations 7-1 or 9-1 have been met.
35. The applicant on a motion under section 30 bears the onus of establishing that:
- 35.1 the confirmation under section 33 or section 34 has been obtained;
- 35.2 in the case of a confirmation under section 34, that:
- 35.2.1 the applicant is of good character; and/or
- 35.2.2 that the issue of the applicant's credibility should be resolved in the applicant's favour,
- as the case may be;
- 35.3 the requirements for reconsideration provided in section 24 have been met; and
- 35.4 the applicant has abided by all terms of the order revoking membership or deregistration, as the case may be.
36. If the Panel is satisfied that the provisions of section 35 have been met, it may:
- 36.1 grant the application for readmission, reregistration, or admission on terms and conditions and with such restrictions as the Panel considers appropriate; and
- 36.2 vary or strike the original order as provided in sections 28.2 and 28.3.
37. A party may appeal the Panel's decision to the Appeal Committee.

#### **Orders, Decisions, and Reasons**

38. The decision or order of a Panel is final when it is pronounced, except that the Panel or the Secretary may at any time correct minor administrative errors in the decision, order, or reasons of a Panel.

39. The Panel shall provide its final order, decision, and reasons, if applicable, in writing, to all parties along with a notice of the right to appeal that order where a right to appeal exists.
40. The final order of the Panel may:
  - 40.1 require the subject of the order to pay all or part of the costs of the investigation and hearing, as the case may be; and
  - 40.2 provide for sanctions for non-compliance with the terms of the order.

#### **Capacity Determinations**

41. If a party to a hearing before the Discipline Committee has been referred to the Registrar for consideration as a Potential Capacity Application, or if the issue of the capacity of the party arises during the Discipline Committee hearing, the Panel shall determine if the party is competent to participate in the hearing, and if the Panel determines that the party is not competent to participate in the hearing, the Panel shall stay the hearing on such terms as it deems appropriate.
42. In all cases where the Panel has not stayed a hearing as provided in section 41 and where evidence is presented on the capacity of the party, the Panel shall consider the evidence in the same manner as it would consider any other evidence properly before it in reaching its decision and imposing a sanction.
43. If the party has not been referred to the Registrar for consideration as a Potential Capacity Application, and if the Panel determines that there are reasonable grounds to believe a party who is a Member may be Incapacitated, the Panel shall, at the conclusion of the hearing, refer the matter to the Registrar as a Potential Capacity Application under Regulation 16-1.

#### **Notice to be Provided by the Discipline Committee**

44. Notice of the time, date, and place of all hearings of Allegations, motions for reconsideration and for readmission or reregistration and considerations of settlement agreements, shall be posted on CPA Ontario's website, along with the names of the subject Members or Firms, and the originating process. In the case of hearings of Allegations, reconsiderations, and applications for readmission or reregistration, the notice shall also provide that the hearing is open to the public.
45. Notice of a finding of professional misconduct, including brief particulars of the misconduct, the name of the subjects of that finding (unless the Panel orders otherwise), and the sanction imposed shall be given to:
  - 45.1 all Members;
  - 45.2 the Public Accountants Council, if the subject is licensed or authorized to practise public accounting; and

- 45.3 all Provincial Bodies;
46. In the case of motions for reconsideration and for readmission or reregistration, the decision, order, and written reasons of the Discipline Committee shall be posted on a publicly accessible area of CPA Ontario's website.
47. If a finding of professional misconduct for which notice has been given under section 45 is reversed on appeal, CPA Ontario shall give notice of the reversal to the persons referred to in sections 45.1 to 45.3.
48. Notice of the revocation of membership of a Member and of any restriction, suspension, or revocation of a Public Accounting Licence or PALB Certificate of Authorization, including the name of the subject of the restriction, suspension, or revocation shall be given in a newspaper distributed in the geographic area where the subject practised, if applicable, and in any other area ordered by the Panel, and, unless otherwise ordered by the Panel, the subject shall pay CPA Ontario the cost of the publication.
49. Despite section 48, the Panel may order no newspaper publication if it finds that it is not required for the protection of the public and that it would be unfair to the subject, and provides written reasons for its decision.
50. In addition to section 48, the Panel may order any publication or notice in any form or media it finds appropriate.
51. If the revocation of membership of a Member or any restriction, suspension, or revocation of a Public Accounting Licence for which notice has been given under sections 47 or 49 is reversed on appeal, CPA Ontario shall give notice of the reversal in the same form or media as the notice was originally provided.
52. The Allegation, decision, order, and written reasons for every finding of professional misconduct, and every approved settlement agreement, shall be posted on a publicly accessible area of CPA Ontario's website, and shall be provided to any person on request, and, unless the Panel otherwise orders, the posting and production shall disclose the name of the subject(s) of the finding or settlement agreement.
53. The Discipline Committee shall report on the disposition of every matter referred to it and of any decision to stay a matter under section 41:
- 53.1 to the parties;
- 53.2 to the Council; and
- 53.3 if the subject of the matter is licensed or authorized to practise public accounting, to the Public Accountants Council, along with the written reasons for the decision, disclosing the name of the subject.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-3**

**APPEAL COMMITTEE**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and as amended to March 6, 2020.**

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**REGULATION 6-3  
APPEAL COMMITTEE**

**Application**

This Regulation deals with the powers and obligations of the Appeal Committee, and applies to Members, Students, and Firms.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “Panel” means a panel of the Appeal Committee constituted under section 7;
  - 1.2 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated;
  - 1.3 “Secretary” means the secretary to the Appeal Committee.

**Jurisdiction**

2. The Appeal Committee is established under the Act and By-law and has the powers of a statutory tribunal under the Statutory Powers Procedure Act.
3. The Appeal Committee shall:
  - 3.1 hear and decide every appeal, as provided in the Regulations, from decisions of:
    - 3.1.1 the Discipline Committee;
    - 3.1.2 the Admission and Registration Committee;
    - 3.1.3 the Capacity Committee; and
    - 3.1.4 such other Adjudicative Committee for which a right to appeal to the Appeal Committee may be provided in the By-law or Regulations;
  - 3.2 hear and decide every motion for reconsideration as provided in section 14;
  - 3.3 hear and decide every motion for readmission, reregistration, or admission referred to the Appeal Committee under Regulations 7-1, 9-1 and 10-1; and
  - 3.4 regulate the processes and procedures for the hearings before the Appeal Committee,

in accordance with the by-laws and the Regulations.

**Composition**

4. The Appeal Committee shall usually consist of 11 to 25 members, including a Chair and at least one Deputy Chair, and two to five public representatives. The Appeal Committee members shall generally be representative of CPA Ontario's membership by occupation and geographic location, and shall include public accounting licensees or persons who held a public accounting licence within the three year period prior to their current appointment to the Appeal Committee. The Head, Adjudicative Tribunals is an *ex officio* member of the Appeal Committee, and is exempt from the provisions of section 5.
5. The Appeal Committee members shall be appointed for a one-year term, and shall be eligible for reappointment for a maximum of three additional three-year terms. The Council may extend the maximum term of an Appeal Committee member in extraordinary circumstances.
6. The Chair and Deputy Chairs of the Appeal Committee shall be appointed from among the Discipline Committee members for a two-year term, and shall be eligible for reappointment for a maximum of three additional two-year terms. The Council may extend the maximum term of the Chair or a Deputy Chair in extraordinary circumstances.

**Panels and Quorum**

7. All appeals before the Appeal Committee shall be heard by a Panel constituted as follows:
  - 7.1 each Panel shall include at least three Appeal Committee members including, where a subject of the appeal holds a Public Accounting License:
    - 7.1.1 a public representative; and
    - 7.1.2 a public accounting licensee or a person who held a public accounting licence within the three year period prior to their current appointment to the Appeal Committee;
  - 7.2 each Panel shall usually be chaired by the Appeal Committee Chair or a Deputy Chair, but may be chaired by another Appeal Committee member in exceptional circumstances, at the discretion and direction of the Appeal Committee Chair; and
  - 7.3 the Head, Adjudicative Tribunals shall not sit on a Panel considering the merits of an appeal.
8. The Chair and Deputy Chairs of the Appeal Committee and the Head, Adjudicative Tribunals are empowered to decide all matters referred to in section 3.4, including the adoption of Rules.



### **Appeal Hearings**

9. All hearings before the Appeal Committee shall be conducted in accordance with the Rules and this Regulation.
10. The Panel shall not rehear a matter, but shall decide if, on the record, the final decision and order made are reasonable on the evidence and law.
11. A Panel may, at any time, seek the advice of independent counsel. The Head, Adjudicative Tribunals may act as independent counsel. Any advice from independent counsel on an issue before the panel during the course of an appeal hearing shall be given on the record. All parties shall have the opportunity to make submissions on that advice. The Panel is not bound by the advice of its counsel.
12. Only Panel members hearing an appeal shall participate in deliberations and make any decision and order on the appeal.
13. The Panel has the power to:
  - 13.1 dismiss the appeal;
  - 13.2 vary the final decision and order of the Adjudicative Committee appealed from, and make any decision and order that the Adjudicative Committee appealed from could have made; or
  - 13.3 order a new hearing before the same or a differently constituted panel of the original Adjudicative Committee.

### **Reconsiderations**

14. The Appeal Committee may reconsider a decision or order made by a Panel of the Appeal Committee:
  - 14.1 at any time after the fifth anniversary of the decision or order becoming final, if:
    - 14.1.1 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, unnecessary;
    - 14.1.2 there has been a material change in circumstances that obstructs or impedes the purpose and intent of the decision or order, or a part of the decision or order;
    - 14.1.3 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, incapable of being reasonably complied with or fulfilled; or

- 14.1.4 the decision or order, or a part of the decision or order, is no longer legally valid or enforceable; and
  - 14.2 at any time, if:
    - 14.2.1 one or more of the conditions set out in sections 14.1.2, 14.1.3, or 14.1.4 exist; and
    - 14.2.2 the decision or order, or a part of the decision or order, will result in a miscarriage of justice that may be prevented by the reconsideration.
- 15. The Panel hearing a motion for reconsideration may include Panel members who did not participate in the decision or order being reconsidered.
- 16. The responding party to a motion under section 14 shall be the person or Committee at CPA Ontario that was the party to the appeal on the original hearing of the appeal.
- 17. The party bringing the motion under section 14 bears the onus of establishing, on a balance of probabilities, that the reconsideration should be granted.
- 18. After hearing the motion for reconsideration, the Panel may:
  - 18.1 confirm the decision or order in whole or in part;
  - 18.2 strike the decision or order in whole or in part; or
  - 18.3 vary the decision or order in whole or in part, on such terms and conditions and with such restrictions as the Panel considers appropriate.

### **Applications for Readmission**

- 19. An application for:
  - 19.1 readmission after an order revoking Membership or permitting the Member to resign made by the Appeal Committee under section 13.2;
  - 19.2 reregistration as a Firm after an order deregistering the firm or permitting the Firm to surrender its registration made by the Appeal Committee under section 13.2; or
  - 19.3 reregistration as a Student or admission to Membership, after an order deregistering the Student made by the Appeal Committee under section 13.2,under Regulations 7-1, 9-1, and 10-1 requires a motion for reconsideration of the original order by the Appeal Committee.
- 20. The Panel hearing a motion under section 19 may include Panel members who did not participate in the decision or order being reconsidered.

21. The responding party to a motion under section 19 shall be the Professional Conduct Committee.
22. Before bringing a motion under section 19, the applicant shall obtain written confirmation from the Registrar that the applicant otherwise meets the requirements for readmission, reregistration or admission as provided in Regulations 7-1, 9-1, or 10-1.
23. If the confirmation referred to in section 22 cannot be obtained only because:
  - 23.1 the applicant has not provided evidence of good character satisfactory to the Registrar; or
  - 23.2 the Registrar requires assessment of the applicant's credibility,the Registrar shall provide confirmation that all other requirements for readmission, reregistration or admission as provided in Regulations 7-1 or 9-1 have been met.
24. The applicant bringing a motion under section 19 bears the onus of establishing that:
  - 24.1 the confirmation under section 22 or section 23 has been obtained;
  - 24.2 in the case of a confirmation under section 23, that:
    - 24.2.1 the applicant is of good character; or
    - 24.2.2 that the issue of the applicant's credibility should be resolved in the applicant's favour,as the case may be;
  - 24.3 the requirements for reconsideration provided in section 14 have been met; and
  - 24.4 the applicant has abided by all terms of the order revoking membership or deregistration, as the case may be.
25. If the Panel is satisfied that the provisions of section 24 have been met, it may:
  - 25.1 grant the application for readmission, reregistration, or admission on such terms and conditions and with such restrictions as the Panel considers appropriate; and
  - 25.2 vary or strike the original order as provided in sections 18.2 and 18.3.

#### **Orders, Decisions, and Reasons**

26. The decision or order of a Panel is final when it is pronounced, except that the Panel or the Secretary may at any time correct minor administrative errors in the decision, order, or reasons of a Panel.

- 27. The Panel shall provide its final order, decision, and reasons, if applicable, in writing, to all parties.
- 28. The final order of the Panel may:
  - 28.1 require the subject of the order to pay all or part of the costs of the investigation and hearing, as the case may be; and
  - 28.2 provide for sanctions for non-compliance with the terms of the order.
- 29. There is no right to appeal the Panel's order, decision, or reasons.

### **Capacity Determinations**

- 30. If the issue of the capacity of a party to an appeal before the Appeal Committee arises during the hearing of an appeal, the Panel shall determine if the party is competent to participate in the hearing, and if the Panel determines that the party is not competent to participate in the hearing, the Panel shall stay the appeal on such terms as it deems appropriate.
- 31. In all cases where the Panel has not stayed a hearing as provided in section 30 and where evidence is presented on the capacity of the party, the Panel shall consider the evidence in the same manner as it would consider any other evidence properly before it in reaching its decision and imposing a sanction.
- 32. If the party has not been referred to the Registrar for consideration as a Potential Capacity Application and the Panel determines that there are reasonable grounds to believe a subject who is a Member may be Incapacitated, the Panel shall, at the conclusion of the hearing of the appeal refer the matter to the Registrar as a Potential Capacity Application under Regulation 16-1.

### **Notice to be Provided by the Appeal Committee**

- 33. Notice of the time, date, and place of all appeals, motions for reconsideration and for readmission or reregistration shall be posted on CPA Ontario's website, along with:
  - 33.1 in the case of appeals from the Discipline Committee:
    - 33.1.1 the name(s) of the subject Member(s) or Firm(s);
    - 33.1.2 the notice of appeal; and
    - 33.1.3 notice that the hearing of the appeal is open to the public; and
  - 33.2 in the case of appeals from the Admission and Registration Committee or Capacity Committee, the information set out in section 33.1.2, unless the Admission and Registration Committee or the Capacity Committee made an

order varying the information to be posted when the matter appealed from was heard, in which case the posting shall be in conformity with that order;

- 33.3 in the case of motions for reconsiderations and for readmission or reregistration:
- 33.3.1 the name(s) of the applicant;
  - 33.3.2 the notice of motion; and
  - 33.3.3 notice that the hearing of the motion is open to the public.
34. In the case of an appeal from the Discipline Committee, motion for reconsideration, and motion for readmission or reregistration, the decision, order, and written reasons of the Appeal Committee shall be posted on a publicly accessible area of CPA Ontario's website.
35. In the case of an appeal from the Admission and Registration Committee or the Capacity Committee, the decision, order, and written reasons of the Appeal Committee shall be posted in the same manner as the decision, order, and written reasons of original decision of the Admission and Registration Committee under Regulation 6-1 and Capacity Committee under Regulation 16-1.
36. Despite section 35, the Panel may order that the full decision, order, and reasons of the Appeal Committee be posted, if it considers it to be in the public interest.
37. If a finding of professional misconduct is reversed on appeal, and notice of the finding of professional misconduct was provided in accordance with section 45 of Regulation 6-2, CPA Ontario shall give notice of the reversal to the persons referred to in sections 45.1 to 45.3 of Regulation 6-2.
38. If the revocation of membership of a Member, or any restriction, suspension, or revocation of a Public Accounting Licence, for which notice was provided in accordance with sections 48 or 50 of Regulation 6-2, is reversed on appeal, CPA Ontario shall give notice of the reversal in the same form or media as the notice was originally provided.
39. The Appeal Committee shall report on the disposition of every matter referred to it and of any decision to stay an appeal under section 30:
- 39.1 to the parties;
  - 39.2 to the Council; and
  - 39.3 if the subject of the matter is licensed or authorized to practice public accounting, to the Public Accountants Council, along with the written reasons for the decision, disclosing the name of the subject.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 7-1**

**ADMISSION TO MEMBERSHIP, OBLIGATIONS AND STANDING**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and amended on September 25, 2019.**

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**REGULATION 7-1**  
**ADMISSION TO MEMBERSHIP, OBLIGATIONS AND STANDING**

**Application**

This Regulation applies to applicants for admission or readmission as Members in CPA Ontario, and to Members of CPA Ontario.

**NOTE:** Completion of the CPA Ontario certification program and/or admission to membership in CPA Ontario does not necessarily result in eligibility for a Public Accounting Licence; see Regulation 17-1 for these requirements.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “applicant” means an individual applying or reapplying for membership in CPA Ontario;
  - 1.2 “CPA Ontario Practical Experience Requirements” means the document in Appendix B to Regulation 9-1 established by the Council, that sets out the Practical Experience Requirements applicable to certain applicants for membership under this Regulation;
  - 1.3 “disciplinary proceeding” includes any complaint, investigation, proceeding, finding, order or settlement in any jurisdiction relating to the competence, conduct or character of a Student, Member or Firm, and may include criminal proceedings where the subject of the criminal proceeding relates to the competence, conduct or character of a Student, Member or Firm;
  - 1.4 “Resident of Canada” means:
    - 1.4.1 an individual who has landed in Canada as evidenced by government documentation (other than a temporary visa or student visa following the expiry of that the individual ceased any connection with Canada for a continuous period of at least one year before returning to Canada); and
    - 1.4.2 any other individual deemed to be a resident of Canada under the Income Tax Act (Canada).
  - 1.5 “University Degree” means:
    - 1.5.1 a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent; or

- 1.5.2 a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent,

that is granted by an educational institution outside Canada that provides post-secondary academic education and that, if in the United States of America, has been accredited by an accreditation agency recognized by the United States Department of Education, and if outside the United States of America, is a university recognized in the World Higher Education Database or a similar recognition service.

### **Time**

2. The Registrar shall have discretion in extraordinary circumstances to extend any time period prescribed in this Regulation.

### **Admission**

3. Subject to the remainder of this Regulation, the Registrar shall admit to membership in CPA Ontario any individual who:
- 3.1 makes an application for membership in the prescribed form;
  - 3.2 has paid all Dues and pays the prescribed fee;
  - 3.3 provides proof of identity, including legal and any preferred name, satisfactory to the Registrar;
  - 3.4 provides evidence of good character satisfactory to the Registrar;
  - 3.5 is not an undischarged bankrupt, except as provided in section 30;
  - 3.6 meets the requirements for one of the membership categories as set out in section 10 or section 11;
  - 3.7 has a valid email address;
  - 3.8 provides a declaration that the applicant understands and agrees to abide by the Regulations, by-laws, and policies of CPA Ontario, including the Code;
  - 3.9 discloses whether they are or have been the subject of a disciplinary proceeding, and provides a consent permitting the Registrar to access information regarding the disciplinary proceeding; and
  - 3.10 provides all other information, documents, and materials requested by the Registrar or, in extraordinary circumstances where the documents are not available, provides alternative proof satisfactory to the Registrar.



4. The Registrar may defer consideration of an application for admission or readmission to membership until any disclosed disciplinary proceeding has been concluded.
5. An applicant may withdraw their application for admission or readmission to membership at any time, including if a referral to the Admission and Registration Committee is made under section 14 or section 15.
6. The Registrar shall not admit or readmit to membership in CPA Ontario any applicant who:
  - 6.1 fails to make any disclosure or provide any information or document required by this Regulation; or
  - 6.2 provides information or a document that is false or misleading.
7. The Registrar shall not admit or readmit any applicant to membership in CPA Ontario without being satisfied that the admission will not:
  - 7.1 place the public or any member of the public at risk; or
  - 7.2 bring the reputation of the Profession into disrepute.
8. It is the responsibility of the applicant to ensure that:
  - 8.1 they are legally entitled to be employed and/or study in Ontario, and that they remain entitled to do so while they are a Member; and
  - 8.2 their application is complete and accurate, and is received by CPA Ontario.
9. Unless otherwise provided, an applicant shall respond to a request for further information by CPA Ontario within 60 Days. If a response is not received from an applicant within 60 Days, their application shall be closed, and the applicant shall be required to complete a new application.

### **Membership Categories**

10. An applicant may be admitted in only one of the following categories:
  - 10.1 ***CPA Ontario Student*** – an applicant who is a Student registered with CPA Ontario who has fulfilled, to the satisfaction of the Registrar, all of the requirements in the applicable membership category, as set out in Regulation 9-1 or Regulation 9-2;
  - 10.2 ***Provincial Member Transfer*** – an applicant who is a member in good standing of a Provincial Body;
  - 10.3 ***Provincial Student Transfer*** – an applicant who is not a Student registered with CPA Ontario but is registered as a student with another Provincial Body and:

- 10.3.1 has completed all the educational, practical experience, and examination requirements prescribed by the other Provincial Body; and
- 10.3.2 is unable to become a member of the other Provincial Body due to any legal restriction in that province that is not also a legal restriction in Ontario in respect of membership in CPA Ontario.

### **Other Membership Categories**

- 11. Alternatively, an applicant may be admitted in only one of the following categories, on the conditions set out in section 12, if the applicant is not registered as a Student at the time of their application:
  - 11.1 ***U.S. CPA or Mexico CPC*** – an applicant who:
    - 11.1.1 is a licensee in good standing with a U.S. state board of accountancy (U.S. CPA) that has requirements substantially equivalent to the satisfaction of the Registrar to those in section 23 of the U.S. Uniform Accountancy Act, or holds a Cédula Profesional and a Contador Público Certificado (CPC), and is a member in good standing with the Instituto Mexicano de Contadores Públicos (IMCP) (Mexico CPC);
    - 11.1.2 did not become a U.S. CPA or Mexico CPC by virtue of a mutual recognition agreement, reciprocal membership agreement or other similar agreement;
    - 11.1.3 was not registered with CPA Ontario, a Regional Body or a Provincial Body as a Student in the five years before, or at the time of, writing the first part of the uniform U.S. CPA examination or the IMCP Examen Uniforme de Certicacion de la Contaduria Publica;
    - 11.1.4 if one or more part(s) of the uniform U.S. CPA examination or the IMCP Examen Uniforme de Certicacion de la Contaduria Publica was written while the applicant was a Resident of Canada, provides proof satisfactory to the Registrar of either:
      - 11.1.4.1 having obtained a University Degree in the United States of America or Mexico as a result of having attended the institution in person for classroom instruction on a full-time basis; or
      - 11.1.4.2 having obtained in the United States of America or Mexico at least one year of full-time practical experience in accounting; and

- 11.1.5 provides proof satisfactory to the Registrar of prior practical experience of at least 30 months and achievement of the competencies set out in the CPA Ontario Practical Experience Requirements by completing the prescribed form and providing further information and documents in support, subject to this requirement being waived at the discretion of the Registrar in the event that the applicant provides proof satisfactory to the Registrar of at least two years of relevant post-qualification experience.

11.2 ***Reciprocal Membership Body*** – an applicant who:

11.2.1 is either:

11.2.1.1 a member in good standing with an accounting body outside Canada listed in Schedule A, excluding the Hong Kong Institute of Certified Public Accountants, and did not obtain that membership by virtue of a mutual recognition agreement, reciprocal membership agreement, or other similar agreement with any body other than one listed in Schedule A; or

11.2.1.2 is a member in good standing of the Hong Kong Institute of Certified Public Accountants, and did not obtain that membership by virtue of a mutual recognition agreement, reciprocal membership agreement, or other similar agreement;

11.2.2 was not registered with CPA Ontario, a Regional Body or a Provincial Body as a Student in the five years before, or at the time of, writing any part of the normal qualifying examination(s); and

11.2.3 if one or more part(s) of the normal qualifying examination(s) was written while the applicant was a Resident of Canada, provides proof satisfactory to the Registrar of either:

11.2.3.1 having obtained a University Degree as a result of having attended the institution in person for classroom instruction on a full-time basis; or

11.2.3.2 having obtained, in the country where the body relied on in section 11.2.1 has jurisdiction, at least one year of full-time practical experience in accounting.

11.3 ***Recognized Accounting Body*** – an applicant who:

11.3.1 is a member in good standing of an accounting body outside Canada listed in Schedule B and, at either or both the time of the termination of the membership and its commencement, the accounting body was recognized;

- 11.3.2 was not registered with CPA Ontario or a provincial body as a Student in the five years before, or at the time of, writing any part of the normal qualifying examination(s);
  - 11.3.3 if one or more part(s) of the normal qualifying examination(s) was written while the applicant was a Resident of Canada, provides proof satisfactory to the Registrar of either:
    - 11.3.3.1 having obtained a University Degree as a result of having attended the institution in person for classroom instruction on a full-time basis; or
    - 11.3.3.2 having obtained, in the country where the body relied on in section 11.3.1 has jurisdiction, at least one year of full-time practical experience in accounting; and
  - 11.3.4 provides proof satisfactory to the Registrar of prior practical experience of at least 30 months and achievement of the competencies set out in the CPA Practical Experience Requirements by completing the prescribed form and providing further information and documents in support.
12. Any Member admitted in the U.S. CPA or Mexico CPC (section 11.1), Reciprocal Membership Body (section 11.2), and Recognized Accounting Body (section 11.3) categories of membership is deemed to fulfil the qualifications of membership, subject to the following conditions:
- 12.1 unless exempted by the Registrar, the Member shall, within two years of their Day of admission, either:
    - 12.1.1 successfully complete course(s) and/or program(s) of professional development that may be prescribed by the Council; or
    - 12.1.2 if registered under section 11.1 or 11.2, pass the required Reciprocity Examination.
13. Despite section 7.7.1 of the By-law and section 47 of this Regulation, failure to comply with section 12 within the prescribed time period will result in an immediate revocation of membership by the Registrar.

#### **Good Character on Admission**

14. In circumstances where an applicant does not provide evidence of good character satisfactory to the Registrar, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

**Credibility on Admission**

15. In circumstances where evaluation of an application for membership requires assessment of the applicant's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

**Good Character and Credibility Hearings on Admission**

16. The parties to a hearing under section 14 or section 15 are the applicant and the Registrar.
17. A hearing under section 14 or section 15 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
18. In circumstances where both a good character hearing as provided in section 14 and a credibility hearing as provided in section 15 are required, the matters may be heard together.
19. The Registrar shall advise the Admission and Registration Committee which of the requirements for membership that the applicant otherwise meets.
20. If the Admission and Registration Committee on referral of the matter by the Registrar determines that an applicant is not of good character, the Admission and Registration Committee shall make an order refusing the applicant's membership in CPA Ontario, and may impose restrictions and conditions for reapplication if appropriate.
21. If the Admission and Registration Committee on referral of the matter by the Registrar determines that an applicant does not meet the qualifications for membership, the Admission and Registration Committee shall make an order refusing the applicant's membership in CPA Ontario, and may impose restrictions and conditions for reapplication if appropriate.
22. If the Admission and Registration Committee on referral of the matter by the Registrar is satisfied that an applicant does meet the qualifications for membership, the Admission and Registration Committee shall make an order registering the applicant on such conditions and restrictions as the Committee considers appropriate.

**Good Character and Credibility Appeals on Admission**

23. An applicant may appeal an order of the Admission and Registration Committee under sections 20 to 22 to the Appeal Committee.
24. The parties to an appeal are the applicant and the Registrar.
25. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
26. The Appeal Committee's decision is final.

**Bankruptcy**

27. A Member, and any applicant applying for membership in CPA Ontario, shall disclose to the Registrar upon:
- 27.1 becoming the subject of an application for a bankruptcy order;
  - 27.2 making an assignment for the general benefit of creditors;
  - 27.3 making or becoming the subject of a Division I or Division II proposal; or
  - 27.4 having a business the applicant or Member controls, directly or indirectly, become subject to a bankruptcy order,
- as set out in the Bankruptcy and Insolvency Act.
28. The disclosure referenced in section 27 shall be in writing, and shall include:
- 28.1 documents about the subject of the disclosure to the satisfaction of the Registrar or, if a document is not yet available, an undertaking to provide the document as soon as it becomes available;
  - 28.2 the pleadings related to the subject of the disclosure or, if the pleadings are not yet filed, an undertaking to provide the pleadings as soon as they become available;
  - 28.3 documents about the financial circumstances of the individual making the disclosure to the satisfaction of the Registrar; and
  - 28.4 a consent permitting CPA Ontario to directly access information and documents related to the subject of the disclosure from the trustee, the Superintendent as defined in the Bankruptcy and Insolvency Act, or the official receiver.
29. The individual making the disclosure shall also provide any other information and documents requested by or on behalf of the Registrar, unless the individual is asserting in good faith and on reasonable grounds the specific information or document requested is subject to legal privilege and that privilege is not waived.
30. Despite section 3, the Registrar shall, in respect of an applicant applying for membership in CPA Ontario, consider the disclosure and the information and documents provided under sections 27 to 29, and shall, if the individual otherwise meets the requirements for admission to membership:
- 30.1 admit the applicant to membership in CPA Ontario;
  - 30.2 admit the applicant to membership on the applicant abiding by one or more of the following restrictions and conditions:

- 30.2.1 satisfactorily completing, within a time specified, prescribed courses or examinations;
    - 30.2.2 engaging, for a time specified, an advisor, counsellor or tutor;
    - 30.2.3 satisfactorily completing a period of supervised practice or employment;
    - 30.2.4 restricting their practice or employment in a specified manner for a specified period of time;
    - 30.2.5 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 30.2.6 any other restrictions and conditions the Registrar deems appropriate; or
  - 30.3 refuse to admit the applicant to membership in CPA Ontario.
31. The Registrar shall, in respect of a Member, consider the disclosure and the information and documentation provided under sections 27 to 29, and shall, if the Member otherwise meets the requirements of Membership:
- 31.1 take no further action;
  - 31.2 require the Member to abide by one or more of the following restrictions and conditions:
    - 31.2.1 satisfactorily completing, within a time specified, prescribed courses or examinations;
    - 31.2.2 engaging, for a time specified, an advisor, counsellor or tutor;
    - 31.2.3 satisfactorily completing a period of supervised practice or employment;
    - 31.2.4 restricting their practice or employment in a specified manner for a specified period of time;
    - 31.2.5 reporting as specified to employers or prospective employers with respect to the subject of the disclosure;
    - 31.2.6 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 31.2.7 any other restrictions and conditions the Registrar deems appropriate; or

- 31.3 suspend the membership of the Member until the fulfillment of restrictions and conditions imposed by the Registrar.
- 32. The Registrar, in making a decision provided for in sections 30 and 31, shall consider such factors as:
  - 32.1 the circumstances pertaining to the event requiring disclosure under section 27 and to the conduct of the individual making the disclosure;
  - 32.2 the extent that the event requiring disclosure may put at risk the interests of:
    - 32.2.1 any client or employer associated with the individual making the disclosure; or
    - 32.2.2 any other party impacted or affected by the event;
  - 32.3 the number and nature of creditors affected;
  - 32.4 whether any potential civil or criminal liability has arisen as a result of the event requiring disclosure;
  - 32.5 the current financial circumstances of the individual making the disclosure;
  - 32.6 the anticipated Day of release from insolvency; and
  - 32.7 whether the individual making the disclosure is competent and capable of performing, as a chartered professional accountant, without impairment, the essential duties of any current or anticipated employment, business or practice.

#### **Appeal of Registrar's Decision on Application**

- 33. An applicant who is refused membership in CPA Ontario by the Registrar for a reason other than good character or credibility, or who is admitted by the Registrar subject to restrictions or conditions, excluding the conditions in section 12 above, may appeal the decision of the Registrar to the Admission and Registration Committee.
- 34. The parties to an appeal are the applicant and the Registrar.
- 35. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-1.
- 36. The Admission and Registration Committee's decision is final.

#### **Membership Certificate**

- 37. Upon admission as a Member of CPA Ontario, a Member is entitled to receive one (1) certificate certifying that membership.



38. The membership certificate is the property of CPA Ontario, and shall be immediately destroyed or returned to the Registrar on resignation or revocation, upon request of the Registrar.

**Reapplication After Refusal of Admission**

39. The following individuals are eligible to reapply for admission to membership under section 3 five years after the Day that their original application for admission is refused, subject to any restrictions and conditions imposed by an Adjudicative Committee at the time that admission was refused:
- 39.1 an applicant who was refused admission by the Admission and Registration Committee;
  - 39.2 an applicant who was refused admission by the Appeal Committee; and
  - 39.3 an applicant who was refused admission by the Registrar, unless the reason for the refusal was the inability to satisfy any of the conditions for admission in section 3, in which case the applicant is eligible to reapply at the time that they are able to satisfy those conditions.

**Resignation**

40. A Member may apply in writing to the Registrar in the prescribed form to resign a membership granted by CPA Ontario.
41. The Registrar shall not accept any application made under section 40 by a Member if the Member:
- 41.1 is all or part of a practising unit that is the subject of a practice inspection or a practice reinspection;
  - 41.2 is the subject of a complaint review, investigation, proposed settlement agreement or Allegations by the Professional Conduct Committee;
  - 41.3 has not fully complied with a settlement agreement or order of a Committee of CPA Ontario;
  - 41.4 owes any Dues to CPA Ontario.
42. The Registrar may require a Member to fulfill such restrictions and conditions as, in the discretion of the Registrar, are necessary to protect the public interest and the reputation of the Profession before accepting an application for resignation.

**Standing, Administrative Suspension, Reinstatement, and Revocation**

43. All Members, regardless of standing, are responsible for all obligations of membership, but only Members In Good Standing have the rights and privileges of membership.

- 44. A Member shall renew their membership on an annual basis by making an application for renewal in the prescribed form and paying the prescribed Dues, and providing all information and producing all documents and other materials as requested by the Registrar.
- 45. The Registrar may suspend the membership of any Member upon the breach by that person of the obligations listed in section 7.6.1 of the By-law.
- 46. The Registrar shall, unless otherwise provided in the by-laws or Regulations, reinstate a Member once:
  - 46.1 the obligations in section 7.6.1 of the By-law are satisfied, to the satisfaction of the Registrar;
  - 46.2 the Member files for reinstatement in the prescribed form; and
  - 46.3 the Member pays the reinstatement fee.
- 47. The Registrar shall revoke a Member's membership as provided in section 7.7 of the By-law, unless:
  - 47.1 otherwise provided in the by-laws or Regulations; or
  - 47.2 that Member is the subject of a practice inspection, or an investigation, proposed settlement agreement, referral, or Allegation by the Professional Conduct Committee or the Registrar, or is subject to an order of the Capacity Committee.

### **Member Credibility**

- 48. In circumstances where a suspension or revocation decision requires assessment of a Member's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

### **Member Credibility Hearings**

- 49. The parties to a hearing under section 48 are the Member and the Registrar.
- 50. A hearing under section 48 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
- 51. If the Admission and Registration Committee on referral of the matter by the Registrar determines that a Member meets the criteria for suspension or revocation, the Admission and Registration Committee shall make an order suspending or revoking the Member.

**Member Credibility Appeals**

- 52. A Member may appeal an order of the Admission and Registration Committee under section 51 to the Appeal Committee.
- 53. The parties to an appeal are the Member and the Registrar.
- 54. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
- 55. The Appeal Committee's decision is final.

**Readmission**

- 56. Subject to section 57, an individual shall be eligible to apply for readmission after revocation, or after a Member resigns their membership, by:
  - 56.1 fulfilling the qualifications for admission to membership as set out in this Regulation, except the requirement in section 3.6 is fulfilled upon application for readmission by any individual who became a Member of CPA Ontario on or before November 19, 2018 or was a Member In Good Standing of CPA Ontario no more than 10 years before the Day of reapplication;
  - 56.2 providing proof satisfactory to the Registrar that continuing professional development requirements satisfactory to the Registrar have been met as if the individual were a Member;
  - 56.3 if the individual has not been a member in good standing of CPA Ontario, a Provincial Body, or anyone to whom section 11 of this Regulation applies, in the five years immediately preceding the application for readmission, successfully completing course(s) and examination(s) required by the Registrar; and
  - 56.4 making an application for readmission in the prescribed form.
- 57. An application for readmission after an order revoking a membership or permitting a member to resign is made by an Adjudicative Committee shall be made:
  - 57.1 for any individual who was not a Member In Good Standing of CPA Ontario no more than 10 years before the Day of reapplication, by fulfilling the qualifications for admission to membership as set out in this Regulation;
  - 57.2 for any individual who was a Member In Good Standing of CPA Ontario no more than 10 years before the Day of reapplication, by fulfilling the qualifications for admission to membership as set out in this Regulation, except the requirement in section 3.6;

- 57.3 by providing proof satisfactory to the Registrar that continuing professional development requirements satisfactory to the Registrar have been met as if the individual were a Member;
  - 57.4 if the individual has not been a member in good standing of CPA Ontario, a Provincial Body, or an accounting body listed in Schedules A and B to this Regulation in the five years immediately preceding the application for readmission, by successfully completing course(s) and examination(s) required by the Registrar;
  - 57.5 by obtaining written confirmation from the Registrar that the applicant otherwise meets the requirements for admission, as provided in the applicable provisions of Regulation 6-1, 6-2 or 6-3; and
  - 57.6 by making an application to the Adjudicative Committee that made the revocation order, under the applicable provisions of Regulation 6-1, 6-2 or 6-3.
58. A Member whose membership has been revoked shall not be readmitted except in extraordinary circumstances at the discretion of, and on the restrictions and conditions deemed appropriate by the Registrar, the Admission and Registration Committee, the Discipline Committee, or the Appeal Committee, as the case may be.

**Appeal of Registrar's Restrictions and Conditions, Suspension, Revocation, and Readmission Decisions**

- 59. A Member whose membership is made subject to restrictions and conditions, is suspended, except for a Member whose membership is suspended under section 7.6.1.5 of the By-law, is revoked, or whose application for readmission is refused by the Registrar, may appeal the decision of the Registrar to the Admission and Registration Committee.
- 60. The parties to an appeal are the individual appealing and the Registrar.
- 61. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-1.
- 62. On hearing the appeal, the Admission and Registration Committee may confirm or vary the decision being appealed, or may substitute its own decision for that of the Registrar.
- 63. The Admission and Registration Committee's decision is final.
- 64. A Member whose membership is suspended under section 7.6.1.5 of the By-law may apply for a hearing in accordance with section 7.9.2 of the By-law.

**SCHEDULE A**

**Reciprocal Membership Bodies**

The Chartered Accountants of Australia and New Zealand  
The Institute of Chartered Accountants in England and Wales  
The Hong Kong Institute of Certified Public Accountants - having  
completed the Qualifying Program (Professional Program and  
Final Professional Examination) after September 1999  
The Chartered Accountants of Ireland  
The Institute of Chartered Accountants of Scotland  
The South African Institute of Chartered Accountants  
The Institute of Chartered Accountants of Zimbabwe - having registered  
in the Qualifying Program on or after January 1, 1996

**SCHEDULE B**

**Recognized Accounting Bodies**

L'Institut des Réviseurs d'Entreprises de Belgique

Ordre des experts comptables de France

The Japanese Institute of Certified Public Accountants

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 7-2**

**CONTINUING PROFESSIONAL DEVELOPMENT**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of January 1, 2019 and amended on September 25, 2019.**

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**REGULATION 7-2  
CONTINUING PROFESSIONAL DEVELOPMENT**

**Application**

This Regulation applies to professional development requirements of all Members.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “Annual Declaration” means the declaration referenced in section 9;
  - 1.2 “current year” means the year that the annual compliance declaration is being made;
  - 1.3 “previous year” means the calendar year immediately preceding the year that the annual compliance declaration is being made;
  - 1.4 “Public Interest Entity” is one where there is a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders and either:
    - 1.4.1 the entity has a social responsibility because of the nature of its operations; or
    - 1.4.2 the substantial majority of the entity’s stakeholders depend on financial reporting, as they have no other way of obtaining financial information about the entity;a Public Interest Entity includes, but is not limited, to:
    - 1.4.3 a deposit-taking institution; and
    - 1.4.4 a not-for-profit organization, charity, foundation, hospital, health authority, publicly funded educational institution, social service agency or co-operative business enterprise that has annual gross revenue greater than \$100,000;
  - 1.5 “Recognized Professional Accounting Body” means a professional accounting body referenced in Regulation 7-1 or Regulation 9-1;
  - 1.6 “Reliance Services” means activity undertaken by a Member during the relevant reporting period where it is reasonable to believe that another party is relying on the Member’s skills as a chartered professional accountant and includes, but is not limited, to:



- 1.6.1 serving on the board or governing body of a reporting issuer as defined in the applicable Canadian provincial or territorial securities legislation;
- 1.6.2 serving on the board or governing body of a Public Interest Entity;
- 1.6.3 providing accounting services to the public or providing other professional service(s) the Member is remunerated for and the gross annual revenue from these service(s) exceeds \$25,000;
- 1.7 “retired” means that the Member is at least 55 years of age as of December 31st in the year prior to the reporting year, and has ceased full-time practice, full-time employment or full-time business activity, does not hold a public accounting licence, and:
  - 1.7.1 the sum of the Member’s age and the total number of years of aggregate membership in CPA Ontario, one or more Provincial Bodies, and a Recognized Professional Accounting Body equals or exceeds “70”;
  - 1.7.2 before April 1, 2014, the Member was a retired member of CMA Ontario; or
  - 1.7.3 before July 2, 2014, the Member was a retired member of CGA Ontario;
- 1.8 “triennial period” means the three calendar years directly preceding the making of the annual compliance declaration;
- 1.9 “Unverifiable continuing professional development” means independent and informal learning activities and may include:
  - 1.9.1 on-the-job training for new software, systems, procedures or techniques for application in a professional role;
  - 1.9.2 self-study that does not involve an examination or other objective certification of completion, such as conference reference material or self-study by electronic media or device; and
  - 1.9.3 casual reading of professional journals or magazines that is not part of research for a specific application in a professional role; and
- 1.10 “Verifiable continuing professional development” means that the learning can be objectively verified by a competent source and may include:
  - 1.10.1 participation in courses, conferences and seminars;
  - 1.10.2 organized employer-based in-house training sessions;

- 1.10.3 research or study projects in areas that expand the professional knowledge of the Member and that result in presentations, reports or similar documents;
- 1.10.4 research, including reading professional literature or journals for specific application in a professional role;
- 1.10.5 participation and work on technical committees;
- 1.10.6 published professional writing or academic work;
- 1.10.7 writing technical articles, papers or books;
- 1.10.8 teaching a course or a continuing professional development session in an area that is relevant to a professional role;
- 1.10.9 participation as a speaker in conferences, briefing sessions or discussion groups;
- 1.10.10 formal study such as leading to a degree or diploma;
- 1.10.11 pre-professional re-examination or formal testing; and
- 1.10.12 self-study involving successful completion of an examination or leading to a designation.

### **Continuing Professional Development Requirements**

#### ***Required hours***

- 2. The minimum amount of continuing professional development that a Member must complete, unless otherwise provided in this Regulation, shall be:
  - 2.1 20 hours annually; and
  - 2.2 120 hours in each triennial period.
- 3. For the triennial period ending on December 31, 2021, and for each triennial period thereafter, the 120 hours referred to in section 2.2 shall include four Verifiable hours of professional ethics.

#### ***Verifiable and Unverifiable hours***

- 4. At least 50 percent of both the annual and triennial period hours set out in section 2 shall consist of Verifiable continuing professional development. The remaining hours may consist of Unverifiable continuing professional development.

***Content***

5. A Member's professional development shall be relevant to their responsibilities as a chartered professional accountant and shall:
  - 5.1 be quantifiable, meaning that it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;
  - 5.2 be directly related to the competencies needed to carry on the Member's employment or practice;
  - 5.3 be relevant to the Member's current professional needs and/or long-term career interests; and
  - 5.4 contain significant intellectual or practical content.

***Public Accounting Licensees***

6. For Members applying for or renewing a Public Accounting Licence, the required hours must be in activities directly related to the competencies needed to engage in the Practice of Public Accounting.
7. Members applying for or renewing a Public Accounting Licence shall:
  - 7.1 undertake continuing professional development that develops and maintains the professional competence required for that role;
  - 7.2 achieve the learning outcomes for that professional competence as set out in Schedule A; and
  - 7.3 include an attestation of compliance with this section in their Annual Declaration.
8. A Member who has not completed the required hours, annually and for the triennial period, is not eligible to apply for a public accounting licence, or to renew a public accounting licence except at the discretion of the Public Accounting Licensing Board as provided in section 14 of Regulation 17-1.

**Annual Declaration**

9. On or before the date prescribed by the Registrar, every Member shall submit annually a completed compliance declaration in the form prescribed, attesting that the continuing professional development requirements either:
  - 9.1 have been complied with, by:
    - 9.1.1 having completed the required hours, annually and for the triennial period;

- 9.1.2 having been admitted as a Member during the triennial period after completing the requirements of Regulation 9-1 or Regulation 9-2;
- 9.1.3 having completed the continuing professional development requirements of, and reported completion to, another Provincial Body in which the Member holds prime membership;
- 9.1.4 being a non-resident of Canada or Bermuda and a member in good standing of a Recognized Professional Accounting Body that has substantially similar continuing professional development requirements to those of CPA Ontario, fulfilling the requirements of that body;
- 9.1.5 being retired and not providing any Reliance Services;
- 9.1.6 being retired but providing Reliance Services and having completed the required hours as set out in Schedule B;
- 9.1.7 meeting the requirements for an exemption under section 13; or
- 9.1.8 applying for an exemption under section 14;

or

9.2 have not been complied with.

### **Plans of Action**

- 10. A Member who indicates in their annual compliance declaration that the continuing professional development requirements were not complied with shall file within 14 Days of the compliance declaration a plan of action in the prescribed form detailing how the Member intends to complete the required continuing professional development, and failure to do so will result in an immediate administrative suspension.
- 11. A Member shall complete the steps outlined in the plan of action filed and file with the Registrar the prescribed form attesting to that completion within 120 Days from the Day the plan was filed, and failure to do so will result in an immediate administrative suspension.
- 12. After receiving the attestation, the Registrar shall review it and the plan of action to determine whether the plan is sufficient to satisfy completion of a Member's continuing professional development requirements, and to determine whether the plan has been completed. If the Registrar is satisfied that the plan is sufficient and has been completed, the Member shall be deemed to have complied with the continuing professional development requirements for the reporting period.

**Exemptions**

13. A Member who has not worked for a total of at least six months of the previous year as a result of:
- 13.1 maternity, parental, or family care leave; or
  - 13.2 medical leave or unemployment, and has not been involved in any activity where it is reasonable to believe another party relied on the Member's skills during that period of time;
- shall be exempt from the continuing professional development requirements for the previous year.
14. A Member may request that the Registrar grant an exemption from the continuing professional development requirements on compassionate grounds, due to extraordinary circumstances of the Member during the previous year.
15. Upon receipt of the exemption request in section 14, the Registrar shall:
- 15.1 exempt the Member from all or a portion of the continuing professional development requirements;
  - 15.2 require the Member to provide additional information or documents in order to consider the request; or
  - 15.3 require that the Member file and complete a plan of action.
16. A decision of the Registrar under section 15 is final.

***Discretion***

17. The Registrar shall not exercise the discretion granted in section 15 of this Regulation to exempt a Member from any or all of the requirements of sections 2 to 5, unless the Member's ability to practise or earn a livelihood has been significantly interrupted or impaired.
18. In determining whether circumstances exist of a nature to justify the exercise of the discretion granted by this Regulation, the Registrar shall consider the relevant circumstances of the Member, that may include, but are not limited to:
- 18.1 the nature of the circumstances;
  - 18.2 the likely duration of the circumstances;
  - 18.3 the continuing professional development history of the Member, including any previous requests for the exercise of discretion;
  - 18.4 the nature of the practice, employment or business of the Member, and the Member's current professional competence; and

- 18.5 the impact of any exercise of discretion on the Member's competence to act as a chartered professional accountant.

### **Documents**

#### ***Retention***

19. Every Member shall retain documents, records and other evidence satisfactory to CPA Ontario of the professional development activities undertaken or to the Member's compliance with the requirements of this Regulation for the previous five years.

#### ***Production***

20. A Member shall, upon request, produce any document, record, declaration, evidence or other item relating to professional development activities undertaken or to the Member's compliance with the requirements of this Regulation.

### **Compliance Audit**

21. The Registrar shall select Members to be audited for compliance with this Regulation.
22. The Registrar shall advise Members selected for audit of the information required from the Member and the format in which the information is to be provided.
23. A Member shall comply with the notice under section 22 within 30 Days of the date of that notice, by providing all information as required by the notice.
24. The Registrar shall review the information provided under section 23, and may:
- 24.1 require the Member to provide further information, including documents, explanations, and declarations, relating to or in support of the information provided under that section;
  - 24.2 require the Member to file and complete a plan of action;
  - 24.3 take no further action; or
  - 24.4 suspend the Member.
25. A Member shall comply with the requirements of the Registrar within the time period provided by the Registrar, that shall not be less than 10 Days from the date of the notice of the requirement.

**SCHEDULE A****LEARNING OUTCOMES FOR THE PROFESSIONAL COMPETENCE OF MEMBERS  
APPLYING FOR OR RENEWING A PUBLIC ACCOUNTING LICENCE**

<b>Competence Area</b>	<b>Learning Outcomes</b>
<b>Technical Competence</b>	
(a) Audit	<ul style="list-style-type: none"> <li>(i) Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy.</li> <li>(ii) Evaluate responses to the risks of material misstatement.</li> <li>(iii) Evaluate whether the audit was performed and documented in accordance with applicable auditing standards (e.g., ISAs) and relevant laws and regulations.</li> <li>(iv) Develop an appropriate audit opinion and related audit report, including a description of key audit matters as applicable.</li> </ul>
(b) Financial accounting and reporting	<ul style="list-style-type: none"> <li>(i) Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements.</li> <li>(ii) Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements.</li> <li>(iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management.</li> <li>(iv) Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.</li> </ul>
(c) Government and risk management	<ul style="list-style-type: none"> <li>(i) Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.</li> </ul>
(d) Business environment	<ul style="list-style-type: none"> <li>(i) Analyze relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market competition, product technology and environmental requirements.</li> </ul>
(e) Taxation	<ul style="list-style-type: none"> <li>(i) Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.</li> </ul>
(f) Information technology	<ul style="list-style-type: none"> <li>(i) Evaluate the information technology (IT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.</li> </ul>

## REGULATIONS

(g) Business laws and regulations	(i) Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.
(h) Finance and financial management	(i) Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy. (ii) Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.
<b>Professional Skills</b>	
(i) Intellectual	(i) Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyze outcomes.
(j) Interpersonal and communication	(i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity. (ii) Resolve audit issues through effective consultation when necessary
(k) Personal	(i) Promote and undertake lifelong learning. (ii) Act as a role model to the engagement team. (iii) Act in a mentoring or coaching capacity to the engagement team.
(l) Organizational	(i) Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit. (ii) Manage audit engagements by providing leadership and project management of engagement teams.
<b>Professional Values, Ethics and Attitudes</b>	
(m) Commitment to the public interest	(i) Promote audit quality in all activities with a focus on protecting the public interest.
(n) Professional skepticism and professional judgment	(i) Apply a skeptical mindset and professional judgment in planning and performing an audit and reaching conclusions to base an audit opinion on.
(o) Ethical principles	(i) Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical dilemmas. (ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit. (iii) Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.



**SCHEDULE B****CPD REQUIREMENTS FOR RETIRED MEMBERS**

<b>Activity by Retired Member during the relevant reporting period</b>	<b>Minimum Continuing Professional Development Requirement</b>
<ul style="list-style-type: none"> <li>▪ Serving on the board or governing body of a reporting issuer as defined in the applicable Canadian provincial or territorial securities legislation; or</li> <li>▪ Providing accounting services to the public or other professional services and the aggregate gross annual revenue from these services exceeds \$75,000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Retired Member must meet the full continuing professional development requirements set out in sections 2 to 5 of this Regulation 7-2.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Serving on the board or governing body of a Public Interest Entity; or</li> <li>▪ Providing accounting services to the public or other professional services and the aggregate gross annual revenue from these services is between \$25,000 and \$75,000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Retired Member must meet the following reduced continuing professional development requirements:               <ul style="list-style-type: none"> <li>▪ 10 hours annually; and</li> <li>▪ 60 hours in each triennial period.</li> </ul> </li> <li>▪ For the triennial period ending on December 31, 2021, and for each triennial period thereafter, the 60 hours referred to above shall include four Verifiable hours of professional ethics.</li> <li>▪ In addition, at least 50 percent of both the annual and triennial hours shall consist of Verifiable continuing professional development. The remaining hours may consist of Unverifiable professional development.</li> </ul>

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 9-1**

**STUDENT REGISTRATION, OBLIGATIONS, AND STANDING**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law, on September 21, 2018, effective as of November 19, 2018 and amended on March 31, 2020.**

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**REGULATION 9-1**  
**STUDENT REGISTRATION, OBLIGATIONS, AND STANDING**

**Application**

This Regulation applies to applicants for registration or reregistration as Students in CPA Ontario, and to Students of CPA Ontario. Regulation 9-2 applies to Legacy CA Students who are already registered under that Regulation.

**NOTE:** Completion of the CPA Ontario certification program as set out in this Regulation does not necessarily result in eligibility for a Public Accounting Licence; see Regulation 17-1 for these requirements.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act, the By-law, the CPA Harmonized Education Policies, and the CPA Ontario Practical Experience Requirements, and for the purpose of this Regulation:
  - 1.1 “Academic Code of Conduct” means the CPA Ontario Academic Code of Conduct in Appendix A established by the Council;
  - 1.2 “applicant” means an individual applying for registration or reregistration as a Student in CPA Ontario;
  - 1.3 “Common Final Examination” (CFE) means the final qualifying examination prepared by the Board of Evaluators of CPA Canada, and includes the Uniform Evaluation;
  - 1.4 “CPA Accredited Program” means a program of academic study at an academic institution listed in Schedule A;
  - 1.5 “CPA Ontario Practical Experience Requirements” means the document in Appendix B established by the Council, that sets out the Practical Experience Requirements applicable to Students under the Regulations;
  - 1.6 “CPA Harmonized Education Policies” means the national Harmonized Education Policies in Appendices C1 and C2 established by CPA Canada and adopted by the Council;
  - 1.7 “CPA National Recognition and Accreditation Standards for Post-Secondary Institutions” means the National Recognition and Accreditation Standards for Post-Secondary Institutions established by CPA Canada;
  - 1.8 “credit hour” means each instruction hour per week of a one-semester course of academic learning, or the equivalent, that:

- 1.8.1 is recognized by the academic institution that offers it as a degree-credit course; and
- 1.8.2 is a three-credit hour course that provides:
  - 1.8.2.1 a minimum of three hours' instruction time per week over a minimum 12-week term; or
  - 1.8.2.2 a maximum of 12 hours' instruction time per week over a minimum three-week term, provided that if a Student is enrolled in one or more courses during a shortened term, the Student must be limited to a total of 12 instruction hours per week;
- 1.9 "degree" means an undergraduate degree or other equivalent indicator of academic achievement granted by an academic institution;
- 1.10 "degree-credit course" means a course of academic study and evaluation that is recognized for credit by the degree-granting academic institution towards the completion of a degree or equivalent that is awarded by that degree-granting academic institution and that is successfully completed through enrolment in or registration with the institution;
- 1.11 "Practical Experience Requirements" means the requirements established in the CPA Ontario Practical Experience Requirements, applicable to Students under this Regulation;
- 1.12 "Professional Education Program (PEP) Commencement Date" means the Day that is the earliest of:
  - 1.12.1 the first Day of any module of the CPA Professional Education Program that the Student is enrolled in;
  - 1.12.2 the Day that the Student first challenges any CPA Professional Education Program module examination;
  - 1.12.3 the Day that the Student commences a CPA Accredited Program listed in Schedule A;
  - 1.12.4 July 1, 2016, for Students registered under sections 9.8, 9.9 or 9.10 for whom section 1.13.3 does not apply; and
  - 1.12.5 July 1, 2022, for Students registered under sections 9.8, 9.9 or 9.10 for whom section 1.13.3 applies;
- 1.13 "Preparatory Course Commencement Date" means the Day that is the earlier of:
  - 1.13.1 the first Day of any CPA preparatory course in which the Student is enrolled;

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- 1.13.2 the Day that the Student first challenges any CPA preparatory course examination; and
- 1.13.3 July 1, 2016, for Students registered under sections 9.8, 9.9 or 9.10 who have not completed the academic prerequisites as of the date of their registration;
- 1.14 “Student” means any Student registered under this Regulation or under the Regulation 9-2, or any predecessor Regulation;
- 1.15 “Student Code of Conduct” means the CPA Ontario Student Code of Conduct in Appendix D established by the Council;
- 1.16 “Transcript Assessment Policy” means the policy in Appendix E established by the Council;
- 1.17 “Transfer Credit Policy” means the policy in Appendix F established by the Council;
- 1.18 “University Degree” means:
  - 1.18.1 a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent; or
  - 1.18.2 a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent that is granted by an academic institution;
- 1.19 “unsuccessful attempt” means:
  - 1.19.1 failure at the end of a module or examination, as determined by the Board of Examiners of CPA Canada;
    - 1.19.1.1 notwithstanding section 1.19.1, the failure of the September, 2019 sitting of the CFE by any Student shall be waived and not counted as an “unsuccessful attempt”;
  - 1.19.2 an attempt as defined in the Academic Code of Conduct;
  - 1.19.3 failure to attend on time or at all to a scheduled examination, module, or mandatory workshop;
  - 1.19.4 failure to complete required make-up assignments;
  - 1.19.5 failure to submit a minimum number of completed assignments; or
  - 1.19.6 failure to meet the minimum overall grade of 75% on any core or elective module activities (assignment problems, practice cases, MCQ quizzes, module workshop activities).

**Time**

2. The Registrar shall have discretion in extraordinary circumstances to extend any time period prescribed in this Regulation, and/or as provided in the CPA Ontario Professional Education Requirements or the CPA Harmonized Education Policies.

**Registration**

3. Subject to the remainder of this Regulation, the Registrar shall register as a Student with CPA Ontario any individual who:
  - 3.1 makes an application for registration in the prescribed form and pays the prescribed fee;
  - 3.2 provides proof of identity, including legal and any preferred name, satisfactory to the Registrar;
  - 3.3 provides evidence of good character satisfactory to the Registrar;
  - 3.4 is not an undischarged bankrupt, except as provided in section 29;
  - 3.5 meets the requirements for one of the registration categories as set out in section 29;
  - 3.6 has access to a computer that meets the minimum configuration requirements set by CPA Ontario, including Wi-Fi Internet access and a valid email address, unless exempted from this requirement by the Registrar;
  - 3.7 provides a declaration that the individual understands and agrees to abide by the Regulations, by-laws and policies of CPA Ontario, including the Student Code of Conduct and the Academic Code of Conduct;
  - 3.8 provides all information, documents, and other materials as requested by the Registrar or, in extraordinary circumstances where the information, documents, and other materials are not available, provides alternative proof satisfactory to the Registrar.
4. An individual may withdraw their application for registration at any time, including if a referral to the Admission and Registration Committee is made under section 13 or 14.
5. The Registrar shall not register any applicant who:
  - 5.1 fails to provide any information or document required by this Regulation; or
  - 5.2 provides information or a document that is false or misleading.
6. The Registrar shall not register any applicant without being satisfied that the registration will not:

- 6.1 place any member of the public at risk; or
- 6.2 bring the reputation of the profession into disrepute.
- 7. It is the responsibility of the applicant to ensure that:
  - 7.1 they are legally entitled to be employed and/or study in Ontario, and that they remain entitled to do so while they are a Student; and
  - 7.2 their application is complete and accurate, and is received by CPA Ontario.
- 8. Unless otherwise provided, an applicant shall respond to a request for further information by CPA Ontario within 60 Days. If a response is not received from an applicant within 60 Days, their application shall be closed, and the applicant shall be required to complete a new application.

### **Registration Categories**

- 9. An applicant may register in only one of the following categories and shall not also be registered in the CPA Canada Advanced Certificate in Accounting and Finance or as a Legacy CA Student under Regulation 9-2, at any time during the period of registration, and may not change categories without the permission of the Registrar:
  - 9.1 **University Graduate** – an applicant who has completed all the academic requirements for the conferral of a degree.
  - 9.2 **CPA Accredited Program** – an applicant who is enrolled in or has completed the graduate-level component of a CPA Accredited Program as defined in section 1.3.
  - 9.3 **Accounting Body Outside Canada** – an applicant who is a member in good standing with an accounting body set out in Schedule E and who meets the conditions for registration contained in Schedule E.
  - 9.4 **Accounting Body Outside Canada – Specified** – an applicant who is a member in good standing with an accounting body set out in Schedule F and who meets the conditions for registration contained in Schedule F.
  - 9.5 **Mature** – an applicant who may not have a degree and:
    - 9.5.1 has at least eight years of relevant accounting or business experience satisfactory to the Registrar;
    - 9.5.2 provides letters of reference and any other requested documents satisfactory to the Registrar; and
    - 9.5.3 satisfies the Registrar that the applicant does not meet the requirements of any other registration category in section 9.



- 9.6 **Legacy CGA Student** – a student who before September 1, 2015 was registered with CGA Ontario in the process to attain the CGA designation, and, having completed the educational requirements of the CGA program, is in the process of attaining the CGA designation.
- 9.7 **Legacy CMA Student** – a student who before February 1, 2015 was registered with CMA Ontario in the process to attain the CMA designation, and, having completed the educational requirements of the CMA program, is in the process of attaining the CMA designation.
- 9.8 **Transitional CA Student** – a Student registered with CPA Ontario who was not eligible to qualify for the CA designation.
- 9.9 **Transitional CGA Student** – a student registered with CGA Ontario who was not eligible to qualify for the CGA designation.
- 9.10 **Transitional CMA Student** – a student registered with CMA Ontario who was not eligible to qualify for the CMA designation.
10. The Registrar may register as a Student any applicant who is registered and in good standing with a Provincial Body, Regional Body, or CPA International and otherwise meets the requirements of a registration category under sections 3 and 9, excluding sections 9.6 and 9.7, provided that within 60 Days of the Day of registration with CPA Ontario, the Student discontinues or terminates registration with the body with which they were previously registered.
- 10.1 The Registrar may grant a Student registered under section 10 an exemption from completing any portion of the CPA Certification Program the Student completed while registered with another body.
- 10.2 An applicant who has completed the CPA Certification Program in full with another Provincial Body or Regional Body is not eligible to transfer under section 10 or to apply for Membership under Regulation 7-1.

**Conditional Registration: University Graduate or Mature**

11. An applicant who is currently enrolled in a program leading to a degree, or has completed at least 30 credit hours at an academic institution, but has not yet completed all of the academic requirements in the University Graduate (section 9.1) category of registration, may be registered in that category on a conditional basis for a maximum period of seven years.
12. An applicant who has completed at least three years of relevant accounting or business work experience satisfactory to the Registrar, may be registered in the Mature (section 9.5) category of registration on a conditional basis for a maximum period of seven years, and must satisfy the requirements of the University Graduate (section 9.1) or Mature (section 9.5) category of registration before beginning the Professional Education Program.

**Good Character on Registration**

13. In circumstances where an applicant does not provide evidence of good character satisfactory to the Registrar, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

**Credibility on Registration**

14. In circumstances where evaluation of an application requires assessment of the applicant's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

**Good Character and Credibility Hearings on Registration**

15. The parties to a hearing under section 13 or 14 are the applicant and the Registrar.
16. A hearing under section 13 or 14 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
17. In circumstances where both a good character hearing as provided in section 13 and a credibility hearing as provided in section 14 are required, the matters may be heard together.
18. The Registrar shall advise the Admission and Registration Committee which of the requirements for registration that the applicant otherwise meets.
19. If the Admission and Registration Committee on referral of the matter by the Registrar determines that an applicant is not of good character, the Admission and Registration Committee shall make an order refusing the applicant's registration, and may impose restrictions and conditions for reapplication if appropriate.
20. If the Admission and Registration Committee on referral of the matter by the Registrar determines that an applicant does not meet the qualifications for registration, the Admission and Registration Committee shall make an order refusing the applicant's registration, and may impose restrictions and conditions for reapplication if appropriate.
21. If the Admission and Registration Committee on referral of the matter by the Registrar is satisfied that an applicant does meet the qualifications for registration, the Admission and Registration Committee shall make an order registering the applicant on such conditions and restrictions as the Committee considers appropriate.

**Good Character and Credibility Appeals on Registration**

22. An applicant may appeal an order of the Admission and Registration Committee under section 19 or 20 to the Appeal Committee.
23. The parties to an appeal are the applicant and the Registrar.

- 24. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
- 25. The Appeal Committee's decision is final.

**Bankruptcy**

- 26. A Student, and any applicant applying for registration, shall disclose to the Registrar upon:
  - 26.1 becoming the subject of an application for a bankruptcy order;
  - 26.2 making an assignment for the general benefit of creditors;
  - 26.3 making or becoming the subject of a Division I or Division II proposal; or
  - 26.4 having a business that the Student or applicant controls, directly or indirectly, become subject to a bankruptcy order,as set out in the Bankruptcy and Insolvency Act.
- 27. The disclosure referenced in section 26 shall be in writing, and shall include:
  - 27.1 documents about the subject of the disclosure to the satisfaction of the Registrar or, if a document is not yet available, an undertaking to provide the document as soon as it becomes available;
  - 27.2 the pleadings related to the subject of the disclosure or, if the pleadings are not yet filed, an undertaking to provide the pleadings as soon as they become available;
  - 27.3 documents about the financial circumstances of the individual making the disclosure to the satisfaction of the Registrar or; and
  - 27.4 a consent permitting CPA Ontario to directly access information and documents related to the subject of the disclosure from the trustee, the Superintendent as defined in the Bankruptcy and Insolvency Act, or the official receiver, as the case may be.
- 28. The individual making the disclosure shall also provide any other information and documents requested by or on behalf of the Registrar, unless the individual is asserting in good faith and on reasonable grounds the specific information or document requested is subject to legal privilege and that privilege is not waived.
- 29. The Registrar shall, in respect of an applicant applying for registration, consider the disclosure and the information and documents provided under sections 26 to 28, and shall, if the applicant otherwise meets the requirements for registration:
  - 29.1 register the applicant;

- 29.2 register the applicant on the applicant abiding by one or more of the following restrictions or conditions:
    - 29.2.1 satisfactorily completing, within a time specified, prescribed courses or examinations;
    - 29.2.2 engaging, for a time specified, an advisor, counsellor, or tutor;
    - 29.2.3 satisfactorily completing a period of supervised practice or employment;
    - 29.2.4 restricting their practice or employment in a specified manner for a specified period of time;
    - 29.2.5 reporting as specified to employers or prospective employers with respect to the subject of the disclosure;
    - 29.2.6 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 29.2.7 any other restrictions or conditions the Registrar deems appropriate; or
  - 29.3 refuse to register the applicant.
30. The Registrar shall, in respect of a Student, consider the information and documents provided under sections 26 to 28, and shall, if the Student otherwise meets the requirements of registration:
- 30.1 take no further action;
  - 30.2 require the Student to abide by one or more of the following terms or conditions:
    - 30.2.1 satisfactorily completing, within a time specified, prescribed courses or examinations;
    - 30.2.2 engaging, for a time specified, an advisor, counsellor, or tutor;
    - 30.2.3 satisfactorily completing a period of supervised practice or employment;
    - 30.2.4 restricting their practice or employment in a specified manner for a specified period of time;
    - 30.2.5 reporting as specified to employers or prospective employers with respect to the subject of the disclosure;

- 30.2.6 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 30.2.7 any other restrictions or conditions the Registrar deems appropriate; or
  - 30.3 suspend the Student until the fulfillment of restrictions or conditions imposed by the Registrar.
31. The Registrar, in making a decision provided for in sections 29 and 30, shall consider such factors as:
- 31.1 the circumstances pertaining to the event requiring disclosure under section 26 and the conduct of the individual making the disclosure;
  - 31.2 the extent that the event requiring disclosure may put at risk the interests of:
    - 31.2.1 any client or employer associated with the individual making the disclosure; or
    - 31.2.2 any other party impacted or affected by the event;
  - 31.3 the number and nature of creditors affected;
  - 31.4 whether any potential civil or criminal liability has arisen from the event requiring disclosure;
  - 31.5 the current financial circumstances of the individual making the disclosure;
  - 31.6 the anticipated Day of release from insolvency; and
  - 31.7 whether the individual is competent and capable of performing as a Student, without impairment, the essential duties of any current or anticipated employment, business, or practice.

**Appeal of Registrar Decision on Student Registration**

- 32. An applicant who is refused registration by the Registrar for a reason other than good character or credibility, or whose registration is made subject to restrictions and conditions, may appeal the decision to the Admission and Registration Committee.
- 33. The parties to an appeal are the applicant appealing and the Registrar.
- 34. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-1.
- 35. The Admission and Registration Committee's decision is final.

### **Reapplication After Refusal of Registration**

36. The following individuals are eligible to reapply for registration under section 3 five years after the Day that their original application for registration is refused, subject to any restrictions and conditions imposed by an Adjudicative Committee at the time that the registration was refused:
- 36.1 an applicant who was refused registration by the Admission and Registration Committee;
  - 36.2 an applicant who was refused registration by the Appeal Committee; and
  - 36.3 an applicant who was refused registration by the Registrar, unless the reason for the refusal was the inability to satisfy the conditions for registration in sections 9 through 12, in which case the applicant is eligible to reapply at the time that they are able to satisfy those conditions.

### **Period of Registration**

37. The Day of registration shall be the Day that the applicant provides the Registrar with proof of compliance with all the requirements of section 3.
38. A Student shall renew registration on an annual basis by making an application for renewal in the prescribed form and paying the prescribed Dues, and providing all information and producing all documents as requested by the Registrar.
39. A Student shall be subject to the Regulations, by-laws and policies of CPA Ontario, including the Student Code of Conduct and the Academic Code of Conduct.

### **Resignation**

40. A Student may apply in writing in to the Registrar in the prescribed form to resign a registration in CPA Ontario.
41. The Registrar shall not accept an application for resignation if the Student:
- 41.1 is the subject of a complaint review, investigation, proposed settlement agreement, or Allegations by the Professional Conduct Committee, unless the Student undertakes never to re-apply for registration, membership, or licensure with CPA Ontario, or to apply for the CPA Advanced Certificate in Accounting and Finance;
  - 41.2 has not fully complied with a settlement agreement or order of a Committee of CPA Ontario; or
  - 41.3 owes any Dues to CPA Ontario.

42. The Registrar may require a Student to fulfill further restrictions and conditions as, in the discretion of the Registrar, are necessary to protect the public interest and the reputation of the Profession before accepting an application for resignation.

**Suspension, Reinstatement, and Deregistration**

43. The Registrar will suspend the registration of any Student:
- 43.1 for the failure to pay any Dues;
  - 43.2 for the failure to provide information, documents, or other materials required under the Act, by-laws, Regulations or policies of CPA Ontario or requested by CPA Ontario;
  - 43.3 in the circumstances set out in the Academic Code of Conduct;
  - 43.4 following the disclosure of certain bankruptcy events, as provided in this Regulation; and
  - 43.5 for the failure to successfully complete any obligation or requirement, or maintain any status, imposed by the Act, by-laws, Regulations or policies of CPA Ontario, or to provide proof of successful completion.
44. During the period of suspension, the Student:
- 44.1 has none of the rights and privileges of registration;
  - 44.2 continues to be responsible for all Dues;
  - 44.3 will not have practical experience earned recognized or counted towards their Practical Experience Requirements;
  - 44.4 will not be allowed to enroll in any CPA preparatory courses or in any aspect of the Professional Education Program;
  - 44.5 will not have any time period prescribed by CPA Ontario suspended, subject to the discretion of the Registrar under section 2; and
  - 44.6 remains subject to the authority, requirements, and disciplinary powers of CPA Ontario to the same extent as if the suspension does not take place.
45. A Student who is suspended under section 43 shall remain suspended until the Student complies with the requirements, including payment of any outstanding Dues, fees, or late penalties, at which point the Student's registration shall be reinstated by the Registrar.
46. Subject to the Academic Code of Conduct, the Registrar shall deregister any Student 60 Days after the imposition of a suspension under section 43, unless, before that Day, the Registrar has reinstated the registration under section 45.

47. The Registrar shall deregister a Student as of the earliest of:
- 47.1 the seventh anniversary of the Day of conditional registration under section 11 or 12, if by that Day the Student has not met all the requirements for registration under section 9;
  - 47.2 for Students registered under sections 9.8, 9.9 and 9.10, the sixth anniversary of the Student's PREP Commencement Date, unless the requirements of section 66 have been met to the satisfaction of the Registrar, before that Day;
  - 47.3 the sixth anniversary of the Student's PEP Commencement Date, unless they have attempted the CFE before that Day;
  - 47.4 the seventh anniversary of the Student's PEP Commencement Date, unless the Student's CPA Ontario Practical Experience Requirements, or legacy program in the case of Students registered under sections 9.8, 9.9 and 9.10, have been completed to the satisfaction of the Registrar, before that Day;
  - 47.5 45 Days following the release of the result of the Student's third unsuccessful attempt, having exhausted attempts as prescribed in the CPA Harmonized Education Policies or the CPA Professional Education Program, or the third unsuccessful attempt on the CFE or, if an appeal of the Student's CFE result has been filed, immediately upon the denial of the appeal;
  - 47.6 except for Students registered under sections 9.6 and 9.9, the tenth anniversary of the Day of initial registration;
  - 47.7 June 30, 2020 for Students registered under sections 9.6 and 9.9, unless they have provided proof satisfactory to the Registrar, before that Day, of the conferral of a 90 credit hour degree;
  - 47.8 June 30, 2020 for Students registered under sections 9.6 and 9.7 who have not completed the CPA Ontario Practical Experience Requirements; and
  - 47.9 any of the circumstances set out in the CPA Ontario Practical Experience Requirements, the CPA Harmonized Education Policies, and the Academic Code of Conduct.

### **Student Credibility**

48. In circumstances where a suspension or deregistration decision requires assessment of a Student's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

### **Student Credibility Hearings**

49. The parties to a hearing under section 48 are the Student and the Registrar.



- 50. A hearing under section 48 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
- 51. If the Admission and Registration Committee on referral of the matter by the Registrar determines that a Student meets the criteria for suspension or deregistration, the Admission and Registration Committee shall make an order suspending or deregistering the Student.

### **Student Credibility Appeals**

- 52. A Student may appeal an order of the Admission and Registration Committee under section 51 to the Appeal Committee.
- 53. The parties to an appeal are the Student and the Registrar.
- 54. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
- 55. The Appeal Committee's decision is final.

### **Reregistration**

- 56. An application for reregistration after an order deregistering a Student is made by an Adjudicative Committee shall be made:
  - 56.1 By making an application for registration as set out in this Regulation;
  - 56.2 By obtaining written confirmation from the Registrar that the applicant otherwise meets the requirements for registration, as provided in the applicable provisions of Regulation 6-1, 6-2 or 6-3; and
  - 56.3 By making an application to the Adjudicative Committee that made the deregistration order, under the applicable provisions of Regulation 6-1, 6-2 or 6-3.
- 57. An individual shall be eligible to apply for reregistration after deregistration in all other circumstances, or after resignation, except a resignation under section 41.1, by making an application for registration as set out in this Regulation.
- 58. A Student who has resigned or been deregistered pursuant to section 46 shall not be reregistered except at the discretion of, and on the restrictions and conditions deemed appropriate by, the Registrar.
- 58A. A Student who has been deregistered other than pursuant to section 46 shall not be reregistered except in extraordinary circumstances at the discretion of, and on the restrictions and conditions deemed appropriate by, the Registrar, the Admission and Registration Committee, or the Appeal Committee, as the case may be.

59. Academic prerequisites will be reassessed at the time of reregistration based on the Regulations and policies of CPA Ontario in effect at the time of reregistration.

**Appeal of Registrar's Restrictions and Conditions. Suspension. Deregistration. and Reregistration Decisions**

60. A Student whose registration is made subject to restrictions and conditions, is suspended, or is deregistered by the Registrar, or whose application for reregistration is refused by the Registrar, may appeal the decision to the Admission and Registration Committee.
61. The parties to an appeal are the applicant appealing and the Registrar.
62. The appeal shall be conducted in accordance with Regulation 6-1.
63. On hearing the appeal, the Admission and Registration Committee may confirm or vary the decision being appealed, or may substitute its own decision for that of the Registrar.
64. The Admission and Registration Committee's decision is final.

**CPA Program Completion**

65. Unless otherwise specified in the Regulations, every Student shall successfully complete, to the satisfaction of the Registrar:
- 65.1 the academic prerequisites; and
  - 65.2 the CPA Certification Program, that consists of:
    - 65.2.1 the CPA Professional Education Program; and
    - 65.2.2 the CPA Ontario Practical Experience Requirements.

**Academic Prerequisites**

66. Unless otherwise exempted by this Regulation, a Student shall fulfill the academic prerequisites in accordance with the CPA Harmonized Education Policies and the CPA National Recognition and Accreditation Standards for Post-Secondary Institutions, assessed in accordance with the Transcript Assessment Policy, by successfully completing:
- 66.1 a University Degree; and
  - 66.2 prerequisite learning, as follows:
    - 66.2.1 degree-credit courses recognized by CPA Ontario as providing the "specific subject area coverage" required by the CPA Competency

Map as an entrance requirement for enrolment in the CPA Professional Education Program;

66.2.2 the CPA preparatory courses; or

66.2.3 a combination acceptable to CPA Ontario, of sections 66.2.1 and 66.2.2.

### **Exemptions to Academic Prerequisites**

67. Students in the following categories of registration are exempt from the requirement to complete the academic prerequisites prescribed in section 65:

67.1 Legacy CGA Student (section 9.6); and

67.2 Legacy CMA Student (section 9.7).

68. Students in the following categories of registration may be exempt from part of the requirement to complete the academic prerequisites prescribed in section 66:

68.1 CPA Accredited Program (section 9.2; see exemptions in Schedule A);

68.2 Accounting Body Outside Canada (section 9.3; see exemptions in Schedule E);

68.3 Accounting Body Outside Canada – Specified (section 9.4; see exemptions in Schedule F);

68.4 Transitional CA Student (section 9.8; see exemptions in Schedule C);

68.5 Transitional CGA Student (section 9.9; see exemptions in Schedule D); and

68.6 Transitional CMA Student (section 9.10; see exemptions in Schedule B).

### **CPA Preparatory Courses**

69. A Student is eligible to enroll in and attend CPA Preparatory Courses if the Student:

69.1 pays the prescribed fee;

69.2 has provided proof satisfactory to the Registrar of any required pre-requisites in accordance with the CPA Ontario policies adopted by the Council; and

69.3 has provided all information and documents requested by the Registrar.

70. A Student may apply for exemption from a course or courses, and applications shall be considered by the Registrar.

71. Other than as set out in this Regulation, a Student who does not meet the requirements and prerequisites for CPA Preparatory Courses or a course shall not be permitted to enroll in the courses or the course.
72. A Student who has three unsuccessful attempts in respect of a course may not:
- 72.1 re-enroll in that course; or
  - 72.2 attempt or re-attempt the examination for that course;
- and the Student must:
- 72.3 successfully complete the appropriate course(s) at an academic institution; and
  - 72.4 afterwards seek an exemption from the relevant course.

**CPA Professional Education Program (PEP)**

73. Unless otherwise specified in this Regulation, all Students shall enroll in and successfully complete, while registered in good standing, the PEP, consisting of:
- 73.1 two mandatory core modules:
    - 73.1.1 Core 1; and
    - 73.1.2 Core 2; and
  - 73.2 any two elective modules chosen by the Student from among:
    - 73.2.1 Taxation;
    - 73.2.2 Assurance;
    - 73.2.3 Finance;
    - 73.2.4 Performance Management; and
  - 73.3 two mandatory capstone modules:
    - 73.3.1 Capstone 1; and
    - 73.3.2 Capstone 2; and
  - 73.4 the Common Final Examination (CFE).
74. Unless otherwise exempted by this Regulation, including the Transfer Credit Policy, a Student shall complete the PEP in accordance with the CPA Harmonized Education Policies and the CPA National Recognition and Accreditation Standards for Post-

Secondary Institutions, or any successor policies or documents approved by the Council from time to time.

75. Unless otherwise specified in this Regulation:
- 75.1 subject to sections 76 and 77, the Core 2 module shall not be completed before, but may be completed contemporaneously with the completion of the Core 1 module and the Capstone 1 and Capstone 2 modules shall be completed in sequential order;
  - 75.2 the Core 1 and Core 2 modules must be successfully completed, or been exempted from to be eligible to enroll in any elective modules;
  - 75.3 two elective modules must be successfully completed, or been exempted from to be eligible to enroll in the capstone modules; and
  - 75.4 the Core 1 and Core 2 modules, two elective modules and Capstone 1 and Capstone 2 modules shall be successfully completed, or been exempted from to be eligible to enroll in the CFE.
76. On or before April 30, 2019, a Student, other than a Student in the Accounting Body Outside Canada (section 9.3), Accounting Body Outside Canada – Specified (section 9.4), and Transitional CMA Student (section 9.10) registration categories, who has been granted exemption from the requirement to attend or complete any PEP module and is required to only write the examination(s) of the module, may complete the Core 1, Core 2, and elective modules in any order.
77. Despite section 3.1 of Volume 1 of the CPA Harmonized Education Policies, a Student may only complete the Core 1 and Core 2 modules contemporaneously if they enter the PEP with a minimum grade point average of 75%, or other equivalent alpha or numerical grade, in the core prerequisite courses as defined in the CPA Harmonized Education Policies, and provided that the Core 1 and Core 2 exams are written in the same semester.
78. Students with an unsuccessful attempt at a module or examination may be eligible to re-take the examination or module in accordance with the CPA Harmonized Education Policies.
79. A Student with an unsuccessful examination attempt for a core or elective module may attempt that examination at a subsequent sitting.

### **PEP Exemptions**

80. Students in the CPA Accredited Program registration category are exempt, upon successful completion of the accredited program, from any specific PEP modules as set out in Schedule A.

81. Students in the following categories of registration are exempt from the requirement to complete the PEP:
- 81.1 Legacy CGA Student (section 9.6), and
  - 81.2 Legacy CMA Student (section 9.7).
82. Students in the Accounting Body Outside Canada (section 9.3) category of registration are exempt from:
- 82.1 the requirements as set out in Schedule E; and
  - 82.2 the requirement to enroll in and successfully complete the modules for Core 1, Core 2, and the electives before attempting the examinations for each of Core 1, Core 2, and the electives if they have satisfied the Registrar of:
    - 82.2.1 having obtained a University Degree and the completion of a minimum of three years of relevant experience; or
    - 82.2.2 the completion of a minimum of eight years of relevant experience.
  - 82.3 Students in the Accounting Body Outside Canada – Specified (section 9.4) category of registration are exempt from any PEP modules or PEP examinations as specified in Schedule F.
  - 82.4 Students in the Accounting Body Outside Canada (section 9.3) category of registration who are unsuccessful in any Core 1, Core 2, or elective examination must successfully complete the module for that examination before making any further attempt at that examination.

### **PEP Transition**

83. Students in the Transitional CMA Student category of registration shall:
- 83.1 enroll in the PEP by the applicable Day set out in Schedule B; and
  - 83.2 complete the requirements applicable to their CMA Bridging Category as set out in Schedule B.
84. Students in the Transitional CA Student category of registration shall complete the requirements applicable to their CA Bridging Category as set out in Schedule C.
85. Students in the Transitional CGA Student category of registration shall complete the requirements applicable to their CGA Bridging Category as set out in Schedule D.

### **Common Final Examination (CFE)**

86. A Student is eligible to enroll for and attempt the CFE if the Student:

- 86.1 has successfully completed, or been exempted from, all PEP modules;
  - 86.2 makes an application in the prescribed form and pays the prescribed fee; and
  - 86.3 has provided all information and documents requested by the Registrar.
87. Despite section 86.3, the Registrar may enroll Students in the CFE who have not submitted all information and documents requested by the Registrar, on the condition that all information and documents are submitted to the Registrar within 14 Days of the public release of the examination result, unless otherwise determined by the Registrar, and failure to do so will result in an unsuccessful attempt.
88. No Student registered under this Regulation, other than a Legacy CMA Student or a Legacy CGA Student, shall be exempted from the requirement to pass the CFE.

#### **Exemptions from Practical Experience Requirements**

89. Students registered under section 10 may be granted exemptions from some or all of the Practical Experience Requirements by the Registrar, based on experience that was previously approved by a Provincial or Regional Body.
90. Students in the Accounting Body Outside Canada (section 9.3) category of registration may apply to the Registrar for a determination that some or all of the Practical Experience Requirements have been completed before registration, under Schedule E.
91. Students in the Accounting Body Outside Canada – Specified (section 9.4) category of registration may apply to the Registrar for a determination that some or all of the Practical Experience Requirements have been completed before registration, under Schedule F.

#### **Special Circumstances**

92. A Student requiring special accommodation for any course, module, examination, or other requirement may submit a request to the Registrar.
93. A Student may submit a request to the Registrar for special consideration due to circumstances arising during any course, module, examination, or other requirement.
94. Requests for special accommodation under section 92 and/or special consideration under section 93 shall be assessed under the CPA Ontario Accessibility and Special Accommodation policy.

**SCHEDULE A****CPA ACCREDITED PROGRAMS**

Accreditation of programs in this Schedule is based on the criteria outlined in the CPA National Recognition and Accreditation Standards for Post-Secondary Institutions. CPA Ontario monitors programs in this Schedule annually for compliance and renews them at least every five years.

<b>Post-Secondary Institution</b>	<b>CPA Accredited Program</b>	<b>Program Effective Date</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
Brock University, Goodman School of Business	Master of Business Administration (MBA), Accounting Stream	September 2014	Core 1 Core 2	Electives Capstone 1 Capstone 2 CFE
Brock University, Goodman School of Business	Master of Professional Accounting (MPAcc)	September 2018	Core 1 Core 2	Electives Capstone 1 Capstone 2 CFE
Brock University, Goodman School of Business	Combined Bachelor of Accounting (BAcc) (or equivalent) and Graduate Diploma in Accounting (GDA)	January 2015	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
Brock University, Goodman School of Business	Combined Bachelor of Accounting (BAcc) (or equivalent) and Master of Accounting (MAcc)	January 2015	Core 1 Core 2 Electives Capstone 1 Capstone 2	CFE
Carleton University, Sprott School of Business	Combined Bachelor of Commerce (BComm), Accounting Stream (or equivalent) and Master in Accounting (MAcc)	May 2015	Core 1 Core 2 Electives Capstone 1 Capstone 2	CFE
University of Guelph, Gordon S. Lang School of Business and Economics	Bachelor of Commerce (BComm), Accounting Stream (or equivalent), combined with one of: <ul style="list-style-type: none"> <li>Graduate Diploma in Accounting (GDA); or</li> <li>Master of Arts in Management (MAM) – Accounting Field</li> </ul>	May 2017	Core 1 Core 2 Assurance Elective Taxation Elective	Capstone 1 Capstone 2 CFE
Lakehead University	Combined Honours Bachelor of Commerce (HBComm), Accounting Stream (or equivalent) and Graduate Diploma in Accounting (GDA)	September 2017	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE



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<b>Post-Secondary Institution</b>	<b>CPA Accredited Program</b>	<b>Program Effective Date</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
McMaster University, DeGroote School of Business	Graduate Diploma in Professional Accounting (GDPA) combined with one of (or equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Commerce (BComm), Accounting Stream</li> <li>• Master of Business Administration (MBA), Accounting Stream</li> </ul>	May 2014	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
Queen's University, Smith School of Business	Combined Bachelor of Commerce (BComm), Accounting Stream (or equivalent) and Graduate Diploma in Accounting (GDA)	May 2014	Core 1 Core 2 Assurance Elective Taxation Elective Performance Management Elective	Capstone 1 Capstone 2 CFE
Ryerson University, School of Accounting and Finance	Combined Bachelor of Commerce (BComm), Accounting Stream (or equivalent) and Professional Master's Diploma (PDip)	May 2017	Core 1 Core 2 Assurance Elective Taxation Elective	Capstone 1 Capstone 2 CFE
Seneca College, School of Accounting and Financial Services	Combined Bachelor of Commerce – International Accounting and Finance (BComm-IAF), Accounting Stream (or equivalent) and Professional Accountancy Graduate Certificate (ACY)	September 2017	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
University of Ontario Institute of Technology	Combined Bachelor of Commerce (BComm), Accounting Stream (or equivalent) and Graduate Diploma in Accounting (GDA)	May 2016	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
University of Ottawa, Telfer School of Management	Combined Honours Bachelor of Commerce (HBComm), Accounting Stream (or equivalent) and Graduate Diploma in Chartered Professional Accountancy (GDA) (Offered in both English and French)	September 2017	Core 1 Core 2 Assurance Elective Taxation Elective Performance Management Elective	Capstone 1 Capstone 2 CFE

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<b>Post-Secondary Institution</b>	<b>CPA Accredited Program</b>	<b>Program Effective Date</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
University of Toronto, St. George Rotman School of Management	Graduate Diploma in Professional Accounting (GDPA) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Commerce (BComm), Accounting Specialist (Rotman School of Management);</li> <li>• Bachelor of Commerce (BComm), Accounting Specialist (University of Toronto, Mississauga); or</li> <li>• Bachelor of Business Administration (BBA), Specialist in Management and Accounting (University of Toronto, Scarborough)</li> </ul>	May 2016	Core 1 Core 2 Assurance Elective Taxation Elective	Capstone 1 Capstone 2 CFE
University of Toronto, Mississauga	12-month Master of Management and Professional Accounting (MMPA) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Commerce (BComm), Accounting Specialist (University of Toronto, Mississauga); or</li> <li>• Bachelor of Commerce (BComm), Accounting Specialist (University of Toronto, St. George); or</li> <li>• Bachelor of Business Administration (BBA), Specialist in Management and Accounting (University of Toronto, Scarborough).</li> </ul>	September 2015	Core 1 Core 2 Electives Capstone 1	Capstone 2 CFE
University of Toronto, Mississauga	24-month or 27-month Master of Management and Professional Accounting (MMPA)	September 2014	Core 1 Core 2 Electives Capstone 1	Capstone 2 CFE

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<b>Post-Secondary Institution</b>	<b>CPA Accredited Program</b>	<b>Program Effective Date</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
University of Toronto, Scarborough	Master of Accounting and Finance (MAccFin) combined with one of: <ul style="list-style-type: none"> <li>• Bachelor of Commerce (BComm), Accounting Specialist (University of Toronto, Mississauga); or</li> <li>• Bachelor of Commerce (BComm), Accounting Specialist Program (University of Toronto, St. George); or</li> <li>• Bachelor of Business Administration (BBA), Specialist in Accounting (University of Toronto, Scarborough).</li> </ul>	May 2018	Core 1 Core 2 Electives Capstone 1	Capstone 2 CFE
University of Waterloo, School of Accounting and Finance	Master of Accounting (MAcc) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Accounting and Financial Management (BAFM), Accounting Stream</li> <li>• Bachelor of Mathematics (BMath), Accounting Stream; or</li> <li>• Bachelor of Science (BSci) Accounting Stream</li> </ul>	January 2015	Core 1 Core 2 Electives* Capstone 1 Capstone 2	CFE
University of Waterloo, School of Accounting and Finance	Graduate Diploma in Accounting (GDAcc) combined with t one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Accounting and Financial Management (BAFM), Accounting Stream</li> <li>• Bachelor of Mathematics (BMath), Accounting Stream; or</li> <li>• Bachelor of Science (BSci), Accounting Stream</li> </ul>	January 2015	Core 1 Core 2 Electives*	Capstone 1 Capstone 2 CFE
Western University, Richard Ivey School of Business	Combined Honour Business Administration (HBA), Accounting Stream (or equivalent) and Graduate Diploma in Accounting (GDip)	May 2015	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE

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<b>Post-Secondary Institution</b>	<b>CPA Accredited Program</b>	<b>Program Effective Date</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
Western University, DAN School of Management	Combined Bachelor of Management and Organizational Studies (BMOS), Accounting Stream (or equivalent) and Graduate Diploma in Accounting (GDip)	May 2016	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
Wilfrid Laurier University, Lazardis School of Business and Economics	Graduate Diploma in Accounting (GDAP) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration (BBA); Accounting Stream</li> <li>• Bachelor of Business Administration Double Degree; Accounting Stream; or</li> <li>• Bachelor of Arts Economics and Accounting (BA Econ).</li> </ul>	May 2014	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE
Wilfrid Laurier University, Lazardis School of Business and Economics	Master of Business Administration (MBA), Accounting Stream	September 2015	Core 1 Core 2 Electives* Capstone 1	Capstone 2 CFE

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Post-Secondary Institution	CPA Accredited Program	Program Effective Date	PEP exemptions	PEP requirements
University of Windsor, Odette School of Business	Master of Business Administration, Professional Accounting Specialization (MBA-PAS) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Commerce (Honours Business Administration) Co-operative Education Program (BComm – co-op option);</li> <li>• Bachelor of Commerce (Honours Business Administration) (BComm - non-co-op option);</li> <li>• Bachelor of Commerce (Honours Business Administration and Computer Science) Co-operative Education Program (BComm - co-op option);</li> <li>• Bachelor of Commerce (Honours Business Administration and Economics) (BComm - non-co-op option);</li> <li>• Bachelor of Commerce (Honours Business Administration and Computer Science) (BComm - non-co-op option); or</li> <li>• Post-Graduate Certificate in Accounting (PGCA).</li> </ul>	September 2017	Core 1 Core 2 Electives Capstone 1 Capstone 2	CFE
York University Schulich School of Business	Master of Accounting (MAcc – Term 2) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration (BBA); Accounting Stream; or</li> <li>• International Bachelor of Business Administration (iBBA), Accounting Stream.</li> </ul>	May 2015	Core 1 Core 2 Electives*	Capstone 1 Capstone 2 CFE
York University Schulich School of Business	Master of Accounting (MAcc – Term 2 + 3) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration (BBA), Accounting Stream;</li> <li>• International Bachelor of Business Administration (iBBA), Accounting Stream</li> </ul>	May 2015	Core 1 Core 2 Electives* Capstone 1 Capstone 2	CFE

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Post-Secondary Institution	CPA Accredited Program	Program Effective Date	PEP exemptions	PEP requirements
York University, Schulich School of Business	Master of Accounting (MAcc)	January 2015	Core 1 Core 2 Electives* Capstone 1 Capstone 2	CFE
York University, Liberal Arts and Professional Studies	Graduate Diploma in Professional Accounting (GDPA) combined with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Commerce (BComm), Accounting Stream; or</li> <li>• Bachelor of Administrative Studies (BAS), Accounting Stream</li> </ul>	January 2017	Core 1 Core 2 Electives	Capstone 1 Capstone 2 CFE

\* Students have the option of which courses to choose and therefore may choose courses that map to Assurance, Taxation, Finance or Performance Management Electives.

**SCHEDULE B****CMA BRIDGING CATEGORIES**

Transitional CMA Students must enroll in the CPA PEP by March 31, 2017 or in Capstone 1 by June 1, 2017. Failure to enroll in the CPA PEP by the applicable Day shall result in the loss of eligibility for exemption from any of the CPA modules.

***Transition Points from the CMA Strategic Leadership Program to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed SLP and did not attempt or failed the Board Report	September 2015	Core 1 Core 2 Electives	None	Required	Capstone 1 Capstone 2 CFE
Completed Year 1 and passed the Case Examination	September 2015	Core 2	Core 1 Performance Management	Required	Relevant module(s) and exam if not successful in challenge exams Two Electives If successful in challenge of Performance Management exam, only one other elective required Capstone 1 Capstone 2 CFE
Completed Year 1 but failed the Case Examination	October 2014	None	Core 1 Core 2	Required	Relevant core module(s) and exam if not successful in challenge exams Two Electives Capstone 1 Capstone 2 CFE

***Transition Points from the CMA Accelerated Program to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed Academic Prerequisites but failed or did not attempt Entrance Examination	October 2013	None	None	Required	Core 1 Core 2 Two electives Capstone 1 Capstone 2 CFE <sup>1</sup>

***Transition Points from Accredited Programs to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completion of a CMA Accredited Program by December 2015	December 2015	None	Core 1 Core 2	Required	Relevant module(s) if not successful in two challenge exams Two electives Capstone 1 Capstone 2 CFE

***Transition Points from Approved Paths to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completion of a CMA Approved Path by December 2015	December 2015	None	None	Required	Core 1 Core 2 Two electives Capstone 1 Capstone 2 CFE

<sup>1</sup> If the Accelerated Program was completed before Fall 2009, Students must complete Intermediate and Advanced Financial Reporting before enrolling in Core 1.



***Transition Points from the CMA Executive Program to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed Executive Program and did not attempt or failed the Board Report	September 2015	Core 1 Core 2 Electives	None	Required	Capstone 1 Capstone 2 CFE

***Transition Points from the CMA MBA Program to CPA PEP***

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed CMA/MBA and did not attempt or failed the Case Examination or the Board Report	September 2015	Electives	Core 1 Core 2	Required	Capstone 1 Capstone 2 CFE

**SCHEDULE C**

**CA BRIDGING CATEGORIES**

CA Bridging Category	Last CA Evaluation	CPA Module Exemptions	Allowed PEP Examination Challenges (subject to the examinations being challenged on or before April 30, 2019)	CPA PEP Requirements
Completed Waterloo MAcc before 2015 and staff training program or equivalent  UFE not completed (not attempted or unsuccessful attempt)	June 2015 (Supplemental UFE)	Core 1 Core 2 Electives	None	Capstone 1 Capstone 2 CFE
SOA Successfully Completed or Exempt  UFE not completed (not attempted or unsuccessful attempt)	June 2015 (Supplemental UFE)	Core 1 Core 2 Electives	None	Capstone 1 Capstone 2 CFE
CKE successfully completed on or after June 1, 2011  SOA not completed (not attempted or unsuccessfully attempted)	May 2014 (CKE)  November 2014 SOA	Core 1 Core 2	Assurance and Taxation Electives	Relevant module(s) if not successful in two challenge exams Capstone 1 Capstone 2 CFE
Met or exempt from education requirements of Regulation 9-2  CKE not complete (did not attempt or unsuccessful attempt)	May 2014 (CKE)	None	Core 1 Core 2 Assurance Taxation	Relevant module(s) if not successful in two challenge exams Capstone 1 Capstone 2 CFE
Did not meet all of the Education Requirements of Regulation 9-2	N/A	None	Core 1 Core 2 Assurance Taxation	Academic prerequisites where exemptions not given Capstone 1 Capstone 2 CFE

**SCHEDULE D****CGA BRIDGING CATEGORIES**

<b>CGA Bridging Category</b>	<b>Last CGA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>CPA PEP Requirements</b>
<b>Category A:</b>  Did not complete PA 1 or PA 2 but completed any TWO of AU2, FN2, TX2	PA exams Summer 2015	Corresponding CPA Assurance Tax or Finance Elective	None	Core 1 Core 2 Recognized Degree Capstone 1* Capstone 2 CFE
<b>Category B:</b>  Did not complete PA 1 or PA 2 but completed any ONE of AU2, FN2, TX2	Summer 2015	Corresponding CPA Assurance Tax or Finance Elective	None	Core 1 Core 2 One Elective Recognized Degree Capstone 1* Capstone 2 CFE
<b>Category C:</b>  Completed PA 1 or PA 2	Summer 2015	Core 1 Core 2	None	Electives Recognized Degree Capstone 1* Capstone 2 CFE
<b>Category D:</b>  Completed PA 2 and MU 1	Summer 2015	Core 1 Core 2 Performance Management	None	One Elective Recognized Degree Capstone 1* Capstone 2 CFE

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CGA Bridging Category	Last CGA Evaluation	CPA Module Exemptions	Allowed PEP Examination Challenges	CPA PEP Requirements
<b>Category E:</b> Completed one or two PAs and any TWO of: AU2, FN2, TX2 or successfully completed any TWO of AU2, FN2, TX2, MU1, PF1 and MS2 AND completed at least PA1 or PA2 AND attempted PA1 or PA2.	Summer 2015	Core 1 Core 2 Corresponding CPA Assurance Tax or Finance Electives	None	Recognized Degree Capstone 1* Capstone 2 CFE
<b>Category F:</b> Completed one or two PAs and any ONE of: AU2, FN2, TX2	August 2015	Core 1 Core 2 Corresponding CPA Assurance Tax or Finance Elective	None	One Elective Recognized Degree Capstone 1* Capstone 2 CFE
<b>Category G:</b> All other Students (those who do not meet the requirements of Categories A to F)	Not applicable	None	None	Academic Prerequisites for which exemptions were not granted Core 1 Core 2 Electives Recognized Degree Capstone 1* Capstone 2 CFE Currency of education as defined in the CPA Harmonized Education Policies

**SCHEDULE E****ACCOUNTING BODIES OUTSIDE CANADA**

<b>Registration Eligibility requirements</b>	<b>Automatic exemptions</b>	<b>PEP requirements</b>	<b>Experience requirements</b>
<p>Is a member in good standing with a professional accounting body outside Canada that:</p> <ul style="list-style-type: none"> <li>• Is a Member Body in good standing of the International Federation of Accountants at the date of the individual's application for registration; or</li> <li>• Is a professional or regulatory body or authority for accountants or auditors in a country other than Canada that has been established by statute to qualify, certify, regulate, license or authorize individuals to practise as accountants or auditors in that country; and</li> <li>• Is not eligible to register as a Student under section 9.4 of this Regulation 9-1.</li> </ul>	Academic Prerequisites*	Core 1** Core 2** Two Electives** Capstone 1 Capstone 2 CFE	Meet the CPA Ontario Practical Experience Requirements***

\* Students are strongly encouraged to gain core knowledge of Canadian tax, Canadian law and Canadian Accounting Standards for Private Enterprises

\*\* Students are eligible to challenge the examinations of Core 1, Core 2 and any two Electives in any order if they have satisfied the Registrar that:

1. They have obtained a university degree and the completion of a minimum of three years of relevant experience; or
2. They have completed a minimum of eight years of relevant experience.

\*\*\* Students may apply to the Registrar for a determination that some or all of the CPA Ontario Practical Experience Requirements have been completed before registration.

**SCHEDULE E**

**SPECIFIED ACCOUNTING BODIES**

- The Institute of Chartered Accountants of India
- The Institute of Chartered Accountants of Pakistan

<b>Specified Accounting Body</b>	<b>Registration Eligibility requirements</b>	<b>Automatic exemptions</b>	<b>PEP requirements</b>	<b>Experience requirements</b>
The Institute of Chartered Accountants of India (ICAI)	Is a member in good standing of ICAI who has gained membership in ICAI by meeting the education, examination and practical experience requirements of ICAI and not through another agreement	Academic Prerequisites* Core 1 Core 2 Electives Capstone 1** Capstone 2**	CFE	Meet the CPA Ontario Practical Experience Requirements***  Students will be exempt from detailed experience assessments if they have completed:  <ul style="list-style-type: none"> <li>• Two years of post-ICAI designation experience plus a recognized university degree, or</li> <li>• Five years of post-ICAI designation experience but no recognized university degree</li> </ul>
The Institute of Chartered Accountants of Pakistan (ICAP)	Is a member in good standing of ICAP who has gained membership in ICAP by meeting the education, examination and practical experience requirements of ICAP and not through another agreement	Academic Prerequisites* Core 1 Core 2 Electives Capstone 1** Capstone 2**	CFE	Meet the CPA Ontario Practical Experience Requirements***  Students will be exempt from detailed experience assessments if they have completed:  <ul style="list-style-type: none"> <li>• Two years of post-ICAP designation experience plus a recognized university degree, or</li> <li>• Five years of post-ICAP designation experience but no recognized university degree</li> </ul>

\* Students are strongly encouraged to gain core knowledge of Canadian tax, Canadian law and Canadian Accounting Standards for Private Enterprises.

\*\* Students are strongly encouraged to complete Capstone 1 and Capstone 2 in preparation for the CFE.

\*\*\* Students may apply to the Registrar for a determination that some or all of the Practical Experience Requirements have been completed before registration.

**APPENDIX A**

**CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
ACADEMIC CODE OF CONDUCT**

Provided under separate cover

**APPENDIX B**

**CPA ONTARIO PRACTICAL EXPERIENCE REQUIREMENTS**

Provided under separate cover



**APPENDIX C1**

**CPA HARMONIZED EDUCATION POLICIES  
VOLUME 1**

Provided under separate cover

**APPENDIX C2**

**CPA HARMONIZED EDUCATION POLICIES  
VOLUME 3**

Provided under separate cover

**APPENDIX D**

**CPA ONTARIO STUDENT CODE OF CONDUCT**

Provided under separate cover

**APPENDIX E**

**TRANSCRIPT ASSESSMENT POLICY**

Provided under separate cover

**APPENDIX E**

**TRANSFER CREDIT POLICY**

Provided under separate cover

**APPENDIX A**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**ACADEMIC CODE OF CONDUCT**

**INTRODUCTION**

The CPA Ontario Academic Code of Conduct (“Academic Code”) applies to Members, Students, and any other individuals enrolled in CPA Ontario educational programs.

Words in the Academic Code have the same meaning as they do in the Act, the By-law, the CPA Harmonized Education Policies, and the CPA Ontario Practical Experience Requirements.

The Academic Code does not supersede the Code or the Student Code.

**ACADEMIC OFFENCES**

In order to maintain the academic integrity of all CPA Ontario educational programs, including continuing professional education programs, and to ensure that individuals meet the ethical, professional and behavioural standards of the profession, CPA Ontario has adopted this Academic Code. For the purposes of the Academic Code the evaluation of learning or performance includes any examination, quiz, test or other means of evaluation in the learning process.

Under the Academic Code the following are considered to be offences:

- 1. Plagiarism** – Plagiarism is offering for evaluation the work of another that is not your own, and this includes submitting work without proper acknowledgment and attribution, regardless of whether there was an intention to deceive.
- 2. Cheating** – Cheating is defined as any form of behaviour in the evaluation of learning process designed to gain an improper advantage whether by deception or dishonesty. Cheating includes:
  - the use or possession of unauthorized materials, information, or the receipt of unauthorized assistance, on or during an evaluation of learning or experience and includes:
    - unauthorized collaboration with another individual including copying from their examination papers;
    - theft or unauthorized retention of examination, program, or other course or program related materials;

- unless specifically requested to do so, submitting for evaluation work that was previously submitted in another course or other program;
- the use of unauthorized electronic or mechanical devices that are capable of aiding student performance or providing an advantage during the process to evaluate learning or performance;
- personation, which includes the assumption of another's identity or having another person assume the identity of an individual for the purpose of attending classes, taking online education courses or any other education-related program, including any process used in the evaluation learning or performance;
- falsification of any document used in the evaluation of learning or performance process, but does not include an honest error or mistake or the creation of documents specifically for learning or evaluation purposes where the document is deliberately intended to create a hypothetical scenario for learning or evaluative purposes and has been required as part of an education program or the evaluative process; and
- the unauthorized copying or use of copyrighted materials and intentionally failing to abide by the *Copyright Act* and or any other licence agreement including software licence agreements.

**3. Disruptive Behaviour** – Disruptive behaviour is defined as any deliberate behaviour that impedes the ability of an instructor to teach or attendees to learn or impedes the orderly conduct of any evaluation of learning or performance. An individual may be removed from any evaluation of learning or performance for behaviour that is disruptive or inappropriate in the context of the setting.

### **BREACH OF ACADEMIC CODE OF CONDUCT**

Upon becoming aware that an individual may be in breach of the Academic Code, the Registrar shall investigate the matter and request and receive such information from CPA Ontario staff, the instructor, lecturer, invigilator, or others who may have knowledge of the alleged breach. The Registrar shall afford an opportunity for the individual to provide an explanation and produce any documents or other information relevant to the alleged incident. Upon completion of the investigation, and satisfying them self that a breach of the Academic Code has occurred, the Registrar may do one or more of the following:

- where applicable, have the result of any evaluation of learning or performance be disregarded, the result shall not be released and the attempt shall be counted as one attempt at the examination or evaluation;
- deregister the Member, Student or other individual from the course, module, program, or workshop as the case may be;
- require that the Member, Student or other individual attempt the course, module, program or workshop again and have a mark of zero ("0"), or the applicable equivalent, entered into the individual's record with CPA Ontario for the first attempt;

## REGULATIONS

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- if the individual is a Member or Student, initiate a Complaint pursuant to the Complaints Regulation; and/or
- make a notation on the file of the individual that he or she has been the subject of an investigation under the Academic Code and have the matter considered again if necessary to determine whether at the time of application for membership the Student is of good character, or in the case of any other individual, at the time that individual applies for registration with CPA Ontario as a Student.

In circumstances where the decision of the Registrar requires an assessment of the Member or Student's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee, in accordance with Regulation 7-1, 9-1 or 9-2.

A decision of the Registrar as to whether there has been a breach of the Academic Code may be appealed to the Admission and Registration Committee. The parties to the appeal are the individual and the Registrar. The decision of the Admission and Registration Committee is final.

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I, \_\_\_\_\_(print full legal name), hereby acknowledge that I have read, understood and agree to abide by the Academic Code.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Signature:\_\_\_\_\_



**APPENDIX B**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**PRACTICAL EXPERIENCE REQUIREMENTS**

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## 1 Introduction

### 1.1 About this document

This document provides the practical experience requirements (or “PER”) for certification as a Chartered Professional Accountant (CPA) with the Chartered Professional Accountants of Ontario (“CPA Ontario” or “CPAO”) and is to be read in conjunction with CPA Ontario’s by-laws and Regulations, including *Regulation 9-1: Student Registration, Obligations and Standing*. The Registrar has the discretion to extend any timelines for the practical experience requirements in exceptional circumstances.

The practical experience requirements necessary to obtain a Public Accounting Licence are provided as a specific pathway within these CPA Ontario practical experience requirements and Students must ensure they comply with the requirements of *Regulation 17-1: Public Accounting Licensing* to be eligible.

Standards in this document meet or exceed International Federation of Accountants (IFAC) standards.

### 1.2 Glossary

In addition to the terms defined in CPA Ontario’s by-laws and Regulations, this document uses the terms as defined below. These definitions are provided for clarity to assist in the interpretation of the CPA Ontario practical experience requirements (CPAO PER).

**Academia:** Professional scholars and/or students, employed at a post-secondary institution on a full-time or part-time basis, who are engaged in higher education and research.

**Assessment:** For purposes of practical experience, assessment includes Students performing self-assessments of the level of proficiency developed for each competency area, and a CPA Ontario assessing the experience of Students.

**Assurance:** “Audit” and “Review” as defined herein, and other assurance services as set out in the current CPA Canada Handbook – Assurance.

**Audit:** The audits of financial statements and other historical financial information as set out in the current CPA Canada Handbook – Assurance.

**Autonomy:** The degree of independence Students assume in carrying out a task.

**Breadth:** The requirement for Students to gain proficiency in at least eight technical competency sub-areas, of which four must be at Level 2 proficiency and the remaining four at least at Level 1 proficiency.

**Chargeable hours:** Hours normally chargeable to clients of a public accounting practice, however, chargeable hours do not include time spent on work of a routine clerical nature.

**Circumstance:** Situations are either routine or non-routine in nature.

- **Routine** — Circumstances typically encountered by and requiring the knowledge expected of newly certified CPAs.

- **Non-routine**— Circumstances not typically encountered by newly certified CPAs; may require advanced technical expertise.

**Competency area:** One of the 11 competency areas defined in The CPA Competency Map. There are six technical competency areas: Financial Reporting, Management Accounting, Taxation, Strategy and Governance, Finance, and Audit and Assurance; and five enabling competency areas: Professional and Ethical Behaviour, Problem-Solving and Decision-Making, Communication, Self- Management, and Teamwork and Leadership.

**Competency sub-area and competency statements:** The specific technical competency statements are grouped into 20 competency sub-areas. Each competency area has between three to four competency sub-areas.

**Complexity:** The degree of difficulty associated with the number and nature of interrelationships and ambiguities that must be considered simultaneously. There are three levels of complexity:

- **Low complexity**— Little difficulty is associated with a small number of straightforward and frequently encountered issues; may achieve competence relying on “rote” approach.
- **Moderate complexity**— Medium difficulty is associated with a number of interconnections or variables that need to be considered simultaneously; circumstances may be less clear and require approaches that are not practised frequently.
- **High complexity**— Considerable difficulty is associated with a large number of interrelationships and ambiguities that must be considered simultaneously; often requires innovative approaches.

See also Autonomy and Circumstance.

**Core:** All Students must demonstrate technical proficiency in any three competency sub-areas, at least at Level 1 proficiency, in financial reporting and/or management accounting.

**CPA:** Canadian Chartered Professional Accountant; while there are other international CPA designations, all references in this document refer to the Canadian designation.

**CPA certification program:** All elements of the CPA program required for certification, including academic prerequisites, the CPA Professional Education Program, the Common Final Examination, and qualifying practical experience.

**The CPA Competency Map:** The CPA publication that profiles the competencies required of a CPA on the path to, and upon, certification. The competency statements and defined proficiency levels for practical experience are modified from those in the CPA Competency Map. These adjustments were made to reflect what Students are expected to demonstrate through practical experience.

**CPA Ontario experience verification route (EVR):** The CPA Ontario practical experience model in which experience commences when Students are employed in any position not part of a pre-approved program that allows them to gain experience in at least one sub-competency area at least Level 1 proficiency. The experience is approved by CPA Ontario as the experience is gained.

**CPA Ontario pre-approved program route (PPR):** Programs offered by employers that allow Students to satisfy all of the practical experience requirements contained in this document within the required minimum term of practical experience. Pre-approved programs are monitored by CPA Ontario to ensure the approved training program is being followed.

**CPA preparatory courses:** Courses that provide those with undergraduate degrees in areas other than accounting with the specific knowledge requirements for admission to the CPA Professional Education Program.

**CPA Professional Education Program (CPA PEP):** The education program that Students must complete to become a CPA. It is delivered by the profession and by post-secondary institution programs accredited by the profession.

**Depth:** The requirement for Students to gain proficiency in all technical competency sub-areas relating to one competency area, with at least two competency sub-areas being at Level 2 proficiency. The remaining competency sub-areas need to be at least at Level 1 proficiency.

**Diversity:** Shall be determined at the discretion of CPA Ontario in consideration of a sufficient variety of audit clients, industries, and/or a variety of audit and financial reporting matters.

**Enabling competencies:** The essential skills for ethical behavior, decision-making, problem-solving, communication, and leadership required of a professional accountant.

**External Audit Pre-Approved Program:** Students must complete the External Audit Pre-Approved Program in order to be eligible for a Public Accounting Licence at the time of admission to membership, which includes the following:

- a minimum of 2,500 hours which includes at least:
  - 1,250 chargeable hours in assurance services, of which at least 625 chargeable hours shall be in the audit of historical financial information and 100 chargeable hours of review procedures in review and other assurance engagements;
  - 100 chargeable hours in Canadian taxation services; and
  - 1,150 eligible hours, as defined in *Regulation 17-1: Public Accounting Licensing*, in either public accounting services or designated services;
- have at least two years of prescribed public accounting experience under the supervision of a Member who holds a valid and current Public Accounting Licence;
- limit the amount of time spent on secondment assignments to six months (of the 30 month practice experience term); and
- complete all chargeable hour and competency requirements not more than five years before the end of the pre-approved program completion date.

**Family member:** For purposes of practical experience, a family member means an individual's spouse, common-law spouse, natural or adopted parent, sibling, natural or adopted children, natural grandchildren or a child legally adopted by the natural or adopted child of the individual such that the child is considered a grandchild of the individual.

**Foundational level:** An employment position in which the majority of technical proficiency is at Level 0, with only one competency sub-area at Level 1 proficiency.

**IFAC:** International Federation of Accountants is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

**Legacy program:** A Chartered Accountant (CA), Certified Management Accountant (CMA) or Certified General Accountant (CGA) certification program.

**Mentor:** A member in good standing of CPA Ontario or a Provincial Body who provides guidance to Students on competency development, and who models and facilitates the understanding of the CPA profession's values, ethics and attitudes.

**PER effective date:** Means the date a Student's qualifying period of practical experience begins as detailed in [section 2.5.7](#).

**Practical experience reporting tool (PERT):** The online tool for Students to report their practical experience.

**Pre-approved program leader:** The senior member in good standing of CPA Ontario or a Provincial Body responsible for their organization's pre-approved program(s). This individual is sufficiently senior to adjust the duties of Students to provide opportunities to obtain the technical and enabling competencies required of the training program.

**Pre-approved program manager:** An individual is assigned to the program by the organization that is responsible for managing the pre-approved program by ensuring that the appropriate Students are in the program and are meeting the requirements of the program. For specific requirements, see [section 4.3](#).

**Proficiency level:** At the point of certification, Students are expected to demonstrate competence (a combination of attitude, skill, and knowledge) at defined levels of proficiency. Three distinct and progressively higher levels of proficiency are described, reflecting the increase in the ability of Students throughout the program. Complexity, circumstance, and autonomy are considered in determining proficiency levels. Generally, as complexity increases and/or routine work decreases and/or autonomy increases, the proficiency level increases. There are three levels of proficiency:

Level 0 – Experience that is at an administrative or clerical level.

Level 1 – Experience that is at the professional level but lower than that expected of a newly certified CPA. This can include experience with tasks that are routine in nature, of a low level of complexity, and/or are executed with little autonomy.

Level 2 – The experience level expected of a newly certified CPA.

See also ***Autonomy and Circumstance***.

**Qualifying/recognized experience:** Means practical experience that has been approved by CPA Ontario towards the completion of the CPA Certification Program.

**Reporting:** Students are required to capture all practical experience in experience reports in PERT at prescribed times (see [section 3](#)). The reports contain factual information such as the type of experience being obtained (through experience verification or through a pre-approved program) and duration, as well as an assessment of the experience. See also ***Assessment***.

**Review:** A review of historical financial statements and other financial information as set out in the current CPA Canada Handbook – Assurance.

**Reviewers:** individuals employed by CPA Ontario to assess any experience report submitted through PERT.

**Secondment:** Qualifying experience obtained outside of the pre-approved program that does not require Students to switch to experience-verification, provided that the experience meets the criteria in [section 4.4](#).

**Self-employed:** An individual is employed by:

- i. a corporation in which they own a majority of the shares;
- ii. a partnership in which they are partner; or
- iii. a sole proprietorship of which they are the sole proprietor.

Individuals who work under contract or in a consultative capacity for someone other than themselves are not considered to be self-employed.

**Supervisor:** The person to whom Students report. In experience verification, the supervisor verifies that the experiences of Students are appropriately reflected in experience reports. In pre-approved programs the supervisor assigns work according to the program. Ideally, the supervisor is also a professional accountant. See also **Mentor**.

**Technical competencies:** The abilities expected of professional accountants and performed by professional accountants in many roles in public practice, industry, and the public sector. For purposes of practical experience, the required technical competencies have depth, breadth and core proficiency standards. See also **Competency area, The CPA Competency Map, Depth, Breadth**, and **Enabling competencies**.

**Transitioning Student:** A Student who started in a legacy program but need to transition to the CPA Profession Education Program (CPA PEP) and/or CPAO PER to complete the requirements for certification.

**Volunteer:** Experience where there is no financial gain for the individual.

### ***1.3 Objectives of practical experience***

Practical experience is essential to the CPA certification process. It provides Students opportunities to apply formal learning in workplace settings and to develop and enhance the professional competencies defined in the CPA Competency Map.

Ultimately, there are three objectives for practical experience:

1. Build, in actual workplace settings, on the foundation of skills and knowledge gained in the CPA PEP.
2. Facilitate the development of the profession's values, ethics, and attitudes while Students develop their own professional identities.
3. Develop professionals who are capable of thinking and acting appropriately in diverse and often ambiguous situations.

Students are not expected to demonstrate achievement of all technical competencies through their practical experience (see [section 2.6](#) for core, breadth and depth requirements). Technical competencies are developed through a combination of experience and education.

Students are expected to develop all enabling competencies as part of their practical experience.

### *1.3.1 Practical experience requirements for obtaining a Public Accounting Licence*

The CPA certification program trains all Students to an equivalent overall level of competency regardless of the electives taken by any individual Student. For Students seeking to be eligible for a Public Accounting Licence, there are specific requirements for education, evaluation and practical experience that are a prescribed pathway within the general CPA certification program.

The practical experience requirements for obtaining a Public Accounting Licence include some additional requirements and can be attained through the External Audit Pre-Approved Program (see definition of External Audit Pre-Approved Program for complete requirements). Their goal is to ensure Students seeking to be licensed have sufficient opportunity to develop the appropriate competencies to be able to provide public accounting services at the time of certification.

### **1.4 Effective date of CPAO PER**

CPA Ontario practical experience requirements for certification became effective on September 1, 2014 and apply to all Students registered with CPA Ontario on or after September 1, 2014, for the purposes of recording practical experience, and must be met for certification as a CPA.

Other provincial/regional bodies may choose to adopt these requirements earlier. See [section 5](#) for Transition rules.



## 2 Qualifying Practical Experience

### 2.1 Overview

Practical experience can be gained through pre-approved programs and/or experience verification route. Qualifying practical experience is defined in terms of duration (the minimum term of practical experience), and technical and enabling competency development to required levels of proficiency.

All qualifying experience must be gained under appropriate supervision and mentorship. There are specific reporting requirements to facilitate discussions of Students with their mentors as well as to assess the experience obtained.

The following comprise CPA Ontario practical experience requirements applicable to all Students:

- A minimum term of 30 months is required — See [section 2.5](#)
  - Up to 12 months can be claimed as prior experience.
  - No more than 12 months in aggregate of experience at the foundational level.
  - Students may accumulate up to 18 months of qualifying practical experience before commencing in the CPA PEP. If they do not commence the CPA PEP after accumulating 18 months, no further qualifying experience will be recognized until they register in the CPA PEP.

All practical experience must be gained in positions that ended in the last seven years, except for public accounting, where both the competency and the chargeable hour requirements must be met in positions that ended in the last five years. No qualifying practical experience shall be recognized while the Student is not in good standing with CPA Ontario

**Appropriate international experience is recognized** — See [section 2.3](#) — All experience that satisfies the practical experience requirements will be recognized, whether it is gained domestically or internationally. (There may be exceptions for Students developing an area of depth in a standards-based competency area, and for chargeable hour requirements for Students pursuing public accounting.)

There are competency requirements – See [section 2.6](#)

- **Technical** - Demonstrate proficiency in the core, and the required proficiency level in any depth area. In addition, Students must develop any two additional competency sub-areas in order to satisfy overall breadth or four if core is also the area of depth. The exit requirement is that all competencies must be to at least Level 1 proficiency but only a portion need to be at the level expected of a newly certified CPA (Level 2). Students pursuing the External Audit Pre-Approved Program must make specific choices in meeting core requirements; those pursuing the External Audit Pre-Approved Program must also make Audit & Assurance as their area of depth.
- **Enabling** - All enabling competencies must be developed to the level expected of a newly certified CPA (Level 2).

A semi-annual meeting with a mentor is required — See [section 2.7.2.1](#)

While registered with CPA Ontario, Students must meet with their mentor at least semi-annually.

Appropriate supervision of practical experience is required — See [section 2.7.1.1](#)

**Reporting is required** — See [section 3](#) — All practical experience must be captured in experience reports that include the duration of experience, the type of experience being obtained (experience verification or through a pre- approved program) and assessment of the experience. Students pursuing the External Audit Pre-Approved Program must also report chargeable hours.

There are two types of assessments — See [section 3](#)

**Self-Assessments** – All experience is self-assessed by Students at least twice each year. These reports are discussed with the mentors of Students. If there are material changes in the experience obtained, additional reports may be required. The reports include certain attestations (supervisors in experience verification; pre-approved program leaders in pre-approved programs) and confirmations (mentor).

**Assessments by CPA Ontario** – CPA Ontario performs an initial assessment of all experience:

- For pre-approved programs, this initial assessment is of a defined training program being proposed by an organization. See [section 4](#).
- For experience verification, this assessment focuses on the likelihood of Students progressing beyond foundational experience after 12 months within their current positions.
- Some Student self-assessments are formally assessed by CPA Ontario. The frequency depends on the nature of experience obtained.

Students registered in the Accounting Body Outside Canada categories may be exempt from some or all of the CPAO PER. Students must apply to CPA Ontario for a determination of whether their prior experience will be recognized. Please see *Regulation 9-1: Student Registration, Obligations and Standing*, sections 90-91 for more information.

## **2.2 Experience routes**

Qualifying practical experience for certification can be gained by way of two experience routes. Students can gain experience through either route, or through a combination of both.

Qualifying experience for the External Audit Pre-Approved Program can be gained only through the pre-approved program route.

### **2.2.1 Experience verification route (EVR)**

The experience verification route requires Students to obtain and demonstrate they have developed the necessary competencies. They are required to complete detailed practical experience reports that CPA Ontario assesses in depth throughout the period of practical experience.

Specific supervision and mentorship requirements are outlined in [section 2.7](#).

Specific reporting requirements are outlined in [section 3](#).

### *2.2.2 Pre-approved program route (PPR)*

The pre-approved program route requires employers— offices or organizations— to develop defined training programs and have them approved by CPA Ontario. The approval process requires the organization to identify two processes:

1. How the required competencies will be developed.
2. How the organization will support Students through the CPA certification program.

CPA Ontario will work closely with the office or organization to prepare their applications for approval and to ensure the appropriateness of the program. The assessment of the experience is done as part of the approval process; as a result, less documentation will be required from Students as they work in these programs.

Specific supervision and mentorship requirements are outlined in [section 2.7](#).

Specific reporting requirements are outlined in [section 3](#).

The requirements to offer a pre-approved program are outlined in [section 4](#).

### *2.2.3 Pre-approved bridge to assurance*

Qualifying practical experience in a program that has been pre-approved for bridge to assurance for the External Audit Pre-Approved Program can be achieved in a period up to 30 months post-certification to meet any shortfall in assurance competency development or chargeable hours that exists at the end of the 30-month certification period.

## **2.3 International experience**

This section applies only to international experience gained by Students in two distinct situations:

- Students who do not hold any professional accounting designations but are seeking to have prior experience recognized.
- Students who are working abroad. They are encouraged to seek opportunities where supervision is provided by an IFAC accountant.

This section does not apply to the following international experience:

- Experience gained by members of international accounting bodies with which the CPA profession has an existing agreement which fully recognizes practical experience as being sufficient for membership and therefore does not require an assessment of experience.
- Experience gained by members of international accounting bodies with which the CPA profession has an existing agreement which does not recognize practical experience and therefore the individual assessment of this experience is performed by CPA Ontario.
- Experience gained by members of international accounting bodies with which the CPA profession does not have an existing agreement and therefore the individual assessment of this experience is performed by CPA Ontario.

If an assessment of experience by CPA Ontario is required for members of international accounting bodies, these individuals will have their experience evaluated on the practical experience requirements contained in this document.

- the minimum term (including allowance for time off)
- currency of experience
- development of the technical and enabling competencies to the required level of proficiency
- appropriate validation of the experience claimed

These applicants may be eligible for recognition of up to 30 months of prior experience for certification, on the basis of individual evaluation by CPA Ontario.

### ***2.3.1 Qualifying experience for public accounting***

Chargeable hour requirements for public accounting licensure (External Audit Pre-Approved Program) can be met only in Firms registered for the Practice of Public Accounting in Ontario. See [sections 2.5.1.1](#) and [4.1.2.1](#) for additional requirements.

### ***2.3.2 Depth requirements for standards-based competency areas***

For Students whose designated area of depth is a standards-based competency area (i.e. financial reporting, audit and assurance or tax), experience must include at least six months in total in any one of the following areas:

- Financial Accounting – Canadian generally accepted accounting principles (GAAP) (or substantial equivalent)
- Auditing & Assurance – Canadian Standards on Quality Control (CSQCs), Canadian Auditing Standards (CASSs), Other Canadian Standards (OCSs), International Standards on Auditing (ISA), International Standard on Assurance Engagements (ISAE), International Standards on Quality Control (ISQCs), and International Standards for the Professional Practice of Internal Auditing
- Taxation – Canadian Income Tax Act

## ***2.4 Experience gained through self-employment***

Acceptable experience gained through self-employment will qualify for recognition towards CPA experience requirements for certification. Students who are self-employed or equivalent (contracted through a third party) are only eligible to seek recognition of experience through employment in a position in the EVR.

All self-employment experience may be recognized towards meeting the CPA Ontario practical experience requirements. CPA Ontario will assess the quality of the self-employment experience and any risks in achieving the required competencies.

Assessments of experience reports from Students who are self-employed will automatically be identified as experience in which there is a high degree of uncertainty as to whether the practical experience requirements will be met and closer scrutiny/review by CPA Ontario is required. This may include additional supporting documentation from Students upon request.

Self-employment does not qualify for practical experience if the Student is practising public accounting or providing accounting services to the public.

## **2.5 Duration**

### **2.5.1 Minimum term**

The minimum term of practical experience is 30 months of relevant, paid employment. No position held for less than three months will be recognized as part of the 30-month term. The minimum term is subject to adequate progression and appropriate links to education. Volunteer experience will not normally be recognized for duration, but may be used for competency development under certain conditions (see [section 2.5.10.2](#) for more information).

#### **2.5.1.1 Additional minimum term requirements for public accounting licensure (External Audit Pre-Approved Program)**

Students pursuing the External Audit Pre-Approved Program must acquire their full 30 months of qualifying experience in a PPR in public practice with at least 2,500 chargeable hours (see [section 4.1.2.1](#) for more information on the chargeable hour requirement).

Students in the External Audit Pre-Approved Program must also:

- have at least two years of prescribed public accounting experience under the supervision of a Member who hold a valid and current Public Accounting Licence;
- limit the amount of time spent on secondment assignments to six months (of the 30 month practical experience term);
- complete all chargeable hour and competency requirements no more than five years before the end of the pre-approved program completion date.

### **2.5.2 Currency of experience**

To ensure currency and relevance, all experience must be gained in positions that ended in the last seven years, except for public accounting, where the chargeable hour requirement and competencies must be met in positions that ended in the last five years. Only appropriately-reported experience gained in a position that ended within seven years of the current reporting date (five years for public accounting chargeable hours and competencies) will be recognized. Experience for positions that ended more than seven years ago (five years for public accounting competencies and chargeable hours) will not be recognized, regardless of whether it was previously approved by CPA Ontario.

### **2.5.3 Allowance for time off**

An allowance of up to 20 weeks of time away from work for any reason, including vacation, sickness, professional development or study time, is permitted within the calculation of the 30-month term of experience. Time away from work in excess of 20 weeks will be added to the duration requirement.

#### **2.5.3.1 Allowance for time off for self-employed Students**

CPA Ontario will rely on self-reporting made by self-employed Students to recognize the allowance for time away from work.

#### *2.5.4 Full-time work week*

For the purposes of calculating duration, a full-time work week is 35 hours or more on a regular basis.

#### *2.5.5 Part-time work week*

Duration is calculated at a pro-rated basis for part-time work weeks regularly below 35 hours.

#### *2.5.6 Changes in work week*

Students are required to update their employment profiles with CPA Ontario should there be a material change in the number of hours worked per week. Any additional changes to the nature of employment may be subject to additional reporting requirements outlined in [section 3](#).

#### *2.5.7 When the qualifying period of practical experience begins (PER effective date)*

The qualifying period of practical experience begins on the date when Students attain three conditions (PER effective date):

1. They commence employment in a position in a PPR or start working in a position that allows them to gain experience in at least one technical sub-competency area at least a Level 1 proficiency, as outlined in [section 2.6](#).
2. They are registered as a Student with CPA Ontario.
3. They have a qualified mentor, as outlined in [section 2.7](#).

The above conditions have to be reported through the Practical Experience Online Reporting Tool (PERT) as outlined in [section 3.1](#) in order to activate the PER effective date in PERT.

CPA Ontario will perform initial assessments to determine the likelihood that Students seeking to gain experience through experience-verification will be able to develop any two competency sub-areas to at least Level 1 proficiency after 12 months of recognized experience. The assessment will determine the frequency of reporting requirements detailed in [section 3](#).

The PER effective date is the earliest date a provincial/regional body begins to recognize practical experience at the current place of employment for a Student. This specifically excludes any recognition of prior experience; see [section 2.5.9](#) for more information.

Students must request the commencement of their PER effective date and submit all required information, including any required attachments and mentor information, within 90 Days of the later of the date they registered as a Student or started employment. Once approved, the PER effective date will be adjusted to the later of the date the individual registered as a Student or started in their current employment position. Students who obtained experience before their PER effective date can:

- request a prior experience assessment via PERT; and/or
- submit a catch-up experience report that captures experience that has already been assessed to meet legacy practical experience requirements (for Transitioning Students only).

The PER effective date cannot occur before the CPA certification program launched. In Ontario, the CPA certification program launched September 1, 2014.

### *2.5.8 Suspension of recognition of qualifying experience*

Recognition of practical experience will be suspended under any one of these conditions:

1. Students qualifying under the experience verification route who have not developed any two competency sub-areas to at least Level 1 proficiency are at the foundational level and will have their accumulated duration suspended at 12 months. Duration will resume when this proficiency requirement has been satisfied. See [section 3](#).
2. Students qualifying under the experience verification route who change employment positions to one that does not allow them to gain experience in at least one sub-competency area at least at Level 1 proficiency will have their accumulated duration suspended until this proficiency requirement is satisfied. See [section 3](#).
3. Students who do not meet the requirements and apply for entry into CPA PEP (whether to enroll in a module, attempt a challenge examination(s), or attempt the CFE), will have their accumulated duration suspended at 18 months. If CPA Ontario determines the admission requirements have not been satisfied, after reviewing the documentation, accumulated time will be suspended at 18 months. Duration will resume when admission requirements are satisfied.
4. During the period for which a Student's registration with CPA Ontario is suspended under *Regulation 9-1: Student Registration, Obligations and Standing*.

#### *2.5.8.1 Mentors*

A Student in the experience verification route, who no longer has a CPA mentor, will have their accumulated experience duration suspended after 90 Days without a CPA mentor.

Consideration of the circumstances in which a Student lost their mentor will be given in determining the suspension of duration and providing a Student with access to the mentor pool. In determining the 90 Day period, consideration was given to:

- The minimum requirement for Students to meet with their CPA mentors is semi-annually; intent of these discussions is to consider progression in meeting the required proficiencies. Adequate time must be invested upfront in developing a relationship; and
- Students are permitted to claim up to 12 months of prior experience without having a CPA mentor.

If Students do not meet with their mentor, at least semi-annually and document the meetings in PERT they will face a penalty of one-month duration per missed mentor meeting. Consideration will be given to extenuating circumstances that are not in Students' control.

#### *2.5.8.2 Reporting*

EVR Students who do not submit the required 12-month assessment report within 30 Days of the due date could have their experience suspended at 12 months.

All PPRs are subject to monitoring by CPA Ontario, PPR Students who do not complete the required semi-annual assessments may incur a penalty as determined by CPA Ontario.

#### *2.5.8.3 PEP Commencement Date*

No more than 18 months of practical experience (current and prior experience recognition) will be recognized before the PEP Commencement Date. The PEP Commencement Date is the earlier of:



- the first Day of any module of the CPA PEP that the Student is enrolled in. For Students enrolled in the Core 1 module, the PEP Commencement Date is the date of the orientation workshop;
- the Day that the Student first challenges any CPA PEP module examination;
- the Day that the Student commences a CPA Accredited Program at a post-secondary institution (PSI) (listed in Schedule A of Regulation 9-1);
- July 1, 2016, for Students registered under Regulation 9-1 sections 9.8, 9.9 or 9.10 for whom Regulation 9-1 section 1.12.3 does not apply; and
- July 1, 2022, for Students registered under Regulation 9-1 sections 9.8, 9.9 or 9.10 for whom Regulation 9-1 section 1.12.3 applies.

### *2.5.9 Recognition of prior experience*

Recognition may be given for a total of up to 12 months of experience prior to the commencement of when the qualifying period of practical experience (PER effective date), regardless if the Student's position or employer did not change, on approval by CPA Ontario. The duration of prior experience is exempt from the CPA mentorship requirement.

In assessing prior experience, the duration of experience and competencies developed can be recognized with final approval at the discretion of CPA Ontario.

Students who receive credit for prior experience must meet with their mentors initially regarding the prior experience reports and semi-annually for the remainder of the practical experience terms.

Each position must be at least three months in duration to qualify for prior experience recognition (pro-rated on full-time equivalent basis). If a Student is currently employed in the position they are seeking to have experience recognized before the PER effective date, the three-month restriction will not apply. Only positions that ended in the preceding five and a half years from the PER effective date will be assessed. Before prior experience is assessed by CPA Ontario, Students must:

- have had their position approved as meeting the entrance requirement
- have a CPA mentor

#### *2.5.9.1 Duration*

The duration of recognized prior experience must be at least three months (pro-rated on a full-time equivalent basis), and cannot exceed 12 months. Students currently employed in the position they seek prior experience recognition will not be restricted by the three month requirement.

Time away from work will not be recognized towards the total duration of prior experience. To determine the recognized duration for prior experience for each position, CPA Ontario will apply the period of employment less the total time away from work to a maximum of 12 months.

#### *2.5.9.2 Verification*

Prior experience will only be recognized if appropriately verified—supervisors for EVR, pre-approved program leaders for PPR, and CPA Ontario for self-employed.



In addition to the prior experience report, Students will need to provide a verification letter or an official record of employment from an authorized source, such as the Human Resources department, of the organization in which prior experience was gained, only if the email address of the verifier used in the experience report is:

- a personal email account, or
- from an employer domain that differs from the employer in which the prior experience was gained

The additional information will need to include the position held and the dates of employment.

#### *2.5.9.3 Experience verification route*

The maximum duration of combined prior and current experience recognized at a foundational level for Students employed in an EVR position is 12 months.

#### *2.5.9.4 Assessing prior experience*

CPA Ontario will assess applications for prior experience credit according to four criteria:

1. At least one sub-competency area was developed at least at Level 1 proficiency.
2. At the time the experience was gained, the individual was working towards or had completed an undergraduate degree.
3. Sign-off by the appropriate supervisor who can verify that the experience is accurately reflected in the experience report.
4. Currency of experience: Position(s) ended within the last five-and-a-half years for certification (three-and-a-half years for the External Audit Pre-Approved Program).

Prior experience gained internationally will also be assessed under the criteria in [section 2.3](#).

#### *2.5.9.5 Pre-approved program route*

Students may claim prior experience within a PPR if any of the following conditions are met:

- The experience was gained in a PPR prior to the PER effective date.
- They are currently employed in a PPR and gained experience in a position that is part of their organization's PPR prior to the organization officially employing them in the PPR.
- They are currently employed in a PPR, gained experience prior to the PER effective date in a position(s) that subsequently became part of that organization's PPR, and the experience gained prior to being employed in the PPR was approved by CPA Ontario.
- Approval is subject to verification from the pre-approved program leader and the organization not exceeding the PPR approval limit.

#### *2.5.9.6 Assessment fee*

A fee for assessing prior experience may apply if:

- the experience is approved by CPA Ontario
- the duration claimed as prior experience includes a period before the Student was registered with CPA Ontario

### *2.5.10 Non-qualifying practical experience*

#### *2.5.10.1 Academia*

In the absence of any specific pathways for academics to obtain the CPA designation, academia experience would generally not meet the technical competency requirements since it is theoretical in nature and lacks the opportunity to apply this knowledge in practical settings. Nonetheless, there are two areas of academia which could be recognized as meeting practical experience requirements:

- Enabling competencies; and
- Research/advisory work due to practical application can support the technical competencies.

#### *2.5.10.2 Volunteer experience*

Experience gained through unpaid volunteer work is recognized as a supplement to paid practical experience; to develop a limited number of competencies and/or improve the proficiency levels of those otherwise obtained through paid employment. Volunteer experience will be considered toward fulfilling the practical experience requirements subject to the following conditions:

1. A Student must have fulfilled the 30 month practical experience requirement through paid employment. Volunteer experience will not be recognized towards the duration requirement of practical experience.
2. Volunteer experience will be applicable to achieving breadth in core, not depth.
3. The experience must be verifiable.
4. Unpaid internships are not considered volunteer experience. Unpaid work is not recognized towards practical experience.

Organizations offering pre-approved programs should not require a Student to perform volunteer work to be accepted into their paid employment in their program.

#### *2.5.10.3 Unauthorized Practice*

Only experience for which Students are authorized will be recognized towards the completion of the Practical Experience Requirement. For greater clarity, Students are not authorized for the following practice, for which CPA Ontario membership or licensure is required:

- The Practice of Public Accounting or Providing Accounting Services to the Public:
  - without supervision by a member in good standing of CPA Ontario or a Provincial Body; or
  - while employed at an organization which is not registered with CPA Ontario or a Provincial Body.

## **2.6 Competency development**

### *2.6.1 Technical competency development*

All Students are required to meet minimum breadth, depth and core standards.

The technical competencies to be developed during practical experience are based on those defined in the CPA Competency Map and grouped into six competency areas. Each competency area consists of three or four competency sub-areas:

Financial Reporting	Management Accounting
Financial reporting needs and systems	Management reporting needs and systems
Accounting policies and transactions	Planning, budgeting, and forecasting
Financial report preparation	Cost/revenue/profitability management
Financial statement analysis	Organizational/individual performance measurement

Audit and Assurance	Strategy and Governance
Internal control	Governance, mission, vision, values, and mandate
Internal audit or external assurance requirements (basis and risk assessment)	Strategy development/ implementation
Internal audit projects or external assurance engagements (risk response and reporting)	Enterprise risk management

Finance	Taxation
Financial planning and analysis	Income tax legislation and research
Treasury management	Tax compliance: corporate or personal
Capital budgeting/ valuation/corporate finance	Tax planning: corporate or personal

Each competency sub-area consists of a series of competency statements which help define the expectations, by proficiency level. The competency statements and related proficiency level expectations are summarized in **Appendix A**.

Practical experience requirements for certification allow Students considerable choice and flexibility, based on their interests and career aspirations. Students pursuing the External Audit Pre-Approved Program must choose specific options to meet practical experience requirements for public accounting licensure.

#### 2.6.1.1 Core

Students are required to gain proficiency in any three competency sub-areas in financial reporting and/or management accounting to at least Level 1 proficiency.

##### 2.6.1.1.1 Core requirements for public accounting licensure

Students pursuing the External Audit Pre-Approved Program are required to gain proficiency in at least three financial reporting sub-areas.

#### *2.6.1.2 Depth*

Students achieve depth by gaining proficiency in all of the competency sub-areas relating to one competency area. At least two of the competency sub-areas must be at Level 2 proficiency. The remaining sub-areas must be at least at Level 1 proficiency.

##### *2.6.1.2.1 Depth requirements for External Audit Pre-Approved Program*

Students pursuing the External Audit Pre-Approved Program are required to gain depth in the audit and assurance competency area, requiring that competencies be developed in all three audit and assurance competency sub-areas, two at Level 2.

#### *2.6.1.3 Breadth*

Students achieve breadth by gaining proficiency in at least eight of the competency sub-areas, with at least four competency sub-areas at Level 2 proficiency and the remaining competency sub-areas at least at Level 1.

#### *2.6.1.4 Progression*

Students are not expected to demonstrate the required level of proficiency over the entire term of their practical experience; rather it is expected that there will be a progression in proficiency over the term. Therefore, Students are expected to perform increasingly complex work, less routine work and/or with increasing autonomy during their term of practical experience. Ensuring this progression will be part of the experience approval process.

#### *2.6.1.5 Proficiency level*

There are three levels of proficiency:

Level 0 – Experience is at an administrative or clerical level.

Level 1 – Experience is at the professional level but lower than that expected of a newly certified CPA. This can include experience with tasks that are routine in nature, of a low level of complexity, and/or are executed with little autonomy.

Level 2 – The experience level that is expected of a newly certified CPA.

As indicated in [section 2.6.1.4](#), Students are not required to demonstrate achievement of all technical competencies through practical experience, they are only required to demonstrate technical competencies to meet the core, breadth and depth requirements.

Complexity, circumstance and autonomy are considered in determining the level of proficiency. Generally, the proficiency level increases as complexity and autonomy increase and/or routine work decreases.

**Complexity:** The degree of difficulty associated with the number and nature of interrelationships and ambiguities that must be considered simultaneously. There are three levels of complexity:

**Low complexity:** Little difficulty is associated with a small number of straightforward and frequently encountered issues; may achieve competence relying on “rote” approach.

**Moderate complexity:** Medium difficulty is associated with a number of interconnections or variables that need to be considered simultaneously; circumstances may be less clear and require approaches that are not practised frequently.

**High complexity:** Considerable difficulty is associated with a large number of interrelationships and ambiguities that must be considered simultaneously; often requires innovative approaches.

**Circumstance:** Situations are either routine or non-routine in nature.

**Routine:** Circumstances that are typically encountered by and requiring the knowledge expected of a newly certified CPA.

**Non-routine:** Circumstances that are not typically encountered by a newly certified CPA; may require advanced technical expertise.

**Autonomy:** The degree of independence Students assume in carrying out a task. Students who require a lot of corrections in their work from their Supervisors are not likely demonstrating a high degree of autonomy.

For an illustrative example of how these three variables impact proficiency, refer to **Appendix C**.

#### *2.6.1.6 Diversity of experience for External Audit Pre-Approved Program*

Students pursuing the External Audit Pre-Approved Program must gain sufficient diversity of audit experience through a variety of audit clients, industries, and/or a variety of audit and financial reporting matters

##### *2.6.1.6.1 Recognizing review experience towards audit diversity requirements*

Exposure to various GAAP in review engagements related to financial statement presentation may be recognized towards some of the diversity of experience requirements for audit. All other audit requirements must be met through audit engagements, including the 625 audit hour requirement and progressive audit experience relating to the various areas of GAAP.

#### *2.6.2 Enabling competency development*

By the end of the term of practical experience, Students are required to develop a level of proficiency expected of a newly certified CPA for all five enabling competencies: Professional and Ethical Behaviour, Problem-solving and Decision-Making, Communication, Self-Management, and Teamwork and Leadership, as defined in Section 3.0 of the CPA Competency Map.

Students must demonstrate their level of proficiency by answering five, three-part questions designed to describe an experience, its implications for enabling competency development, and how it will impact future behaviour for each of the five competency areas listed above, in addition to at least one of two overall questions.

See **Appendix B** for a list of the enabling questions.

## **2.7 Supervision and mentorship**

Each Student is required to have both a supervisor and a mentor; this may be the same person.

### **2.7.1 Supervisor**

#### **2.7.1.1 Role and Responsibilities**

The supervisor is the person to whom the Student reports. Supervisors do not assess the competency development of Students. However, supervisors are responsible for verifying experience or assigning work:

- Experience verification – The supervisor verifies that the experience of Students is accurately reflected in the experience report, per [section 3](#).
- Pre-approved program positions – The supervisor assigns the work specified in the approved program and provides feedback to the mentor, highlighting any deviations from the program.

Supervisors who meet the mentor criteria outlined in [section 2.7.2.3](#) can perform the roles of supervisor and mentor for the same Students.

In situations where the experience gained under experience verification cannot be verified by the supervisor, that experience will not be accepted by CPA Ontario.

#### **2.7.1.2 Supervisor Qualifications**

Supervisors must occupy a position at a higher hierarchy level than Students.

In experience verification, situations where Students report directly to a family member, an independent, unrelated person must verify the experience for reporting purposes. For the Practice of Public Accounting or Providing Accounting Services to the Public, Students must be supervised by a member in good standing with CPA Ontario or a Provincial Body that is employed at an organization registered with CPA Ontario or a Provincial Body.

### **2.7.2 Mentor**

#### **2.7.2.1 Role and Responsibilities**

The mentor is a CPA, or another individual otherwise approved by CPA Ontario under the requirements contained in [section 2.7.2.3](#), who provides guidance on the competency development of Students and models and facilitates the development of the profession's values, ethics and attitudes.

Mentors meet at least twice each year with Students to discuss competency development as recorded in the PERT and to identify any strategies for further development. Meetings must be synchronous.

While mentors may also discuss competency development with the appropriate supervisor of Students, they are expected to maintain confidentiality about anything discussed during their mentor-mentee relationship.

Mentors are required to document any unresolved competency development concerns within the PERT, but are not responsible if the mentee does not develop competencies as expected.

Mentors are not expected to perform these tasks:

1. Verify the accuracy of Student self-assessments or competency development.
2. Help Students progress in pre-requisite education, CPA PEP, or CPA evaluations.
3. Find jobs for Students.

#### *2.7.2.2 Identifying mentors*

**Experience Verification:** Students following experience verification are responsible for identifying their own mentors. If, after three months, a Student cannot find a mentor CPA Ontario may assign a mentor or provide a list of approved mentors. A fee may be charged for this service.

**Pre-approved programs:** Students following pre-approved programs are appointed mentors by their employers.

#### *2.7.2.3 Mentor Qualifications*

All mentors must meet the following qualifications. They must be a member in good standing with CPA Ontario or a Provincial Body and shall not:

- have been convicted of a criminal or similar offence;
- within the last five years have been adjudged bankrupt or made an arrangement with creditors pursuant to the Bankruptcy and Insolvency Act, 1985;
- be subject to a professional conduct investigation or disciplinary proceedings by any professional accounting or Regulatory Body; or
- have been the subject of a disciplinary finding by any professional accounting or Regulatory Body.

Mentors are required to notify CPA Ontario immediately should anything happen to make them ineligible to serve as a mentor.

For qualifying practical experience for the External Audit Pre-Approved Program, mentors must be in public accounting.

In all cases, mentors must be approved by CPA Ontario as meeting the criteria above, as well as having successfully completed an orientation session delivered by the profession.

Mentors working in organizations offering pre-approved programs with in-house training may be exempt from attending the profession-delivered orientation provided the training has been assessed by CPA Ontario as being substantially equivalent.

Mentors are expected to stay up-to-date on CPA Ontario practical experience requirements. Mentors who do not meet their on-going obligations may be required to repeat the CPA Ontario orientation session, undertake specific professional development or any other requirements at the discretion of CPA Ontario.

#### *2.7.2.4 Avoiding conflicts of interest*

In situations where the mentor is not employed within the same organization as the mentee, the mentor-mentee relationship must comply with any terms set by the mentee's employer. If conflicts of interest are identified, they will be addressed through a letter of agreement.

If mentors and Students work together, the mentor cannot be subordinate to the Student.

The employer of Students can be an audit client of a mentor's employer; in such cases, however, the mentor cannot be a part of the team assigned to the client.

Mentors cannot charge any fee to Students.

#### *2.7.2.5 Mentor approval, suspensions, revocations and appeals*

CPA Ontario shall approve as a Mentor any individual who:

- makes an application in the prescribed form;
- provides proof of completion of a CPA Ontario-approved orientation session for Mentors;
- meets the criteria set out in [section 2.7.2.3](#); and
- provides all information and produces all documents and other materials as requested by CPA Ontario.

CPA Ontario will suspend the approval of an individual as a mentor if they no longer meet the qualifications under [section 2.7.2.3](#) or breach any obligation imposed on them by CPA Ontario. A mentor's approval will be revoked 180 Days after a suspension has been imposed if the matter has not been resolved to the satisfaction of CPA Ontario. Students will have up to 90 Days to identify a new mentor in PERT. Otherwise, their accumulated experience duration will be suspended until a new mentor has been identified.

An individual who is denied approval as a mentor or has their approval revoked may appeal the decision to the Admission and Registration Committee. The parties to the appeal will be the individual and the CPA Ontario. Decisions of the Admission and Registration Committee are final. For information on the appeal process please see *Regulation 6-1: Admission and Registration Committee*.



### 3 Experience reporting and assessments

Students are required to capture all practical experience in experience reports. The reports contain factual information such as the type of experience being obtained (experience verification or through a pre-approved program) and duration, as well as an assessment of that experience. An overview of experience reporting and assessments is in **Appendix D**.

#### 3.1 Reporting requirements for Students

Experience-report submitted refers to the reports submitted by Students to record the duration of experience and self-assess their level of proficiency in the technical and enabling competencies using the PERT.

Experience-report assessed is a sub-set of those reports, and are required to be assessed CPA Ontario.

##### 3.1.1 General requirements

CPA Students are required to report their experience development in the Practical Experience Reporting Tool (PERT) at least twice in every 12 month period of employment. At specified times ([sections 3.1.2](#) to [3.1.4](#) below) students are required to submit experience reports via PERT to CPA Ontario and provide evidence to support their assessment to the satisfaction of CPA Ontario. They are required to use this reporting tool to track experience and:

- Create a user account
- Set their PER Effective date (see [section 2.5.7](#))
- Record information about their employer and position.
- Record the duration of their experience, including time away from work.
- Self-assess their level of proficiency in the technical and enabling competencies using the PERT.
- Students pursuing the External Audit Pre-Approved Program must also report chargeable hours.

When completing experience reports, Students will have the opportunity to answer any of the enabling competency questions. If no enabling competency development has happened since the last report (for example, if the semi-annual meeting falls shortly after the Student changes roles), the Student is not required to answer any enabling competency questions. The proficiency level will be assessed by CPA Ontario.

The assessment of the semi-annual reports will be completed at the discretion of CPA Ontario.

##### 3.1.2 Specific reporting requirements for Students under experience-verification

In addition to the general requirements, Students following experience-verification programs record details about their duties. Their supervisors are required to verify these duties, along with the accuracy of duration, any time away from work and information about the employer and position.

Students must also file reports under these circumstances:

- When they change employers per [section 3.1.5.1](#) and [section 3.1.5.2](#).

- When they have a material change in their role or responsibilities.
- When their self-assessment indicates they have completed the CPA Ontario practical experience requirements.
- 12-month assessment report— Students are required to submit an assessment report after they have accumulated 12 months of recognized experience to ensure that they have developed two technical competency sub-areas to at least Level 1 proficiency. Unless otherwise determined by CPA Ontario, this report will satisfy the semi-annual report that would have otherwise been required. Accumulated duration will be suspended at 12 months until this proficiency requirement has been satisfied.

If prior experience is recognized, CPA Ontario will indicate whether the 12-month assessment report is necessary, based on how much prior experience is recognized.

### 3.1.3 *Special circumstances*

Additional reporting to the CPA Ontario is required under the following circumstances:

- Students whose initial provincial/regional assessment identifies concerns that their current position may not provide sufficient opportunity to develop any two competency sub-areas to at least a Level 1 proficiency within 12 months must submit their first experience report after three months of experience.
- Students following experience-verification whose 12-month assessment report indicates they have not met the required progression of their technical competencies will be required to either work with their employer to change their role to obtain the appropriate experience, or seek a different employment opportunity. They must file a practical experience report within three months of starting the new role. This report will be assessed by CPA Ontario to determine if this role provides the opportunity to develop to the required proficiency level. If so, CPA Ontario will date the experience from the start date of the new role, to a maximum of three months before the date the report was filed.

Students following experience-verification programs can submit experience reports more frequently than outlined above; assessment of additional reports may be subject to a fee as determined by CPA Ontario.

Event	Experience Report Submitted	Primary Purpose
3 months	Yes, if required as result of initial assessment per S3.1.3	Assessed by CPA Ontario
12 months	Required	Assessed by CPA Ontario
Semi-annually from acceptance as a CPA student/candidate to certification	Required	Discussed with mentor
Completion of experience	Required	Assessed by CPA Ontario
New job or new employer	Required	Assessed by CPA Ontario

New supervisor	Encouraged, but not required. If new supervisor is in a position to verify, not necessary.	May be assessed by CPA Ontario
Other	Optional; may be subject to a fee	Assessed by CPA Ontario

In some circumstances, as determined by CPA Ontario, Students may be required to submit reports more frequently; which may be subject to a fee.

### 3.1.4 Specific reporting requirements for Students in pre-approved programs

Generally, these reports are prepopulated with the specific technical competency development that was pre-approved by CPA Ontario, making the reporting process simple and straight forward. In some circumstances, as determined by the CPA Ontario, Students may be required to submit additional information or reports that may be subject to a fee.

Students must file reports when their employment changes, per [sections 3.1.5.1](#), [3.1.5.2](#), and [3.1.5.3](#).

Event	Experience Report Submitted	Primary Purpose
Semi-annually from employment start to certification	Required but most technical competency information is prepopulated based on program pre-approval	Discussed with mentor
Completion of experience	Required	Assessed by CPA Ontario
New employer	Required	Assessed by CPA Ontario
New pre-approved program with same employer	Required	Assessed by CPA Ontario
Other	Optional; may be subject to a fee	Assessed by CPA Ontario

Students in the Externa Audit Pre-Approved Program are required to report chargeable hours to CPA Ontario every time they submit an experience report to CPA Ontario.

Under the pre-approved model, experience-report assessment consists of two main components:

- When reports are submitted, assessment is limited in scope (control checks, etc.).

- When monitoring per [section 4.5](#) to ensure the pre-approved program is being followed, individual reports will be reviewed in detail.

All pre-approved programs are subject to regular monitoring by CPA Ontario, as outlined in [section 4](#).

### *3.1.5 Employment changes*

Students changing jobs must file experience reports within three months of changing employment, in the following situations:

- The employer has changed.
- The Students have moved from experience-verification to a pre- approved program, whether with the same employer or different employers.
- The Students have moved from one pre-approved program to another pre-approved program with the same employer.

CPA Ontario will date the experience from the start date of the new position, to a maximum of three months before the date the report was filed.

At the discretion of the CPA Ontario, Students changing jobs multiple times may be charged an assessment fee.

Students changing employment programs are also subject to the following additional conditions, depending on the nature of the employment change:

#### *3.1.5.1 Changing from experience-verification to a pre-approved program*

In addition to meeting the general and specific requirements outlined in [section 3](#), Students switching from an experience-verification position to a pre-approved program must meet with their mentors assigned by the organization offering the pre-approved program to discuss the competencies developed to date and determine whether the remaining competencies can be developed within the 30-month duration. If it is not possible to develop the remaining competencies, duration will extend beyond the 30-month minimum term

#### *3.1.5.2 Changing from a pre-approved program to experience-verification*

In addition to meeting the general and specific requirements outlined in [section 3](#), Students with less than 12 months of experience in a pre- approved program who change to an experience-verification position must complete the 12-month assessment report.

##### *3.1.5.2.1 Public accounting: Changing from an External Audit Pre-Approved Program to experience verification route*

Students changing from an External Audit Pre-Approved Program to experience verification within public practice will qualify only under the experience verification route and will not be eligible for a Public Accounting Licence at the time of certification as a CPA. Post-certification experience for a Public Accounting License is outlined in *Regulation 17-1: Public Accounting Licensing*.

### 3.1.5.3 Changing pre-approved programs

In addition to meeting the general and specific requirements outlined in [section 3](#), Students switching from one pre-approved program to another must meet with their mentors assigned by the organization offering the new pre-approved program to discuss the competencies developed to date and determine whether the remaining competencies can be met within the 30-month duration. If it is not possible to develop the remaining competencies, duration will extend beyond the 30-month minimum term.

#### 3.1.5.3.1 Public accounting: Changing from an External Audit Pre-Approved Program to a pre-approved program not in external audit

Students changing from a pre-approved program in external audit to a pre-approved program not in external audit cannot qualify for a Public Accounting Licence at the time of certification as a CPA. The experience will count towards certification. Post-certification experience for a Public Accounting License is outlined in *Regulation 17-1: Public Accounting Licensing*.

### 3.1.6 Penalties for missed reports

Late submission, failure to submit required experience reports, or document mentor meetings in PERT may result in a penalty, as determined by CPA Ontario, including:

- fines;
- suspension of experience accumulation;
- additional duration to be completed;
- ineligibility to enroll in the next CPA PEP module;
- expulsion; and
- others, as determined by CPA Ontario.

## 3.2 Supervisor reporting responsibilities

Before any experience report can be finalized, Students following the experience verification program must have their supervisor verify the accuracy of duration, any time away from work, the nature of the work experience recorded and information about the employer and position.

## 3.3 Mentor reporting responsibilities

Mentors are required to meet with Students at least twice each year to review the competency development recorded within the practical experience reporting tool (PERT).

Mentors are responsible for documenting that meetings have occurred and noting, within the PERT, any competency development concerns.

## 3.4 Pre-approved program leader reporting responsibilities

Each pre-approved program is the responsibility of a designated pre-approved program leader, who must be a CPA in good standing with CPA Ontario or a Provincial Body. The pre-approved program leader is accountable to CPA Ontario for Students gaining experience through the organization's pre-approved program(s).

Before experience reports of Students in pre-approved programs are assessed by a CPA Ontario, the pre-approved program leaders must provide the CPA Ontario with a certification signoff. This signoff will include the progress of the Student to time of departure and will ensure the practical experience is captured in the PERT and applies to all Students who complete their experience requirements or who depart from the pre-approved program during their training period.

#### *3.4.1 Additional reporting requirements for public accounting*

Pre-approved program leaders overseeing Students pursuing the external audit stream must:

- sign-off on chargeable hours
- certify that the Student was under the overall supervision of a Member with a Public Accounting Licence for their chargeable hours

### **3.5 Assessments by CPA Ontario**

CPA Ontario is responsible for approving the experience of all Students.

Ultimate approval of assessed experience reports must be done by an individual suitably qualified as determined by CPA Ontario. Experience reports with insufficient support provided to substantiate the experience reported will be returned to the Student for follow-up.

Resubmission of an experience report in PERT is limited to one time. Additional resubmissions with no materially new information will be cancelled by CPA Ontario.

#### *3.5.1 Insufficient experience*

If CPA Ontario determines that the experience reported by a Student is insufficient, CPA Ontario will communicate with the Student, and the organization, if applicable, to address any issues.

#### *3.5.2 Problems with mentors*

Students and mentors are expected to attempt to resolve any issues. CPA Ontario may choose to assist with resolving disputes should these attempts at resolution fail.

In cases where a mentor is not meeting obligations, one of or more of the following requirements may be assigned:

- repeat the orientation session
- undertake specific CPD
- withdraw from mentoring
- other requirements, as determined by CPA Ontario, may be required

## 4 Organizations offering pre-approved programs

### 4.1 Responsibilities

Organizations offering pre-approved programs must commit to meeting the following responsibilities to the Students they employ and to CPA Ontario.

#### 4.1.1 Responsibilities to Students:

Organizations offering pre-approved programs will ensure the following responsibilities are fulfilled:

- Maintain senior-level ownership of and commitment to, the training of Students by appointing a pre-approved program leader, per [section 4.2](#).
- Provide a working environment that prepares Students to become CPAs, which includes having a written code of conduct and/or acknowledgement of the CPA Code of Professional Conduct and providing supervision, guidance and instruction on practical ethical issues as part of the Student on-the-job training and progress reviews.
- Offer structured training position(s), with a sufficient range of progressively complex assignments, increasing responsibility and high-quality practical experience in the required CPA technical and enabling competencies, per [section 2.6](#). Program approval is based on the organization's ability to provide opportunities to develop these competencies within 30 months of paid employment.
- Ensure Students document their developing competencies using the PERT, per [section 3](#).
- Provide appropriate supervision and mentorship as defined in [section 2.7](#).
- Provide time away from the office to write any workday examinations for the CPA PEP and the CFE.
- Respond to Student and CPA Ontario reporting requirements within 30 Days.

#### 4.1.2 Additional responsibilities of organizations offering pre-approved programs in public accounting

In addition to the general requirements, employers seeking the right to offer pre-approved programs for public accounting must exhibit adherence to the Standards of The Public Accountants Council for the Province of Ontario and meet the following criteria:

##### 4.1.2.1 Hour requirements for External Audit Pre-Approved Program

The pre-approved route must ensure the Student receives a minimum of 2,500 chargeable hours chargeable hours including at least:

- 1,250 chargeable hours in assurance, of which a minimum of 625 hours must be obtained in the audit of historical financial information and 100 chargeable hours of review procedures in review and other assurance engagements;
- 100 chargeable hours in Canadian taxation services; and
- 1,150 eligible hours in either public accounting services or designated services (as defined in *Regulation 17-1: Public Accounting Licensing*);
- within the 30-month period of practical experience.

#### *4.1.2.2 Diversity of experience*

Pre-approved external audit programs must offer Students sufficiently diverse experience. The path must offer sufficient diversity of audit experience through a variety of audit clients, industries and/or a variety of audit and financial reporting matters and issues. CPA Ontario may recognize diverse exposure to various GAAP in review engagements related to financial statement presentation towards some of the diversity of experience requirements for audit. All other audit requirements must be met through audit engagements, including the 625 audit hour requirement and progressive audit experience relating to the various areas of GAAP.

#### *4.1.2.3 Professional standards*

Training offices and Members must be in good standing to offer External Audit Pre-Approved Programs and meet the standards of practice inspection.

#### *4.1.3 Responsibilities to CPA Ontario*

Organizations offering pre-approved programs will ensure these responsibilities are fulfilled:

- Agree to and will comply with CPA Ontario's periodic reviews and investigations of the program(s), per [section 4.6](#).
- Maintain compliance with the requirements of [section 4.1.1](#) and if the organization is approved to offer an external audit PPR, maintain compliance with [section 4.1.2](#).
- Maintain approval with CPA Ontario including meeting the reporting requirements to CPA Ontario and the Students in the program within 30 Days.
- Maintain and submit records showing chargeable hours for Students in an External Audit Pre-Approved Program.
- Inform and obtain approval from CPA Ontario for any material change to the program(s) before the change is effected, including changes in the chargeable hours and diversity (see [sections 4.1.2.1](#), [4.1.2.2](#), and [4.5.2.1](#))
- Inform CPA Ontario of any non-material modification to a program(s) within 30 Days of the effective date of the modification (see [section 4.5.2.2](#))

#### *4.1.4 Types of programs*

Organizations may offer pre-approved programs through a single department, a combination of departments through a rotation-based program, and/or offer multiple pre-approved programs. Each pre-approved program must be approved by CPA Ontario responsible for confirming that the program satisfies the responsibilities highlighted above. The organization can choose to appoint pre-approved program leaders that best align with its organizational structure, subject to the conditions outlined below. An organization offering a pre-approved program may also employ Students in experience-verification.

#### **4.2 Responsibilities of the pre-approved program leader**

Each pre-approved program is the responsibility of a designated pre-approved program leader, who must be a CPA in good standing with CPA Ontario or a Provincial Body. The pre-approved program leader is accountable to CPA Ontario for ensuring Students gain experience through the organization's pre-approved program(s). The pre-approved program leader is not responsible for any Students employed by the organization who are gaining experience through experience verification.



Pre-approved program leaders must be sufficiently senior within the organization or unit of the organization to:

- Ensure the organization or unit implements and adheres to the profession's practical experience requirements.
- Influence the opportunities for Students' competency development.

Additionally, for the organization's or unit's pre-approved program(s), the pre-approved program leader has overall responsibility to liaise with the designated mentors to confirm these Student activities have occurred:

- Students have discussed their progress with their mentors at least semi-annually.
- Students are meeting the progression expectations of the CPA pre-approved program.

Furthermore, the pre-approved program leader must provide CPA Ontario with a certification signoff for all Students who complete their experience requirements or who depart from the pre-approved program during their training period. This signoff will confirm that the practical experience gained by Students meet the requirements of the pre-approved program by CPA Ontario.

#### *4.2.1 Additional requirements for pre-approved program leaders in public practice*

At least one pre-approved program leader in an External Audit Pre-Approved Program must be a licensed public accountant unless the pre-approved program leader is a person that is not required to be licensed in accordance with the *Public Accounting Act, 2004* section 3(2). Further, they must ensure Students in preapproved external audit programs are under the overall supervision of a licensed public accountant or a person who is exempt from licensure in accordance with the *Public Accounting Act, 2004* section 3(2) while meeting their chargeable hour requirements.

#### *4.2.2 Secondary program leaders*

Pre-approved program leaders may appoint a secondary pre-approved program leader to assist with their responsibilities provided that the secondary pre-approved program leader still meets all of the requirements to become a pre-approved program leader as defined in [section 4.2](#). The primary preapproved program leader retains the ultimate responsibility to CPA Ontario for ensuring that the pre-approved program meets all necessary requirements.

### **4.3 Responsibilities of the pre-approved program manager**

A program manager is required for each pre-approved program. This individual is assigned to the program by the organization and does not need to be a member of CPA Ontario or a Provincial Body. The program manager is responsible for managing the pre-approved program by ensuring that the appropriate Students are in the program and are meeting the requirements of the program. Specifically, program managers:

- Assign a mentor to each Student in the program;
- confirm, in PERT, each appropriate Student is employed in the program;
- confirm job start dates, job location (if multiple locations) and assigned mentor as reported by the Student in PERT;
- view, in PERT, whether Students in the program have:

- completed their self-assessments,
- met with their mentors, and
- submitted profession assessments as required on a timely basis and follow -up with Students who have missed their reporting deadlines.

The program manager can also fill the role of the Program Leader and/or mentor.

#### **4.4 Secondments**

Organizations may provide Students who gain experience through a pre-approved program with opportunities to obtain practical experience on secondment. Participation in secondments is subject to professional standards, for example, independence. Secondment assignments will be recognized as qualifying practical experience within a pre-approved program under specific conditions:

- Assignments are with an international office of the organization.
- Assignments are with a subsidiary of the organization, or of one of a subsidiary's international offices.
- Assignments are with a different department of the organization.
- Assignments are with a client of the organization.
- Any other assignment opportunities must be pre-approved by CPA Ontario.

Experience that does not meet these conditions will be deemed an employment change to experience-verification, as outlined in [section 3.1.5.2](#).

All secondment assignments must be arranged by the organization offering the pre-approved program. The secondment arrangement must continue to meet the CPA profession's practical experience requirements, including supervision, mentoring and reporting requirements.

Secondment positions must adhere to the CPA Code of Professional Conduct. Secondments do not need to be approved by CPA Ontario. Students are not required to report secondments that do not exceed one month in duration, provided that they do not have multiple secondments of that length.

Students may work on more than one secondment assignment; however, no more than twelve months (or six months for students in the External Audit Pre-Approved Program) of the total 30-month duration will be recognized towards the fulfillment of CPA Ontario practical experience requirements.

Students will continue to develop required competencies while on secondment towards the core and breadth competency requirements. A depth competency requirement cannot be gained exclusively on secondment assignments.

Temporary transfers between equivalent PPRs within the same organization in Canada (i.e. transfer from an External Audit Pre-Approved Program in one office to another External Audit Pre-Approved Program in another office) are not considered secondments. Permanent transfers or relocations would need to be reported as a change of employment

#### *4.4.1 Secondments for Students in External Audit Pre-Approved Programs*

Practical experience acquired during secondments is recognized towards the 30-month requirement for practical experience. Subject to the six-month limitation as described in [section 4.4](#), practical experience will also be recognized towards the chargeable hour requirements for public accounting licensure if the secondment is within a registered firm with a recognized public accounting stream and under the supervision of the licensed public accountant (see [section 2.5.1.1](#)). It will not otherwise be recognized towards the chargeable hour requirements for public accounting.

#### **4.5 Approval process**

CPA Ontario will work closely with any organization interested in seeking approval for pre-approved programs. Approvals are based on the organization's ability to satisfy the requirements detailed in [section 4.1](#). For more information on the approval process, or to apply for approval please contact CPA Ontario.

##### *4.5.1 Approval limit*

The CPA Ontario will set a limit on the number of Students who may be employed within each pre-approved program, based on four factors:

1. The number of CPAs employed within the organization.
2. The amount of qualifying experience that is available. (For the pre-approved audit program, this includes the number and diversity of chargeable hours available.)
3. The results from any prior monitoring conducted by CPA Ontario, if applicable.
4. Other, as determined by CPA Ontario.

##### *4.5.2 Modifying an existing pre-approved program*

The organization must inform CPA Ontario of any modification to a pre-approved program. CPA Ontario will determine whether the proposed modification is material. CPA Ontario may request documentation, information or consents from the organization to determine whether the modification will be approved.

###### *4.5.2.1 Modifications that are not material in nature*

Modifications that do not change the substance of the training program are considered immaterial and do not need to be formally approved by CPA Ontario. However, the organization should make administrative updates, such as updating the PERT, within 30 Days of the effective date of the modification.

Examples of modifications that are not material in nature:

- Adding or replacing a role that is substantially identical in nature to what was previously approved (for example, adding a new financial reporting department for a different operating division than was previously approved or adding an internal audit department that is responsible for a different geographic territory than the one previously approved). The addition could be in a different office location.
- Updating the specific duties or proficiency expectations within an existing role, if the role continues to develop the same competency sub-areas.

- Changing the number of Students approved for a program, providing the structure is consistent with the previously-approved application (for example, maintaining the same ratio of mentors to Students, if the ratio is outlined in the approved application).

#### **4.5.2.2 Modifications that are material in nature**

Modifications that change the substance of the pre-approved program are material and therefore require approval from CPA Ontario before the changes are effected.

Examples of modifications that are material in nature include:

- Adding or replacing a role that is not substantially identical to that which was previously approved, even if it develops the same competency sub-areas.
- Changing the risk profile of the application and/or the nature of the work assignment.
- For the external audit program, a material change in the number or diversity of chargeable hours.

#### **4.6 Monitoring**

Every pre-approved program will be reviewed by CPA Ontario at least every three years. The extent and frequency of reviews will be based on an assessment of risks and safeguards, and will allow for discretion and consideration of special circumstances.

The objective of monitoring is to assess whether the organization is in compliance with the basis under which the program was approved. CPA Ontario may at any time designate any person to monitor a pre-approved program.

Circumstances that may result in monitoring include, but are not limited to:

- scheduled monitoring visit as part of the typical three-year cycle;
- significant change in an organization such as a merger or a significant loss of partners, pre-approved program leaders or mentors involved in the pre-approved programs;
- significant change in the number of Students employed;
- Student complaints received regarding the training;
- past Student program issues having been identified; or
- consistent Student failures or high Student failure rate on the CPA PEP and/or the Common Final Examination.

When monitoring an organization CPA Ontario may request documentation, information or consents. An individual designated a monitor shall consider whether the organization meets, or continues to meet, the requirements to offer a pre-approved program and shall provide a recommendation to the Executive Vice President, Member and Student Services.

If a pre-approved program is determined not to be in compliance with the CPA Ontario practical experience requirements, CPA Ontario will determine appropriate remedial action and may:

- confirm the existing terms of approval;
- amend the existing terms of approval; or
- suspend or revoke the approval.

If the pre-approved program is within a public accounting Firm that is subject to practice inspection, the results of the most recent inspection will be considered as part of the monitoring review.

For the External Audit Pre-Approved Program, the results of practice inspections are included within the monitoring process.

#### ***4.7 Criteria for revoking program approval***

If a pre-approved program is deemed to be non-compliant with the CPA Ontario practical experience requirements, CPA Ontario will work with the organization on appropriate remedial action. Should this prove ineffective, CPA Ontario may, at its sole discretion, revoke approval of the program. Organizations must replace a pre-approved program leader within six months of the departure of the previous pre-approved program leader and notify CPA Ontario of replacement; otherwise, the approval status of their pre-approved program will be revoked.

CPA Ontario will revoke the approval of a program if a suspension imposed under section 4.5 has continued for 90 Days and at any time if the organization fails to:

- continue to meet the requirements of the CPAO PER;
- supply documentation or information to CPA Ontario within 30 Days of a specific written request; or
- co-operate in any manner with the monitoring process.

Recognition of experience for Students working in the program will no longer be recognized as of the date that CPA Ontario withdraws its approval of the program.

For experience to continue to be recognized, Students will have to report to CPA Ontario indicating that they have met any one of three requirements:

1. They are enrolled in an alternate pre-approved program.
2. They have secured a CPA mentor and switched to experience-verification.
3. They have re-enrolled with the same pre-approved program, should the program's approval be reinstated.

There are specific situations that may result in approval being withdrawn:

- There is no longer a designated pre-approved program leader. For example, the designated pre-approved program leader ceases employment with an organization offering a pre-approved program and no replacement pre-approved program leader is assigned to the program within a reasonable amount of time.
- The organization can no longer offer the required experience. For example, the organization no longer offers the required experience as outlined in the pre-approved program as a result of being acquired by another organization.
- Non-compliance with the conditions as set out in [section 4.1](#). For example, the organization fails to meet the commitments to CPA Ontario and to the Students that they employ and there has been no appropriate remedial action taken by the organization within the timeframe communicated by CPA Ontario.
- For the External Audit Pre-Approved Program, the organization is no longer registered with CPA Ontario to offer the required level of public accounting services.

#### ***4.8 Pre-approved program appeals***

An organization that has been denied approval as a pre-approved program or has its approval revoked may appeal the decision to the Admission and Registration Committee. The parties to the appeal will be the organization and Executive Vice President, Member and Student Services. Decisions of the Admission and Registration Committee are final. For information on the appeal process please see *Regulation 6-1: Admission and Registration Committee*.

## 5 Transition rules

CPA Ontario practical experience requirements for certification are effective September 1, 2014. Legacy requirements remain in effect until September 1, 2018. Under the principles of unification, all experience completed and recognized towards the completion of a legacy program's experience requirements will be recognized toward the CPA Ontario practical experience requirements until applicable transition dates specified in the Transition Student Guidelines or identified by CPA Ontario.

Legacy practical experience must be submitted to CPA Ontario by September 1, 2018. All practical experience after September 1, 2018 must be submitted in PERT and will be assessed under CPA Ontario practical experience requirements.

### ***5.1 Experience starting before September 1, 2014***

Students who enroll in the CPA PEP are required to satisfy the CPA Ontario practical experience requirements unless a provincial legacy body has approved the completion of an individual's practical experience under its legacy standard.

Students who transition to the CPA PEP from a legacy education program and are unable to complete their legacy practical experience requirements by September 1, 2018, are required to transition to the CPA Ontario practical experience requirements. These individuals will not lose any experience that was previously recognized by a legacy body (subject to [section 2.5.2](#) - Currency of experience). Those Students who choose not to transition to the CPA Ontario practical experience requirements, but are transitioning to the CPA PEP, must complete the legacy practical experience requirements associated with the legacy certification program in which they were previously enrolled.

Any legacy Student can elect to transition to the CPA Ontario practical experience requirements as a transitioning Student. By definition, these Students are required to transition to the CPA PEP under the CPA PEP transitional rules.

Students who have been transitioned to the CPA PEP from a legacy education program and, at the time of transition, have completed their practical experience under a legacy practical experience, are exempt from the CPA Ontario practical experience requirements.

#### ***5.1.1 Transitioning to CPA requirements***

Students who began their experience on or before August 31, 2014, can transition to the CPA Ontario practical experience requirements by fulfilling four steps:

1. Submit an election form to transition
2. Complete a catch-up experience report.
3. Discuss the report with their mentor.
4. Submit their report to CPA Ontario for assessment.

Transition to CPA experience requirements is encouraged for all Students who started their experience between September 1, 2013, and August 31, 2014, using the prior experience provisions in [section 2.5](#).

Transitioning Students are expected to meet all CPA Ontario practical experience requirements, including mandatory reporting of experience.

The transition to the CPA Ontario practical experience requirements can affect both employers and employees. Students working in legacy CA Training Offices and Level 2 CGA Training Offices must obtain the approval from their employers before transitioning to CPA requirements.



## **6 Operational Policies**

### **6.1 Submission in PERT**

A complete submission includes all required information in PERT, including:

- place of employment
- the completed declarations pertaining to experience, if required by CPA Ontario
- the identification of the CPA mentor

Students must make the declarations required by CPA Ontario before any request to assess current employment will be performed.

In addition, the following requirements must be met for the respective practical experience routes:

#### **6.1.1 PPR Students**

Students employed in a pre-approved program must also obtain appropriate confirmation from their organization about their employment details in the pre-approved program (start date, program name, location and type of employment).

#### **6.1.2 EVR Students**

Students employed in a position through the experience verification route are required to submit information about their position (including start date) through a pre-assessment report (or equivalent), plus attach a job description on company letterhead. EVR Students, who are unsuccessful at securing a CPA mentor, can request assistance from CPA Ontario after 90 Days. See [section 6.6](#) Finding Mentors for more information.

### **6.2 Student transfers**

Students who transfer their full-time employment to a different province, must register with the new province, and comply with the rules and regulations of that provincial/regional body.

Students who transfer from another province will have their practical experience reassessed by CPA Ontario. The competencies and duration gained in another province shall be reviewed and determined at the discretion of CPA Ontario. Additional supporting documentation may be required by CPA Ontario to complete the assessment.

### **6.3 Conflicts of Interest**

Family relationships between Reviewers and Students or Reviewers and supervisors present conflicts of interest. It is the responsibility of Reviewers to request another Reviewer to perform assessments if conflicts of interest exist. See [section 2.7.1.2](#) Supervisor qualifications for more information.

Relationships between Reviewers and CPA mentors do not present conflicts of interest unless the Student is employed in a position in which there is a high degree of uncertainty as to whether the CPAO PER will be met and closer scrutiny/review by the profession is required and a follow up is required. In which case, the Reviewer would need to be reassigned.

### **6.4 Verifiers**

For experience gained through self-employment, verifiers are responsible for assuming the role and responsibilities required of supervisors, as defined in the [section 2.7](#) Supervision and mentorship. CPA Ontario will assume the role of verifier, requiring sufficient due diligence to gain comfort over the factual accuracy of the experience claimed.

### **6.5 US GAAP**

Experience with US GAAP is deemed substantially equivalent to Canadian GAAP, for purposes of developing Financial Reporting competency sub-areas. Therefore, Students can develop a depth in financial reporting through US GAAP.

### **6.6 Finding mentors**

EVR Students who are unable to find a CPA mentor 90 Days after creating a profile in the PERT and whose current employment have been approved as meeting the entrance requirements, will receive assistance from CPA Ontario to be matched with a CPA mentor.

Matches facilitated by CPA Ontario are based on key parameters (in priority order):

1. years of experience
2. same employer
3. same industry
4. same location

### **6.7 Contact information**

Valid business email addresses must be entered in PERT for individuals whose practical experience roles are mandatory (pre-approved program leaders, CPA mentors, supervisors) and optional (program managers, Human Resource professionals, and recruiters). All matters relating to training Students in pre-approved programs will be communicated to these business email addresses.

### **6.8 Transitioning to CPA**

See [section 5](#) Transition Rules for more information.

#### **6.8.1 CPA only Students**

Students enrolled in the CPA PEP are required to meet the CPAO PER unless CPA Ontario has approved the completion of practical experience under practical experience requirements of a legacy program.

#### **6.8.2 Transitioning Students**

Students, who are transitioning to the CPA PEP from a legacy education program and have not completed their practical experience requirements, are strongly encouraged to transition to the CPAO PER. These individuals will not lose any experience that was previously recognized by a legacy body (subject to [section 2.5.2](#) Currency of experience). Transitioning Students who choose not to transition to the CPAO PER, but choose to transition to the CPA PEP, must complete the legacy practical experience requirements associated with the legacy certification

program in which they were previously enrolled. Transitioning Students who have not satisfied their legacy practical experience requirements by September 1, 2018, will be required to transition to the CPAO PER.

Transitioning Students who transitioned to the CPA PEP from a legacy education program and, at the time of transition, completed their practical experience under the legacy practical experience requirements are exempt from the CPAO PER.

Transitioning Students are required to submit a catch-up report in PERT/PERL to record previously recognized practical experience. See [section 6.9](#) Catch-up reports for more information.

Once a Student transitions to CPAO PER, the full allowable 20 weeks of absences is applied to the remaining experience term.

### ***6.8.3 Legacy completers***

Legacy Students are required to transition to the CPA PEP under the CPA PEP transitional rules, but can also elect to transition to the CPAO PER as a Transitioning Student.

Legacy CA completers that transfer from one PPR to another, have the option of continuing with the legacy CA PER until September 1, 2018 unless both the employer and the Student jointly elect to transition to the CPAO PER.

Legacy completers who follow the legacy CA PER and transfer to a newly approved PPR will need to follow the CPAO PER.

### ***6.9 Catch-up reports***

A catch-up report is used by Students transitioning to the CPAO PER to indicate how the technical and enabling competencies developed through a legacy practical experience program, correlate to the related competencies under the CPAO PER. Only practical experience previously approved under a legacy certification program can be captured in the catch-up report. Students must attach their legacy practical experience report to their catch-up in PERT (i.e. RQE for legacy CA students, and i-Skills for legacy CMA students)

CPA Ontario is not reassessing experience (competencies or duration) previously approved under a legacy certification program; rather, the assessment of the catch-up is limited to ensuring the correlation of proficiencies obtained under the legacy program to CPAO PER is reasonable.

Students must complete the enabling questions when submitting their catch-up report for approval.

### ***6.10 Changes in employment***

Students are required to inform CPA Ontario within 30 Days of any change of employment and/or employment status.

Within 90 Days, Students must:

1. submit the required information to have the new position/program approved

- For EVR Students, a completed pre-assessment report must be submitted
  - For PPR Students, program managers must approve the employment after a Student updates their profile and creates a new experience report to reflect the change of employment
2. have their experience reports for their prior position approved

## Appendix A: Technical Competency Sub-Areas

Note: the technical competency requirements are based on achieving a certain number of competency sub-areas at Level 1 and Level 2 proficiency; Level 0 will be defined solely for the purpose of providing guidance to CPA students with their self-assessments.

### CPA Technical Competencies for the Purpose of Practical Experience

Competency sub-area	Level 2  High level of autonomy with Low-to-Moderate complexity (knowledge utilization);  Lower level of autonomy for complex and non-routine (analysis)	Level 1  Low-to-Moderate complexity (analysis);  Moderate complexity limited to Retrieval/Comprehension; Restricted to routine	Level 0  Foundational (clerical/administrative)
Financial Reporting			
<i>Financial Reporting Needs and Systems</i>	<p><b>Analyze/identify</b> financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); <b>plus</b></p> <p>(a) <b>Evaluate/review</b> the appropriateness of the basis of financial reporting; <b>or</b></p> <p>(b) <b>Evaluate/review</b> reporting processes to support reliable financial reporting</p>	<p><b>Explain</b> the financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); <b>plus</b></p> <p>(a) <b>Analyze/identify</b> the appropriateness of the basis of financial reporting;</p> <p><b>or</b></p> <p>(b) <b>Analyze</b> the accuracy and reliability of financial information</p>	<p>Use the accounting system to process transactions and/or generate reports.</p> <p>Verify mathematical accuracy of financial information (sub-totals, totals).</p> <p>Perform simple reconciliations.</p>
<i>Accounting Policies and Transactions</i>	<p><b>Evaluate/review</b> appropriate accounting policies and procedures; <b>or</b></p> <p><b>Evaluate/review</b> treatment for routine and non-routine transactions; <b>or</b></p> <p><b>Analyze/research</b> treatment for complex events/transactions.</p>	<p><b>Analyze/research</b> the appropriate accounting policies and procedures (or explains the basis in which they were selected and applied to an organization); <b>or</b></p> <p><b>Analyze/research</b> treatment for routine transactions.</p>	<p>Record accounting entries for routine transactions.</p> <p>Rollforward provisions from prior years.</p>

## REGULATIONS

<i>Financial Report Preparation</i>	<b>Analyze/prepare</b> financial statements, including note disclosures.	<b>Explain</b> financial statements, including note disclosures	Verify mathematical accuracy of the financial statements and note disclosures.
<i>Financial Statement Analyses</i>	<b>Analyze/prepare</b> management communication (e.g., MD&A), <b>or</b>  <b>Analyze/prepare</b> financial reporting results for stakeholders (internal or external), <b>or</b>  <b>Analyze/prepare/predict</b> the impact of strategic, and operational decision on financial results (external or internal).	<b>Explain</b> the management communication (e.g., MD&A), <b>or</b>  <b>Explain</b> financial reporting results for stakeholders (external or internal), <b>or</b>  <b>Explain</b> the impact of strategic and operational decision on financial results (external or internal).	Calculate ratios and/or % changes in account balances.
<b>Management Accounting</b>			
<i>Management reporting needs and systems</i>	<b>Analyze</b> management information requirements, <b>plus</b>  <b>Evaluate/review</b> the types of information systems used and the role they play in an organization or <b>evaluate/recommend</b> improvements to existing reporting systems to meet information needs, <b>plus</b>  <b>Analyze/research</b> ethical and privacy issues related to information technology.	<b>Explain</b> management information requirements, <b>plus</b>  <b>Analyze</b> the types of information systems used and the role they play in an organization or <b>analyze</b> potential improvements to existing reporting systems to meet information needs, <b>plus</b>  <b>Explain</b> ethical and privacy issues related to information technology.	Use existing information systems to generate management reports.  Recognize ethical and privacy issues related to information technology.
<i>Planning, budgeting and forecasting</i>	<b>Evaluate/review</b> information inputs (including assumptions) for operational plans, budgets and forecasts, <b>and</b>  <b>Analyze/prepare</b> operational plans, budgets, and forecasts, <b>and</b>  <b>Analyze</b> implications of variances	<b>Analyze/prepare</b> information inputs for operational plans, budgets and forecasts, <b>and</b>  <b>Explain/calculate</b> operational plans, budgets, and forecasts, <b>and</b>  <b>Explain/calculate</b> variances	Verify mathematical accuracy of plans, budgets and/or forecasts.

## REGULATIONS

<i>Cost/revenue /profitability management</i>	<p><b>Cost management:</b> <b>Explain/apply</b> appropriate cost classifications and costing methods for management of ongoing operations, and <b>explain/apply</b> cost management techniques appropriate for specific decisions, and evaluate/recommend either: (a) change identified by applying process improvement methodologies or (b) cost management improvements across the entity; <b>or</b></p> <p><b>Revenue management:</b> <b>evaluate/review</b> sources and drivers of revenue growth; <b>or</b></p> <p><b>Profitability management:</b> <b>analyze/prepare</b> sensitivity analysis, <b>evaluate/review</b> sustainable profit maximization and capacity management performance.</p>	<p><b>Cost management:</b> <b>Explain/apply</b> the appropriate cost classifications and costing methods for management of ongoing operations, <b>explain/apply</b> cost management techniques appropriate for specific decisions, and <b>analyze</b> potential changes identified by applying process improvement methodologies; <b>or</b></p> <p><b>Revenue management:</b> <b>analyze/prepare</b> information to understand the sources/drivers of revenue growth; <b>or</b></p> <p><b>Profitability management:</b> <b>explain/calculate</b> the sensitivity analysis, and <b>analyze</b> alternatives for sustainable profit maximization/capacity management performance.</p>	Collect information to assist with cost, revenue or profitability management.
<i>Organizational/individual performance measurement</i>	<p><b>Evaluate/review</b> root causes of performance issues through one of:</p> <p><b>Analyze/research</b> the implications of management incentive schemes and employee compensation methods, <b>or</b></p> <p><b>Evaluate/review</b> performance using accepted frameworks or KPIs, <b>or</b></p> <p><b>Evaluate/review</b> performance of responsibility centers</p>	<p><b>Analyze</b> possible root causes of performance issues, through one of:</p> <p><b>Explain</b> the implications of management incentive schemes and employee compensation methods, <b>or</b></p> <p><b>Analyze</b> performance using accepted frameworks or KPIs; <b>or</b></p> <p><b>Analyze</b> performance of responsibility centers.</p>	Calculate/prepare performance scorecard/KPI based on information supplied by units.
Audit & Assurance (consider – public accounting needs a depth in assurance)			

## REGULATIONS

<i>Internal Control</i>	<p><b>Evaluate/review</b> the entity's risk assessment processes; <b>or</b></p> <p><b>Evaluate/review</b> the information system, including related processes.</p>	<p><b>Analyze/prepare</b> the entity's risk assessment processes; <b>or</b></p> <p><b>Analyze</b> the information system, including related processes.</p>	Execute procedures that relates to existing internal controls.
<i>Internal audit or external assurance requirements, basis and risk assessment</i>	<p><b>Analyze</b> an entity's assurance needs or <b>explain</b> the implications of pending changes in assurance standards, <b>plus</b></p> <p><b>Basis: Analyze</b> which set of criteria to apply to the subject matter being evaluated, or <b>analyze</b> which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, <b>plus</b></p> <p><b>Risk assessment: Evaluate</b> issues related to the undertaking of the engagement or project, or <b>evaluate</b> materiality for the assurance engagement/project, or evaluate the risks of the project (for audit engagements, <b>evaluate</b> the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures).</p>	<p><b>Explain</b> an entity's assurance needs or <b>explain</b> the implications of pending changes in assurance standards, <b>plus</b></p> <p><b>Basis: Explain</b> which set of criteria to apply to the subject matter being evaluated, or <b>explain</b> which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, <b>plus</b></p> <p><b>Risk assessment: Explain</b> issues related to the undertaking of the engagement or project, <b>explain/calculate</b> materiality for the assurance engagement/project, or <b>explain</b> the risks of the project (for audit engagements, explain the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances,</p>	Assemble information about the business (external), or department (internal).



## REGULATIONS

<i>Internal audit projects or external assurance engagements</i>	<p><b>Work plan:</b>  <b>Evaluate/develop/review</b> appropriate procedures based on the identified risk of material misstatement, <b>analyze/perform</b> the work plan, <b>evaluate</b> the evidence and results of analysis, documents the work performed and its results, <b>plus</b></p> <p>Draw conclusions, communicate results, and contribute to a report for stakeholders</p>	<p><b>Work plan:</b>  <b>Analyze/perform</b> the work plan on less complex/ riskier areas, <b>evaluate</b> the evidence and results of analysis, documents the work performed and its results, <b>plus</b></p> <p>Draw conclusion, communicate results, and contribute to a report for stakeholders.</p>	<p>Compile planning documentation.</p> <p>Coordinate third party confirmations; identify outstanding items.</p>
<b>Finance</b>			
<i>Financial analysis &amp; planning</i>	<p><b>Evaluate/review</b> the entity's financial state, <b>or</b></p> <p><b>Evaluate/review</b> financial proposals and financing plans</p>	<p><b>Analyze</b> the entity's financial state, <b>or</b></p> <p><b>Analyze/prepare</b> financial proposals and financing plans</p>	<p>Perform calculations to support analysis (ratios and/or % changes in account balances).</p>
<i>Treasury Management</i>	<p><b>Analyze</b> the entity's cash flow and working capital, <b>plus</b></p> <p><b>Evaluate/review</b> the entity's investment portfolio, <b>or</b></p> <p><b>Evaluate/review</b> sources of financing and decisions affecting capital structure, <b>or</b></p> <p><b>Evaluate/review</b> the entity's cost of capital, <b>or</b></p> <p><b>Evaluate/review</b> decisions related to distribution of profits</p>	<p><b>Explain/calculate</b> the entity's cash flow and working capital, <b>plus</b></p> <p><b>Analyze/research</b> the entity's investment portfolio (less complex), <b>or</b></p> <p><b>Analyze/research</b> sources of financing and decisions affecting capital structure, <b>or</b></p> <p><b>Analyze/research</b> the entity's cost of capital, <b>or</b></p> <p><b>Analyze/research</b> decisions related to distribution of profits</p>	<p>Record investment/FX transactions based on confirmations; update market values from third-party sources, if applicable.</p> <p>Reconcile differences between records and third-party statements.</p>

## REGULATIONS

<i>Capital budgeting</i>  <i>Valuation</i>  <i>Corporate finance</i>	<b>Analyze/prepare</b> financial models or business plans as part of or in addition to:  <b>Evaluate/review</b> capital budgeting processes and decisions, <b>or</b>  <b>Evaluate/review</b> the value of a tangible asset or analyze/estimate the value of an intangible asset, <b>or</b>  <b>Analyze/estimate</b> the value of a business, or <b>Evaluate/review</b> financial risk management policies, <b>or</b>  <b>Analyze</b> the use of derivatives as a form of financial risk management, <b>or</b>  <b>Evaluate/review</b> the purchase, expansion or sale of a business, <b>or</b>  <b>Evaluate/advise</b> a financially troubled entity.	<b>Analyze/prepare</b> information to aid in the capital budgeting processes and related decisions, <b>or</b>  <b>Analyze/estimate</b> the value of a tangible asset, <b>or</b>  <b>Explain/calculate</b> value of a business, <b>or</b>  <b>Explain</b> financial risk management policies, <b>or</b>  <b>Explain</b> the use of derivatives as a form of financial risk management, <b>or</b>  <b>Analyze</b> the purchase, expansion or sale of a business, <b>or</b>  <b>Analyze</b> possible solutions to aid a financially troubled entity.	Coordinate the capital budgeting process.  Calculate market value of publicly-traded security.  Calculate/collect multiples for market-based valuations.
<b>Taxation</b>			
Income tax legislation and research	<b>Analyze/research</b> treatment for transactions/events, <b>plus</b>  Draw conclusion and communicate results.	<b>Explain</b> the relevant section of the Income Tax Act, tax conventions and/or treaties, as it relates to specific transactions/events.	Use Income Tax Act to assemble rates, filing deadlines and requirements.
Tax compliance:  Corporate or personal	<b>Analyze</b> the general tax issues (can include assessments, notice of objection and appeals), <b>plus</b>  <b>Analyze/prepare</b> a tax return	<b>Explain</b> the general tax issues (can include assessments, notice of objections and appeals), <b>plus</b>  <b>Explain</b> tax return or analyze/prepare information to support the preparation of the corporate tax return	Assemble information for tax return and explains required information.  Use tax software to process corporate tax returns.  Prepare schedule of due dates.

## REGULATIONS

<p>Tax planning:</p> <p>Corporate or personal</p>	<p><b>Analyze/estimate</b> tax consequences or specific tax-planning opportunities for: (a) shareholders and/or corporations, or (b) complex corporate transactions, or (c) individuals (excluding estate-planning), <b>or</b></p> <p><b>Analyze/estimate</b> the tax consequences of other corporate and partnership restructuring transactions, <b>or</b></p> <p><b>Analyze/prepare</b> estate-planning opportunities for individuals.</p>	<p><b>Explain/calculate</b> the tax consequences or specific tax planning opportunities for: (a) shareholders and corporations, or (b) individuals (excluding estate planning), <b>or</b></p> <p><b>Explain/calculate</b> the tax consequences of other corporate and partnership restructuring transactions, <b>or</b></p> <p><b>Explain/calculate</b> the tax estate-planning opportunities for individuals.</p>	<p>Use information prepared internally/externally to explain changes arising from Federal or Provincial budgets.</p> <p>Use tax software to calculate pro-forma taxes payable under various tax planning opportunities.</p>
<p>Strategy &amp; Governance</p>			
<p>Governance</p> <p>Mission, vision, values &amp; mandate</p>	<p><b>Analyze/prepare</b> the entity's governance policies, processes, and/or code, and analyze/prepare information and analysis to ensure entity remains compliant with regulatory/compliance requirements, <b>or</b></p> <p><b>Evaluates</b> whether management decisions align with the entity's mission, vision and values.</p>	<p><b>Explain</b> describes the entity's governance policies, processes, and/or code, and prepares information to aid in the analysis to ensure entity remains compliant with regulatory/compliance requirements, <b>or</b></p> <p><b>Analyze</b> management decisions to the entity's mission, vision and values</p>	<p>Describe the entity's governance policies, processes, and/or code.</p>
<p>Strategy development / implementation</p>	<p><b>Analyze</b> the entity's strategic objectives and evaluate related performance measures, <b>or</b></p> <p><b>Evaluate</b> the entity's internal and external environment and analyze its impact on strategy development; analyze strategic alternatives, <b>or</b></p> <p><b>Analyze</b> the key operational issues and analyzes alignment with strategy.</p>	<p><b>Explain</b> the entity's strategic objectives and analyze related performance measures, <b>or</b></p> <p><b>Analyze</b> the entity's internal and external environment and <b>explain</b> its impact on strategy development; explain strategic alternatives, <b>or</b></p> <p><b>Explain</b> the key operational issues and explains the alignment with strategy</p>	<p>Explain the entity's strategic objectives.</p> <p>Collect information on the entity's internal and external environment.</p>

## REGULATIONS

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Enterprise risk management	<b>Evaluate/review</b> components of an effective risk management program and evaluate its impact on shareholder value.	<b>Analyze/research</b> components of a risk management program and analyze its impact on shareholder value	Record risk responses.
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## Appendix B: Enabling competency reflective questions

### Question 1: Professional and ethical behaviour

a) Describe a time when you had to negotiate conflicting professional values in executing your work. Include descriptions of the processes listed:

- the specific values
- what was at stake for all involved
- what you did
- how you decided that this was an appropriate course of action

b) What impact did your course of action have on all involved?

c) If confronted with a similar situation in the future, specify:

- what would make it easier for you to act?
- what you would do differently?

### Question 2: Problem-solving and decision-making

a) Describe a time when you solved a problem or made a decision in the workplace. Include descriptions of your actions listed.

- defined the scope of the problem
- collected and verified relevant information
- performed appropriate analyses
- integrated information to investigate each potentially viable solution or conclusion
- recommended and justified a solution or conclusion
- used creativity and innovation during the problem solving or decision
- making process

b) What impact did your solution or conclusion have on your organization?

c) What did you learn from this experience and how will it influence your future behaviour?

### Question 3: Communication

ANSWER **ONE** OF THE FOLLOWING (3.1 or 3.2 or 3.3):

3.1: Obtains accurate and relevant information through listening, interviewing and discussing

a) Describe a time when you obtained accurate and relevant information through listening, interviewing, or discussing. What actions did you carry out to obtain this information?

b) What did you learn from this experience and how did your organization benefit from your learning?

c) How will you build upon what you have learned going forward?

3.2: Writes and speaks to enhance work performed

- a) Describe a time when your communication, either written or oral, enhanced your work. How did it do so?
- b) How did your organization benefit as a result?
- c) What did you learn from this experience and how will it influence your future behaviour?

3.3: Adapts communications to meet audience needs

- a) Describe a time when you adapted your communication to meet the needs of a specific audience. What steps did you take in order to do so?
- b) What would have been the result had you not taken these steps?
- c) How will you behave when faced with a similar situation in the future?

Question 4: Self-Management

ANSWER **ONE** OF THE FOLLOWING (4.1 or 4.2 or 4.3):

4.1: Monitors and improves work performance

- a) Describe an instance when you were not fully satisfied with your performance on a specific task. What challenges did you face in executing the assignment?
- b) What steps did you take to address the situation and what were the results?
- c) How will you build upon this experience going forward?

4.2: Engages in professional development

- a) What are your career goals for the next three-to-five years?
- b) What have you done to achieve these goals and what role have others played in helping you achieve these goals?
- c) What will you do to achieve these goals and what role will others play in helping you achieve these goals?

4.3: Recognizes limits to professional competence

- a) Describe an instance when you were assigned work that was slightly more advanced than your capabilities at the time. What actions did you take in order to execute the assignment effectively?
- b) Was the effort entirely successful? Why or why not?
- c) Having carried out these actions, what would you do differently next time?

Question 5: Teamwork and Leadership

ANSWER **ONE** OF THE FOLLOWING (5.1 or 5.2):

5.1: Plans and effectively manages teams and projects

- a) Describe a time when you managed a project or team. What did you do to plan and execute the assignment effectively?
- b) What did you learn from this experience and how did your organization benefit as a result?
- c) How can you apply your learning to other workplace situations?

5.2: Works effectively as a team member

- a) Describe a time when, as a member of a team, you worked with others to achieve a particular objective. What challenges did you encounter and how did you overcome them?
- b) What did this experience teach you about yourself and others?
- c) Having gone through this experience, what would you do differently next time?

Summary Questions

In addition to the five reflective questions, CPA students will be provided with two brief summary questions – one that asks CPA students to reflect on progress over the reporting period and another that sets the focus for the next reporting period. These brief summary questions also guide the discussions of CPA students with their mentors.

Summary Question A (MANDATORY):

Identify key competency areas (enabling and/or technical) you will focus on developing or improving between now and your next meeting with your mentor. What is your action plan for doing so?

Summary Question B (OPTIONAL):

Looking back at your experience captured in this report, in which competency areas (enabling or technical) do you feel most confident in your abilities and why?



## Appendix C: Guidance with proficiency

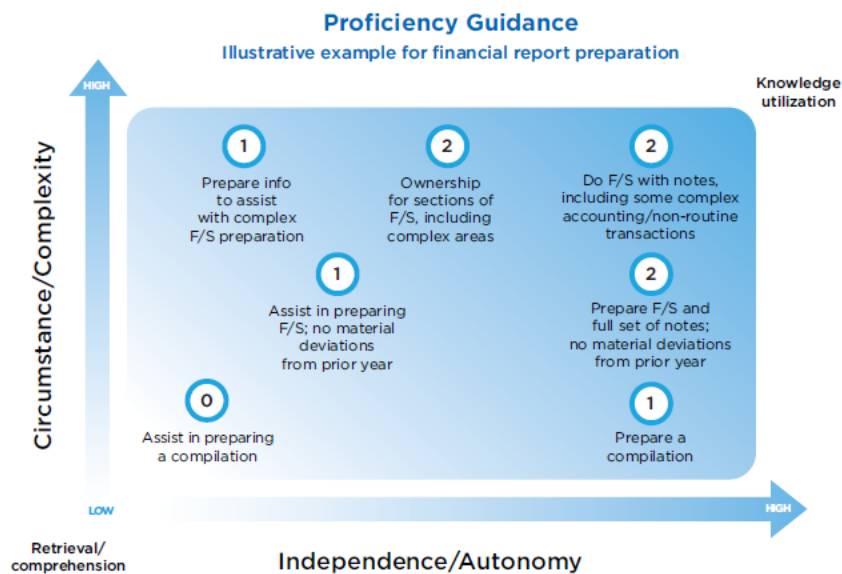
The following illustration is intended to provide guidance in determining the level of proficiency, based on complexity, circumstance and autonomy.

**Complexity:** CPA students preparing complex financial statements, including note disclosures, for an entity would generally be considered obtaining Level 2 proficiency. However, a CPA student would not reasonably be expected to prepare the entire set of financial statements for a complex entity – therefore, a Level 2 proficiency could also be developed by assuming ownership of sections of these financial statements that include complex areas. Preparing financial statements without notes could be low in complexity and therefore considered Level 1 proficiency.

**Circumstance:** Preparing the presentation of non-routine transactions in the financial statements generally help develop Level 2 proficiency.

**Autonomy:** A CPA student is expected to perform with greater autonomy in tasks that are lower in complexity and/or routine in nature to develop Level 2 proficiency. Likewise, tasks that are highly complex and/or nonroutine can be performed with lower autonomy without impacting the proficiency level.

An illustrative example follows.



## Appendix D: Overview of experience reporting and assessments

Responsibility	Experience verification	Pre-Approved programs
CPA students	Report factual information, including duration, detailed record of duties performed  Self-assess level of proficiency	Indicate which pre-approved program they are employed in; record duration  Self-assess level of proficiency
Supervisor	Sign-off on factual accuracy	Feedback to mentor
Mentor	Discuss self-assessment with CPA student	Discuss self-assessment with CPA student
Pre-approved program leader	N/A	Sign-off on CPA student progress to time of departure, or completion of program
Provincial	Assesses experience report	Assesses experience report

# CPA Harmonized Education Policies Vol. 1

*A collection of policy directives for the  
CPA Professional Education Program*

Effective September 1, 2019

CPA provincial/regional bodies	CPA Education contact information
<b>CPA Western School of Business</b>	Email: <a href="mailto:cpaapplication@cpawsb.ca">cpaapplication@cpawsb.ca</a> Phone: 1.866.420.2350
<b>CPA Ontario</b>	Website: <a href="http://www.cpaontario.ca/contactus.aspx">www.cpaontario.ca/contactus.aspx</a> Phone: 416.962.1841
<b>Ordre des comptables professionnels agréés du Québec</b>	Email: <a href="mailto:programmenational@cpaquebec.ca">programmenational@cpaquebec.ca</a> Phone: 514.982.4606 [4] or 1.800.363.4688 [2615]
<b>CPA Atlantic School of Business</b>	Email: <a href="mailto:programs@cpaatlantic.ca">programs@cpaatlantic.ca</a> Phone: 902.334.1172
<b>CPA Canada — International</b>	Email: <a href="mailto:InternationalInquiries@cpacanada.ca">InternationalInquiries@cpacanada.ca</a> Phone: n/a
<b>CPA Canada Toronto Head Office</b>	Email: <a href="mailto:member.services@cpacanada.ca">member.services@cpacanada.ca</a> Phone: 416.977.0748 or 1.800.268.3793

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# Introduction

The CPA *Harmonized Education Policies Vol. 1* outline the national guidelines regarding the implementation of policies for admission, administration, modules, module examinations, the common final examination (CFE), and other policies for the CPA Professional Education Program (CPA PEP).

## Certification requirements

Candidates<sup>1</sup> must meet experience, education and examination requirements to be eligible for CPA certification. Eligibility for public practice requires specific experience, education, and examination requirements.<sup>2</sup>

Candidates are encouraged to complete the CPA Professional Education Program (CPA PEP) and experience requirements concurrently.

For more information on experience requirements, consult the [CPA Practical Experience Requirements](#).

The specific regulations and bylaws of the provincial/regional bodies take precedence over these general guidelines and requirements. CPA candidates are subject to the specific regulations and bylaws of the provincial/regional body with which they have registered.

Our goal is to provide an environment that is safe and conducive to learning for all individuals. Individuals who violate this environment either through their actions, words or by violating any of the exam/module regulations will be expelled from the premises/program/profession. Re-admittance will be at the discretion of the region/province.

1 Throughout this document we use the term “candidate” to refer to an individual in the CPA PEP. However, it is understood that in some regions these individuals are referred to as “students”.

2 Contact your provincial body for specific requirements.





# 1 Admission Policies

## 1.1 Admission requirements

To be admitted to the CPA Professional Education Program (CPA PEP), applicants require:

- an undergraduate degree or Masters' degree
- completion of prerequisite learning
- 120 credit-hours or equivalent of education (30 credit-hours<sup>3</sup>/academic year)
- good character

An additional admission category is in section *1.4 Additional admission category*.

### 1.1.1 International degree holders

Only degrees obtained from post-secondary institutions, which are recognized in the *International Handbook of Universities* published by the International Association of Universities or a similar recognition service, will be accepted. Canadian study permits are required for all international students studying in Canada.

International degrees should be assessed for 120 credit-hours for CPA PEP admission by a recognized qualification assessment service. The qualification assessment service may include non-degree academic credit from an international professional designation to count toward the credit-hour requirement.

The process for determining content equivalency is up to the regional/provincial body in accordance with the CPA national recognition and accreditation standards for post-secondary institutions. International credentials are compared to the competency requirements of the CPA Competency Map.

<sup>3</sup> Credit-hour is an input measure meant to reflect student time required to earn credit for the course. Generally a three credit course requires 33 hours of contact time (lectures etc.) or 132 hours of student engagement time (lectures, tutorials, practice activities, testing or assessment, or preparation).

### 1.1.2 Examples of degree requirements

CPA PEP applicants can meet the degree requirement, 120 credit-hours, and prerequisite subject area coverage requirements in several different ways. For example, each of the following would be considered to meet the requirements:

- a four-year undergraduate degree program that includes all the specific prerequisite subject area coverage
- a four-year undergraduate degree plus CPA preparatory courses or other recognized courses or programs that provide the required prerequisite subject area coverage or
- a three-year undergraduate degree that includes all prerequisite subject area coverage and is preceded by a year of post-secondary education, such as a Quebec three-year university degree preceded by CEGEP, and equivalent international baccalaureates

Achievement in the prerequisite learning must meet the following standard:

- a) A passing grade or 60%, whichever is higher in each applicable core course, and
- b) A passing grade or 50%, whichever is higher, in each applicable non-core course, and
- c) A minimum GPA requirement of 65% or equivalent as calculated by averaging grades across all of a student's core courses.
- d) Non-core courses include Introductory Financial Accounting, Introductory Management Accounting, Economics, Statistics, Business Law, and Information Technology.
- e) Core courses are all other prerequisite courses except those identified as a non-core course. If a course is not clearly included as a non-core course it defaults to a core course.

### 1.1.3 Currency of education

For admission to the CPA PEP, candidates should have completed at least one applicable course in each of the CPA competency areas of Financial Reporting, Strategy and Governance, Management Accounting, Audit and Assurance, Finance and Taxation within the last 10 years of application for admission to the CPA PEP.

Candidates with significant relevant work experience may apply for an exemption from the currency requirement for a prerequisite course if they successfully completed a relevant course more than 10 years prior to admission to CPA PEP. Assessments of work experience may result in no exemption, a full exemption from a prerequisite course, or a partial exemption from a prerequisite course, requiring candidates to complete the module examination.

## 1.2 Undergraduate degree definition

The undergraduate degree required for entry to CPA PEP must be granted by an academic institution that either must be:

- a post-secondary academic institution that is authorized by the appropriate regulatory authorities in Canada to grant degrees
- a university that provides post-secondary academic education and is recognized in the *International Handbook of Universities* published by the International Association of Universities or a similar recognition service
- a post-secondary academic institution that is a member of the equivalent national association in another country and is accredited by the appropriate regulatory authorities in the other country to grant degrees

The academic institution must:

- be established or accredited by a statute or other governmental approval
- offer a program(s) of academic study beyond the general and compulsory primary and secondary levels of schooling required by the government of the country, state, or province as the case may be

For the purposes of the recognition of prerequisites, the academic institution can accept instruction provided by either:

- a non-degree-granting institution, on behalf of a degree-granting institution
- an educational institution outside of Canada that is recognized for credit by an authorized, degree-granting Canadian institution

To be acceptable, an international degree must require the equivalent of academic achievement at the level of an undergraduate degree or equivalent, and be granted by a degree-granting institution.

## 1.3 Conditional admission

CPA PEP applicants must satisfy all admission requirements before starting the program. Applicants who represent that they have satisfied all of the requirements, but their degree has not yet been formally conferred and/or their official transcript for some prerequisite courses is not yet available, will be granted conditional admission to start the first module of their program. CPA PEP candidates are permitted to register for Core 1 and Core 2 while they are conditionally admitted. Examination results for Core 1 will be released, however, examination results for Core 2 will not be released until official documents verifying admissibility to the CPA PEP have been received and processed (except in Ontario where official transcripts must be received within four months of being registered as a candidate).

## 1.4 Additional admission category

### Mature entrants

A mature entrant into CPA PEP is defined as an individual who meets the eligibility criteria described below:

1. completion of at least eight years of relevant experience in any of the CPA technical competency areas — Financial Reporting, Strategy and Governance, Management Accounting, Audit and Assurance, Finance and Taxation — with any two competency sub-areas developed to at least a Level 1 proficiency as identified in the [CPA Practical Experience Requirements standards document \(CPA PER\)](#)
2. submission of a comprehensive resume presenting all current and past work experience, community service and volunteer activities
3. submission of all official transcripts from any prior university or college courses taken
4. submission of three letters of reference from a:
  - i. current employer
  - ii. colleague who is a CPA or a member of an international accounting body that has a reciprocity agreement with CPA Canada
  - iii. personal character reference
5. submission of a written personal statement on the individual's desire, capacity and commitment to pursuing the CPA designation
6. successful completion of prerequisite learning

## 1.5 Admission process

To complete admission to CPA PEP, applicants must submit the following:

1. a correctly completed application form
2. the appropriate fee remittance
3. all required supporting documentation, which may include official transcripts, international credit equivalency reviews (e.g. World Education Services Canada), transcripts from other recognized accredited bodies, proof of legal name, and completed student or candidate code of conduct form
4. proof of a study permit, for international, non-resident candidates studying in Canada (where required by the province/region)

# 2 Administrative Policies

## 2.1 Time limitations

CPA PEP candidates must finish the CPA PEP modules and attempt the CFE within six years<sup>4</sup> of their initial start.

The initial start date will be defined as the start date of the first module the candidate attempts. This is typically the start of the orientation workshop for Core 1 when a candidate starts the program. A module attempt is defined in 2.5.3 *Module Withdrawals*. For candidates in accredited programs that give them advanced standing in CPA PEP, the start date would be the start date of the program courses that apply to the exemptions they get for the Core and Elective modules. For candidates who get advanced standing in CPA PEP (i.e. MOU or IFAQ candidates) the start date will be earlier of the start of the first module they take or the first exam they challenge.

In special circumstances, the appropriate provincial/regional CPA body may grant CPA candidates a period of intermission that will not be counted towards their time limit for program completion; this is considered a temporary program withdrawal. See 2.5.1 *Temporary program withdrawal* for more information.

For candidates registered in CPA PEP, the maximum duration for completing the CPA certification program (education, experience and examination) must not exceed seven years. In special circumstance, extensions may be granted to candidates who can demonstrate substantial progress towards completion of the CPA PEP and practical experience requirements.

## 2.2 Fees/refunds

Regional/provincial bodies will set course access fees and collect these fees from candidates.

4 Seven years in Quebec

## 2.3 Transfers from other regions

On request from the candidate in CPA PEP, necessary records will be transferred from one region/province to another. Transfers should normally occur at the completion of a CPA PEP module.

The student or candidate must be in good standing in the currently enrolled region/province at the time of the request.

Receiving regional/provincial bodies will honour the assessment work completed by the sending regional/provincial body.

## 2.4 Program expulsion or suspension

Candidates in CPA PEP will be suspended or expelled from their respective programs for:

- non-payment of fees
- failure to comply with regulations of provincial body
- exhausting module attempts (a module attempt includes a module and/or examination attempt) or
- failure to complete the program within the established time limits

Candidates may be suspended or expelled from their respective programs for academic or professional misconduct. For more information, see *Section 6 Academic Integrity and Professional Conduct Policies*.

Candidates who are expelled may be considered for reinstatement based on:

- a) whether the applicant merits and qualifies for re-instatement,
- b) academic and/or experience requirements at the time of re-entry and conditions to be completed if reinstated, and
- c) all applicable regional regulations

## 2.5 Withdrawals

### 2.5.1 Temporary withdrawals

In special circumstances, candidates in CPA PEP can temporarily withdraw from the program for a maximum two years in total. While they are withdrawn, candidates do not have access to program course material, but may access other benefits (job board, etc.).

### 2.5.2 Permanent program withdrawals

Candidates in CPA PEP can permanently withdraw in good standing from the program by submitting a request in writing to their provincial/regional CPA body. If they choose to reapply and get accepted to the program, the time limit will reset.

### 2.5.3 Module withdrawals

Voluntary module withdrawal requests must be made in writing to the appropriate provincial or regional body by the CPA PEP candidate.

Candidates withdrawing from a CPA PEP module are subject to the following:

- no module attempt is charged until the fourth Friday of the module
- a module attempt is charged after the fourth Friday of the module
- a module attempt is charged and a failing mark is given if an examination deferral to the next available offering is not granted
- required to restart the module if the candidate re-enrolls in the module and complete all portions of the module including the workshop(s) and weekly assignments

## 2.6 Readmission

Candidates who have temporarily withdrawn from CPA PEP (see Section 2.5.1 *Temporary program withdrawals* for more information) do not need to apply for readmission and are eligible to continue in the program they were last registered in if they notify the appropriate provincial/regional CPA body before the two-year limit for temporary withdrawals.

Candidates in CPA PEP who:

- have been expelled or suspended (see Section 2.4 *Program expulsion or suspension* for more information),
- have chosen to permanently withdraw (see Section 2.5.2 *Permanent program withdrawals* for more information), or
- have exhausted all attempts to pass modules (see Section 3.7 *Repeating a module* for more information)

must apply for readmission and, if readmitted, restart CPA PEP. All admission requirements (see Section 1.1 Admission requirements for more information) must be met including the currency of prerequisite education (see Section 1.1.3 *Currency of Education* for more information). The six year program time limit is reset.

## 2.7 Academic accommodation

Candidates may request academic accommodations in the case of a documented health condition or similar disability that may affect their ability to participate in a module or attempt its examination. Appropriate documentation must be provided and additional information may be requested to approve the requested accommodation. More information on accommodations can be found on the [CPA Canada website](#).



# 3 Module Policies

## 3.1 Module enrollment

Candidates in CPA PEP cannot take Core 2 before Core 1, but can take the two core modules concurrently if they meet the applicable provincial/regional requirements. They must pass the core modules before starting any elective modules. Candidates must successfully pass two electives before starting Capstone 1 and must pass Capstone 1 before starting Capstone 2. Candidates must pass all modules before attempting the common final examination (CFE).

## 3.2 Course exemptions

The only CPA PEP module exemptions are from a CPA accredited program.

## 3.3 Repeating a successful module

With the exception of the Capstone 2 module, candidates who have passed a CPA PEP module are not permitted to participate in online activities or at face-to-face workshops of subsequent offerings of that module.

## 3.4 Module assignments

To be eligible to attempt the module examination, candidates in the CPA PEP must submit a minimum number of completed assignments as established for the module. Submitted assignments not meeting the minimum standard will be considered incomplete. This will count as a module attempt and the candidate will be required to repeat the module. Repeating a module requires successful completion of all components, including the workshop(s), assignments and the module-end examination.

### 3.4.1 Late assignments

No late CPA PEP assignments will be accepted; however extensions may be granted under extenuating circumstances. All extension requests are expected to be submitted with appropriate supporting documentation.

## 3.5 Module workshops and in-class sessions

Attendance is mandatory for the entire CPA PEP workshop session. Arriving late (see Section 3.5.1 *Late arrival*) or unapproved workshop absences (see Section 3.5.2 *Workshop absences*) may result in the candidate failing the workshop (see Section 3.5.3 *Failed workshops*).

### 3.5.1 Late arrival

CPA PEP candidates who have arrived late will be required to complete a make-up assignment and may be charged a make-up assignment fee.

### 3.5.2 Workshop absences

In special circumstances (such as illness or family member death), permission may be granted to miss a CPA PEP workshop, with documented proof of extenuating circumstances required.

Candidates will be required to complete a make-up assignment and may be charged a make-up assignment fee.

Permission may be granted for a maximum of one workshop absence while the candidate is in the CPA PEP. If special circumstances require further absences the candidate will be required to retake the module at a later offering.

### 3.5.3 Failed workshops

In the core and elective modules, candidates who do not attend the workshop and do not complete the required make-up assignments are not permitted to attempt the module-end examination. This counts as a module attempt and candidates are required to complete the entire module to be eligible to attempt the examination.

For the Capstone modules, candidates who do not attend the workshop and do not complete the required make-up assignments will fail the module.

## 3.6 Passing a module

To pass the core and elective CPA PEP modules, candidates must achieve competency, as determined by the Board of Examiners, on the module-end examination. To pass the CPA PEP Capstone modules, candidates must successfully meet the components of the passing profile for each module as determined by the Pre-certification Education Directors Committee.

Supplemental examinations will not be offered for CPA PEP. Candidates who fail a module examination must wait for a subsequent provincial/regional examination offering to attempt it again.

### 3.7 Repeating an unsuccessful module

Candidates in CPA PEP have three attempts to pass a core module, after which they are expelled. Candidates can attempt each elective module up to three times. After the third unsuccessful attempt, no further attempts for that module can be made without withdrawal from the program (refer to Section 2.5.2 *Permanent program withdrawal*) and successful readmission to the CPA PEP (refer to section 2.6 *Readmission*). Candidates who are unable to successfully complete two of the electives are expelled. A module attempt includes a module and/or examination attempt.

Candidates who fail a module-end examination may be eligible to attempt a subsequent offering of that examination with or without taking the associated module offering. Candidates who have failed a module examination twice are required to retake the module before attempting the examination again unless on their previous attempt they took the full module.. Repeating a module requires successful completion of all components, including the workshop(s), assignments and the module-end examination. Candidates should check with their province/region CPA body if they are unsure of what options are applicable to their situation.

Candidates who are unsuccessful completing Capstone 1 or Capstone 2 are required to repeat the module. Candidates have three attempts to pass each capstone module after which they are expelled.

### 3.8 Access to courses in D2L

Candidates will have access to their modules in D2L (Brightspace) until the announcement of their successful completion of the Common Final Examination (CFE) on the results release date. Six months following the successful completion of the CFE, modules will be “retired” and candidates will no longer have access. In special circumstances, access beyond the six month time limit can be arranged if the regional/provincial staff approves the request. A fee may be applied for extended access.



# 4 Module Examination Policies

## 4.1 Module examinations

Candidates must comply with the examination writing rules, and all applicable provincial/federal laws. CPA members are not permitted to write CPA PEP module-end examinations, except where specifically required for public accounting registration purposes.

Candidates may be provided with access to reference material during all module-end examinations. The nature and volume of reference material will be adapted to each module's assessment objectives.

## 4.2 Module examination deferrals

Candidates who have completed the module assignments and completed the workshop in the core and elective modules may be able to choose not to write the module-end examination and defer writing the examination until the next examination offering, as per provincial/regional policies. Deferrals do not require extenuating circumstances and may be requested without supporting documentation. Candidates may only defer the module-end examination once per module attempt. If they do not attempt the examination at the next offering, they fail the module and a module attempt is charged. Candidates must then retake the full module (refer to Section 3.7 *Repeating a module*) before they can write the module-end examination. All deferral requests should be made to the appropriate provincial/regional body no later than three business days after the module-end examinations and may be subject to the provincial/regional deferral fee. CPA PEP candidates who have been granted a challenge examination are not eligible for deferral.

## 4.3 Module examination appeals (remark)

Only unsuccessful CPA PEP module-end examination results are subject to appeals (remark). Appeals (remark requests) must be made within three business days after the examination results are released, and are subject to a fee.

The following process applies to appeals (remark) requested by candidates who fail course-end examinations:

- i) **Objective Format Portion:** Since the responses to all objective format questions will be input and marked electronically, these types of questions will not be re-tabulated.
- ii) **Written Portion:** A marker's judgment will be accepted in the absence of evidence strongly supporting that their judgment was in error. A change to the candidate's results will be made only if one or more of the following errors occurred, the markers:
  - misapplied the marking guidelines
  - failed to consider a relevant section of the candidate's response (e.g. the markers missed a relevant discussion somewhere in the paper, etc.)
  - exhibited poor application of judgment

Appeals (remarks) are not available for an unsuccessful Capstone 1 panel presentation result as the decision is made by a panel of CPA members. All failures of Capstone 1 are marked at least twice and also reviewed by another province/region before releasing a failed result.

## 4.4 Module examination feedback

Feedback on performance for the module-end examinations will be provided to candidates who fail through a results report, adapted to the nature of each examination. No additional feedback will be provided with the result of a remark.

Module-end examinations are non-disclosed examinations. Candidates do not have direct access to module-end examinations once they are written, and will not have access to the module-end examination questions, marking keys or any other marking materials.

# 5 Common Final Examination Policies

## 5.1 Common final examination format

The common final examination (CFE) is a three-day examination:

- Day 1 of the three days will be an individual response to a large case that is linked to the large case that was worked on in groups in Capstone 1.
- Day 2 of the three days will be a large case that will evaluate a candidate's ability to demonstrate depth of competency in either Financial Reporting and/or Management Accounting (will depend on the case), and in one Elective area of choice. Candidates can choose any role (they are not limited to their electives) and must declare their choice when they register for the CFE. Candidates wishing to complete the education/examination component of the requirements to practice public accounting through the CPA certification program must choose the Assurance role.<sup>5</sup>
- Day 3 of the three days will be a mix of smaller cases that will evaluate the breadth of competency development and provide additional opportunities to demonstrate depth in Financial Reporting and/or Management Accounting. All candidates will play the same role in each case.

Day 1 of the CFE is evaluated independently from Day 2 and Day 3 of the CFE. Day 2 and Day 3 of the CFE are evaluated as one unit. Candidates must be successful on both portions of the CFE:

- Day 1 and
- Day 2 and Day 3

The examination will be computer-based. Candidates will be provided with electronic access to reference material for the CFE.

<sup>5</sup> To become eligible for a public accounting license upon completing your CPA certification program, there are a number of education, examination, and practical experience requirements that need to be fulfilled. Check with your provincial/regional CPA body for the exact requirements.

### 5.1.1 CFE Eligibility

Candidates are eligible to attempt the CFE once they complete the Capstone 2 examination preparation module as part of the CPA PEP or an accredited post-secondary institute. For more information, see Section 3.1 *Module enrollment*. Each sitting of the CFE counts as an attempt regardless of the number of days written.

Candidates must comply with the examination writing rules, and all applicable provincial/federal laws.

CPA members and CPA candidates who have already successfully completed the CFE are not permitted to write the CFE.

## 5.2 First attempt of the common final examination

Candidates attempting the CFE for the first time must attempt all three days of the same examination offering.

Candidates must attempt the Day 1 case that is linked to the Capstone 1 module they completed the first time they write the CFE, provided that case is available.

## 5.3 Repeating the common final examination

Candidates are allowed three attempts to pass the CFE. Candidates with extenuating circumstances may appeal to their province/region for a fourth attempt and it may be granted with special permission.

### 5.3.1 Day 1 of the CFE

The Capstone 1 case is linked to Day 1 of the CFE, and will be offered on the CFE immediately after the Capstone 1 module and on the CFE in the following year in the same month (i.e. the January Capstone 1 case will be offered on the May CFE and the following May CFE offering).

Candidates must choose one of the two most recent Capstone 1 cases.

The Day 1 CFE case will be linked to the selected Capstone 1 case. Candidates are responsible for familiarizing themselves with whichever Capstone 1 case they select.

### 5.3.2 Day 2 and Day 3 of the CFE

Candidates who fail Day 2 and Day 3 of the CFE must reattempt both days as one unit.



### 5.3.3 Three Days of the CFE

Candidates who fail all three days of the CFE must reattempt all three days of the CFE as one unit at their next attempt. Day 1 of the CFE and Day 2 and Day 3 of the CFE are only separable if a candidate previously passed one portion of the CFE.

## 5.4 Common final examination

The CFE will be offered twice a year. After completing the Capstone modules, candidates can choose not to attempt the CFE until a later offering.

The Capstone 1 case is linked to Day 1 of the CFE (see section 5.3.1 *Day 1 of the CFE*). Candidates who choose not to attempt the CFE immediately after completing Capstone 1 will only have one attempt at Day 1 before the Capstone 1 case is retired.

## 5.5 Common final examination appeals (remark)

Candidates who fail the CFE can appeal (request a remark of) their results. A review (remark) of the results will be conducted only for the portions of the CFE that received an unsuccessful result (Day 1, Day 2 and Day 3 combined, or all three days). A fee will be applied for appeal (remark) requests and will be refunded if the appeal (remark) provides a successful result. To appeal the results, candidates must submit their appeal (remark) request to the provincial/regional body in which they are registered within 15 days after the exam results have been publicly released.

## 5.6 Common final examination feedback

After each Common Final Examination (CFE) offering, a CFE report will be published with commentary from the Board of Examiners on candidates' performance on Day 1, Day 2 and Day 3 of the CFE.



# 6 Academic Integrity and Professional Conduct Policies

## 6.1 Academic integrity

The CPA profession takes academic integrity seriously. Academic misconduct in CPA PEP includes (but is not limited to): plagiarism, the enabling of plagiarism, or theft of another or former candidate's work.

Submissions will be monitored for evidence of plagiarism. Refer to the provincial/regional policies for penalties.

## 6.2 Professional conduct

Candidates are expected to behave professionally throughout the programs. Professional conduct includes (but is not limited to): adhering to provincial/regional codes of conduct, behaving ethically, demonstrating integrity and honesty, and exhibiting respect to others including all written and oral communication with students, candidates, facilitators, session leaders, educational staff, and provincial, regional, and national administrative staff. Penalties for unprofessional conduct may result in disciplinary action by the provincial/regional body.



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
CANADA

277 WELLINGTON STREET WEST  
TORONTO, ON CANADA M5V 3H2  
T. 416 977.3222 F. 416 977.8585  
[WWW.CPACANADA.CA](http://WWW.CPACANADA.CA)

# CPA Harmonized Education Policies Vol. 3

*A collection of policy directives  
for CPA preparatory courses*

Effective November 30, 2019

CPA provincial/regional bodies	CPA Education contact information
<b>CPA Western School of Business</b>	Email: <a href="mailto:prepapplication@cpawsb.ca">prepapplication@cpawsb.ca</a> Phone: 1.866.420.2350
<b>CPA Ontario</b>	Website: <a href="http://www.cpaontario.ca/contactus.aspx">www.cpaontario.ca/contactus.aspx</a> Phone: 1.800.387.0735
<b>Ordre des comptables professionnels agréés du Québec</b>	Email: <a href="mailto:programmenational@cpaquebec.ca">programmenational@cpaquebec.ca</a> Phone: 514.982.4606 [4] or 1.800.363.4688 [2615]
<b>CPA Atlantic School of Business</b>	Email: <a href="mailto:programs@cpaatlantic.ca">programs@cpaatlantic.ca</a> Phone: 902.334.1172
<b>CPA Canada — International</b>	Email: <a href="mailto:InternationalInquiries@cpacanada.ca">InternationalInquiries@cpacanada.ca</a> Phone: n/a
<b>CPA Canada Toronto Head Office</b>	Email: <a href="mailto:member.services@cpacanada.ca">member.services@cpacanada.ca</a> Phone: 416.977.0748 or 1.800.268.3793

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# Introduction

The *CPA Harmonized Education Policies Vol. 3* outline the national guidelines regarding the implementation of policies for admission, administration, courses, course examinations and other policies for CPA preparatory courses.

The specific regulations and bylaws of the provincial/regional bodies take precedence (where applicable) over these general guidelines and requirements. Contact your provincial/regional CPA body for specific requirements.

The CPA profession's goal is to provide an environment that is safe and conducive to learning for all individuals. Individuals who violate this environment either through their actions, words or by violating any of the course/examination regulations will be expelled from the premises/program/profession. Re-admittance will be at the discretion of the province/region.



# 1 Admission Policies

## 1.1 Admission requirements

To be admitted to CPA preparatory courses (formerly CPA PREP), applicants require:

- completion of a minimum of 30 credit-hours<sup>1</sup> or equivalent of education at a post-secondary institution
- good character

An additional admission category is in section *1.4 Additional admission category*.

### 1.1.1 International applicants

Credit-hours or equivalent education obtained from post-secondary institutions, which are recognized in the *International Handbook of Universities* published by the International Association of Universities or a similar recognition service, will be accepted. Canadian study permits are required for all international students studying in Canada.

International education should be assessed for CPA preparatory course admission by a recognized qualification assessment service. The qualification assessment service may include non-degree academic credit from an international professional designation to count toward the credit-hour requirement.

The process for determining content equivalency is up to the regional/provincial body in accordance with the CPA national recognition and accreditation standards for post-secondary institutions. International credentials are compared to the competency requirements of the CPA Competency Map.

<sup>1</sup> Credit-hour is an input measure meant to reflect student time required to earn credit for the course. Generally a three credit course requires 33 hours of contact time (lectures etc.) or 132 hours of student engagement time (lectures, tutorials, practice activities, testing or assessment, or preparation).

## 1.2 30 credit-hour definition

The completion of the minimum 30 credit-hours required for entry into CPA preparatory courses must be granted by an academic institution that either must be:

- a post-secondary academic institution that is authorized by the appropriate regulatory authorities in Canada to grant degrees and/or diplomas
- a university that provides post-secondary academic education and is recognized in the *International Handbook of Universities* published by the International Association of Universities or a similar recognition service
- a post-secondary academic institution that is a member of the equivalent national association in another country and is accredited by the appropriate regulatory authorities in the other country to grant degrees

The academic institution must:

- be established or accredited by a statute or other governmental approval
- offer a program(s) of academic study beyond the general and compulsory primary and secondary levels of schooling required by the government of the country, state, or province as the case may be

For the purposes of the recognition of prerequisites, the academic institution can accept instruction provided by either:

- a non-degree-granting institution
- an educational institution outside of Canada that is recognized for credit by an authorized, degree-granting Canadian institution

## 1.3 Conditional admission

Applicants must satisfy all admission requirements before starting CPA preparatory courses. Applicants who have satisfied all the requirements, but their 30 credit-hours have not yet been formally conferred and/or their official transcript is not yet available, will be granted conditional admission to start a CPA preparatory course (contact your provincial/regional CPA body). Applicants admitted on a conditional basis can start and complete their course and exam within the four-month period provided they are eligible (i.e. prerequisite requirements are met). Conditionally admitted students will automatically be deregistered from all CPA preparatory courses that start after the four-month period if official transcripts have not been provided or their 30 credit-hours have not been officially verified.

## 1.4 Additional admission category

### Mature entrants

A mature entrant into CPA preparatory courses is defined as an individual who meets the eligibility criteria described below:

1. completion of at least three years of relevant experience in any of the CPA technical competency areas — Financial Reporting, Strategy and Governance, Management Accounting, Audit and Assurance, Finance and Taxation — with any two competency sub-areas developed to at least a Level O proficiency as identified in the [CPA Practical Experience Requirements standards document \(CPA PER\)](#)
2. submission of a comprehensive resume presenting all current and past work experience, community service and volunteer activities
3. submission of all official transcripts from any prior university or college courses taken, if applicable
4. submission of two letters of reference from a:
  - i. current employer
  - ii. personal character reference

## 1.5 Admission process

To complete admission to CPA preparatory courses, applicants must submit the following:

1. a correctly completed application form
2. the appropriate fee remittance
3. all required supporting documentation, which may include official transcripts, international credit equivalency reviews (e.g. World Education Services Canada), transcripts from other recognized accredited bodies, proof of legal name, and completed student or candidate code of conduct form
4. proof of a study permit, for international, non-resident students studying in Canada (where required by the province/region)



# 2 Administrative Policies

## 2.1 Fees/refunds

Regional/provincial bodies will set course access fees and collect these fees from students.

## 2.2 Transfers from other regions

On request from the student, necessary records will be transferred from one region/province to another.

The student must be in good standing in the currently enrolled region/province at the time of the request.

Receiving regional/provincial bodies will honour the assessment work completed by the sending regional/provincial body.

## 2.3 Expulsion or suspension

Students will be suspended or expelled from a CPA preparatory course for:

- non-payment of fees
- failure to comply with regulations of provincial CPA body, where applicable
- exhausting course or examination attempts

Students may be suspended or expelled from taking CPA preparatory courses for academic or professional misconduct. For more information, see *Chapter 5 Student Integrity and Behaviour Policies*.

Students who are expelled may be considered for reinstatement based on:

- whether the applicant merits and qualifies for re-instatement and
- academic and/or experience requirements at the time of re-entry and conditions to be completed if reinstated.

## 2.4 Withdrawals

### 2.4.1 Temporary withdrawals

In special circumstances, students taking CPA preparatory courses can temporarily withdraw from taking additional courses for a maximum two years in total. While they are withdrawn, students do not have access to course material and cannot request transfer credits from post-secondary institutions, but may access other benefits (job board, etc.).

### 2.4.2 Permanent withdrawals

Students taking CPA preparatory courses can permanently withdraw in good standing by submitting a request in writing to their provincial/regional CPA body.

### 2.4.3 Course withdrawals

Voluntary course withdrawal requests must be made in writing (or online where required) to the appropriate provincial/regional CPA body by the student.

Students withdrawing from a CPA preparatory course are subject to the following:

- no course attempt charged if the withdrawal request occurred after the first day of class and 24 hours before the final examination
- a course attempt charged if the final examination is attempted
- a course attempt charged and a failing mark given if a student fails to attend their registered examination sitting without notice
- a course attempt charged and a failing mark given if a student does not write the course examination within one year of registering for the course (see Section 4.2 *Course Examination Time Limit* for more information)
- a requirement to restart the course if the student re-enrolls in the course

## 2.5 Readmission

Students who have temporarily withdrawn from CPA preparatory courses (see Section 2.4.1 *Temporary withdrawals* for more information) do not need to apply for readmission and are eligible to continue taking CPA preparatory courses if they notify the appropriate provincial/regional CPA body before the two year limit for temporary withdrawals.

Students who have been expelled or suspended (see Section 2.3 *Expulsion or suspension* for more information), or have chosen to permanently withdraw (see Section 2.4.2 *Permanent withdrawals* for more information) must apply



for readmission to take CPA preparatory courses. All admission requirements (see Section 1.1 *Admission requirements* for more information) must be met and applicants are subject to academic entry requirements at that time.

## 2.6 Academic accommodation

Students taking CPA preparatory courses may request academic accommodations in the case of a documented health condition or similar disability that may affect their ability to participate in a course or attempt its examination. Appropriate documentation must be provided and additional information may be requested to approve the requested accommodation. Students should contact their provincial/regional body for request details.



# 3 Course Policies

## 3.1 Course enrollment

The order in which CPA preparatory courses are completed depends on any course exemptions students receive:

- Introductory Financial Accounting and Introductory Management Accounting are prerequisites for:
  - Intermediate Financial Reporting 1
  - Intermediate Financial Reporting 2
  - Advanced Financial Reporting
  - Corporate Finance
  - Audit and Assurance
  - Taxation
  - Intermediate Management Accounting
  - Performance Management
- Introductory Management Accounting may be taken concurrently with but not prior to Introductory Financial Accounting.
- Intermediate Financial Reporting 1 is a prerequisite for Intermediate Financial Reporting 2.
- Intermediate Financial Reporting 2 is a prerequisite for Advanced Financial Reporting.
- Intermediate Financial Reporting 1 and Intermediate Financial Reporting 2 are prerequisites for Audit and Assurance and Taxation.
- Corporate Finance is a prerequisite for Intermediate Management Accounting.
- Intermediate Management Accounting is a prerequisite for Performance Management.
- Economics, Statistics, Business Law and Information Technology may be taken at any time.

Students must successfully pass their prerequisite course examination prior to starting a subsequent course.

Non-core courses	Core courses*
Introductory Financial Accounting	Intermediate Financial Reporting 1
Introductory Management Accounting	Intermediate Financial Reporting 2
Economics	Advanced Financial Reporting
Statistics	Corporate Finance
Business Law	Audit and Assurance
Information Technology	Taxation
	Intermediate Management Accounting
	Performance Management

\* The 10 year currency requirement applies only to the core courses.

*Note:* For information on time limitations for recognizing completed CPA preparatory courses for admission and enrollment eligibility, refer to the currency of education sections of the [Harmonized Education Policies for the CPA Professional Education Program \(CPA PEP\)](#).

### 3.2 Course exemptions

An exemption will be granted for a CPA preparatory course if the student has taken an equivalent course and passed with a mark of at least 60% for a core course or a mark of at least 50% for a non-core course. For more detailed information, see Section 1.1 *Admission requirements*.

Applicants whose academic credits can be sufficiently verified for equivalence through acceptable supporting documentation (for example, official transcripts, course syllabus, etc.) will be provided appropriate course exemptions for the CPA preparatory course(s).

Academic credits that cannot be sufficiently verified for equivalence through acceptable supporting documentation (for example, official transcripts, course syllabus, etc.) will result in the applicant not receiving course exemptions.

Preparatory course exemptions that are granted, as they meet the currency of education aspect at the time the transcript assessment is completed, will be honored for admission to CPA PEP provided they still meet the currency of education policy (Section 1.1.3 *Currency of Education* of CPA Harmonized Education Policies Vol. 1) at that time. The completion of updated courses may be required for any expired exemptions.

*Note:* A grade point average (GPA) of 65% or higher over all core courses is required for entry into the CPA Professional Education Program (CPA PEP).

### 3.3 Course projects

To be eligible to attempt a course-end examination, students must submit all of the projects specified for the course. Submitted projects not meeting the minimum standard will be considered incomplete and students will not be eligible to write the final examination or to request an examination deferral.

#### 3.3.1 Late projects

No late CPA preparatory course projects will be accepted; however, extensions may be granted under extenuating circumstances by contacting your provincial/regional CPA body. Extension requests must be submitted two days prior to the project deadline.

### 3.4 Class attendance

Attendance is not mandatory for CPA preparatory classroom or webinar sessions. Students have the option to review distance learning through the online materials.

### 3.5 Passing a Course

To pass a CPA preparatory course, students must achieve a passing grade of 50% on non-core courses and a passing grade of 60% on core courses. The final mark on the course, which may be based on various assessments, determines the passing grade.

*Note:* A GPA of 65% or higher on the core courses is required for entry into the CPA PEP.

### 3.6 Repeating a course

Students have up to a maximum of three attempts to pass each CPA preparatory course.

For core courses, a passing mark is 60%. Students are permitted only one rewrite attempt per course and must qualify for the rewrite with a mark of 50% or better.

For core courses, a passing mark is 60%.

- **A student who fails an attempt at a course with a mark of 50% and above** can attempt the rewrite examination provided they have not already completed a rewrite attempt or exhausted their three examination attempts. Students must attempt their rewrite at the next available exam sitting.
- **A student who fails an attempt with a mark less than 50%** must retake the course before another attempt at the examination is permitted provided they have not already exhausted their three examination attempts.

If the third attempt is unsuccessful, students will not be able to attempt the CPA preparatory course again. However, they can choose to complete the equivalent course at a post-secondary institution and can continue taking other CPA preparatory courses.

For non-core courses, a passing mark is 50%.

- **A student who fails an attempt with a mark less than 50%** must retake the course before another attempt at the examination is permitted provided they have not already exhausted their three examination attempts.

### 3.7 Access to course materials in D2L

As of Semester 1, 2018, students taking a CPA preparatory course will have access to their course materials in D2L until they are officially unenrolled from D2L.

# 4 Course Examination Policies

## 4.1 Course examinations

Students taking CPA preparatory courses must comply with the examination writing rules, and all applicable provincial/federal laws. CPA members are not permitted to take CPA preparatory courses and/or examinations.

Students may be provided with access to electronic reference material during all course-end examinations. The nature and volume of reference material will be adapted to each course's assessment objectives.

## 4.2 Course examination time limit

Students taking a CPA preparatory course must attempt that course-end examination within one year of the course start date.

The start date for non-core courses is defined as the completion date of full registration.

Students can withdraw from an examination up to the day before the examination without academic penalty provided the next available examination they register for is within the time limit maximum or within one year of the course start date/registration completion date. Some provinces/regions may charge withdrawal fees .

If a student does not show up for an examination, they receive an "incomplete" on their course result.

Students who exceed the one-year time limit without completing the final examination will fail the course and an attempt will be charged. Students will be required to retake the course to be eligible for another examination attempt.

### 4.3 Course examination remarks

Appeals of examination results are permitted for students who “Fail” a core course only. Non-core courses are not eligible for appeal. Remark requests must be made within three business days after the examination results are released, and may be subject to a fee.

Remark results for the core courses will not be available before the next semester begins. In this event, and where a course is a prerequisite for a subsequent course, students may choose to enroll in and begin the next course. If the remark does not provide a change to a passing grade, students must leave the course and a provincial/regional administrative fee may apply.

All examination responses are marked once. After the results are recorded, the constructed response questions are remarked for results falling within a set range of the course passing grade. Differences between the first and second marking are arbitrated by a third marker, ensuring fairness in marking the student responses around the course passing grade. For more detailed information on the appeal process, refer to the *Appeal of Examination Results* document located on D2L.



# 5 Student Integrity and Behaviour Policies

## 5.1 Academic integrity

The CPA profession takes academic integrity seriously. Academic misconduct for students taking CPA programs and courses includes (but is not limited to) plagiarism, the enabling of plagiarism and theft of a current or former student or candidate's work.

Submissions will be monitored for evidence of plagiarism. Penalties for academic misconduct may result in disciplinary action as stated in the CPA Canada Plagiarism Policy or the rules and regulations of your provincial/regional CPA body.

## 5.2 Professional conduct

Students taking CPA preparatory courses are expected to behave professionally. Appropriate behavior includes but is not limited to: adhering to provincial/regional codes of conduct, behaving ethically, demonstrating integrity and honesty, and exhibiting respect to others including all written and oral communication with students, candidates, facilitators, session leaders, educational staff, and provincial, regional, and national administrative staff. Penalties for inappropriate behaviour may result in disciplinary action as stated by your provincial/regional CPA body.



# Appendix:

## CPA Preparatory Course Credit Allocation

Course	Number of credits
Introductory Financial Accounting (IFA)	3
Introductory Management Accounting (IMA)	3
Economics (ECO)	3
Statistics (STA)	3
Intermediate Financial Reporting 1 (IF1)	3
Intermediate Financial Reporting 2 (IF2)	3
Advanced Financial Reporting (AFR)	3
Corporate Finance (COF)	3
Audit and Assurance (AUA)	3
Taxation (TAX)	3
Intermediate Management Accounting (MAA)	3
Performance Management (PMA)	3
Business Law (BUL)	3
Information Technology (ITE)	3

CPA Professional Education Program admission requires:

- an undergraduate degree or Masters' degree
- completion of prerequisite learning with a GPA of 65% or higher overall core courses

- 120 credit-hours or equivalent of education (30 credit-hours\*/one academic year of full-time or equivalent education)
- good character

\* Credit-hour is an input measure meant to reflect student time required to earn credit for the course. Generally a three credit course requires 33 hours of contact time (lectures etc.) or 132 hours of student engagement time (lectures, tutorials, practice activities, testing or assessment, or preparation).





**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
CANADA

277 WELLINGTON STREET WEST  
TORONTO, ON CANADA M5V 3H2  
T. 416 977.3222 F. 416 977.8585  
[WWW.CPACANADA.CA](http://WWW.CPACANADA.CA)

# STUDENT CODE

CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO

EFFECTIVE NOVEMBER 19, 2018



**CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**

# STUDENT CODE



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# PREAMBLE TO THE STUDENT CODE OF CONDUCT

## INTRODUCTION

It is a hallmark of a profession that there is a voluntary assumption, by those who comprise it and those seeking to enter it, of ethical principles which are aimed, first and foremost, at protection of the public and, second, at achieving orderly and courteous conduct within the profession. Those responsibilities are to:

- the public interest;
- clients and employers;
- others, including employees and professional colleagues;
- the profession itself and CPA Ontario.

A profession is a calling. It has:

- mastery of a particular intellectual skill, acquired by lengthy training and education;
- a foundation based on the provision of services to others through the application of the acquired skill to their affairs;
- the provision of personal services rather than entrepreneurial dealing in goods;
- the requirement for objectivity in the practice of the profession;
- the subordination by those who belong to it of personal interests to the public good;
- accountability to and governance by peers in the profession;
- an independent body of peers which sets and maintains standards of qualification, attests to the competence of the members, and safeguards and develops the skills and standards of the profession;
- a code of ethical conduct, set out and enforced by that body, designed principally for the protection of the public; and
- a belief by those within the profession that they have a duty to further the development of the profession, increasing its knowledge and sharing knowledge and techniques with their peers.

Chartered professional accountancy is a profession.

The Student Code of Conduct (“the Student Code”) informs Students of CPA Ontario and the public regarding what is acceptable professional conduct, as well as what may be professional misconduct. The Student Code, which is enforceable by sanctions, does not by its nature state the most that is expected of Students, but instead defines a minimum level of acceptable conduct. Compliance with the Student Code is mandatory.

The Student Code is derived from the following fundamental principles of ethics which underlie the tenets of professional conduct:

- integrity
- objectivity
- professional competence
- professional behaviour
- due care
- confidentiality.

## GOVERNANCE OF STUDENTS

The Student Code sets out Rules of professional conduct that impose obligations on Students and specifically on Student behavior. Where Commentary is provided, it is intended to assist the understanding and application of the related Rule or definition and will not cover all situations. This Student Code is to be read and applied in light of this Preamble, the definitions included in this Student Code, as well as the definitions in and the provisions of the Act, the by-laws and regulations of CPA Ontario and Rule 204 of the CPA Code of Professional Conduct (the Independence Standard).

The Student Code applies to all Students by virtue of their enrolment, whether or not they are identified as, or acting as, a Student of CPA Ontario, regardless of whether the activity or service is remunerated, and irrespective of where the conduct takes place. Students are also responsible for the conduct of those under their direction, and for ensuring they have adequate supervision and training.

## INDEPENDENCE STANDARD

Students are reminded that they are not only subject to the Student Code of Conduct but are subject to Rule 204 (Independence) in the CPA Code of Professional Conduct. For ease of reference, that Rule is attached to this Code; however, Students are cautioned to consult the CPA Code of Professional Conduct directly to ensure they are aware of the current obligations which may change from time to time.

## DEFINITIONS

In the Student Code, except as provided below words have the same meaning as they do in the Act, the By-laws and Regulations of CPA Ontario, and:

**“client”** includes any person or entity for whom the Student, or the Student’s firm, employer, business, or practice, provides or is engaged to provide a professional service, and may include other interested third parties.

**“confidential information”** means information obtained in the course of a professional services relationship with a person. The information is confidential regardless of the nature or source of the information or the fact others may share the knowledge. The information remains confidential until that person authorizes it to be divulged.

**“conflict of interest”** means an interest, restriction or relationship that would be seen by a reasonable observer to influence a Student’s judgment or objectivity in the provision of the professional service, such as where a Student:

- (a) is in a position or has placed any person in a position where any of the Student’s interests conflict with the interest of that party; or
- (b) is in a position where the duty owed to one party creates a professional or legal conflict with the duty owed by the Student to another party.

**“consent”** means fully informed and voluntary consent provided in writing or reduced to writing and provided to all parties as soon as practicable after the consent is given.

**“Firm”** means an entity registered with CPA Ontario as a firm, and includes: a partnership, including a limited liability partnership; a professional corporation; a sole proprietorship; and any other permitted association of members of CPA Ontario.

**“Member Code”** means the CPA Code of Professional Conduct.

**“professional misconduct”** includes conduct, in any jurisdiction, of:

- a Student acting in a professional capacity that tends to bring discredit upon the profession, including not being in compliance with any requirement of CPA Ontario’s Bylaws or regulations, the Act, the Independence Standard or the Student Code;
- a Student acting in a personal capacity that tends to bring discredit upon the chartered professional accounting profession.

**“professional services”** includes any activity of a Student, whether undertaken for remuneration or not, where any person, including but not limited to an employer, client, colleague, associate, or member of the public, may reasonably rely on the Student’s registration with CPA Ontario or the Student’s knowledge or assertions of professional competence.

**“regulatory body”** includes a body that has power to compel a person to appear and answer to allegations relating to compliance with its requirements. In this context, such a regulatory body’s requirements include legislation that it is empowered to enforce, whether against its own members or the public generally, codes of ethics, bylaws, regulations, professional or practice requirements and similar standards.

# 100 RESPONSIBILITIES TO THE PUBLIC

Students have a fundamental responsibility to protect and advance the interests of the public in priority to their own interests and responsibilities. A Student's responsibilities in this regard extend past their own behavior to the behavior of colleagues and the profession.

## 101 INTEGRITY

A Student has a duty to perform all professional services with integrity.

### COMMENTARY

1. A person who acts with honesty and truthfulness and whose actions, values and principles are consistent is described as having integrity.
2. Students may be exposed from time to time to situations that place pressures upon their integrity. A Student seeking to become a Chartered Professional Accountant recognizes that credibility and value as a professional depend largely on integrity and objectivity.
3. Students are reminded that plagiarism and other forms of academic misconduct are contained in the Academic Code of Conduct and will be dealt with as provided there; however, such actions may also constitute a breach of this Student Code of Conduct.

## 102 PROFESSIONAL MISCONDUCT

A Student shall not engage in professional misconduct.

### COMMENTARY

1. Professional misconduct includes non-compliance with any order or resolution of the Council, or any order of any officer, agent, tribunal, committee or other authoritative body acting on behalf of CPA Ontario, made under the Act or CPA Ontario's bylaws and regulations, the Member Code and the Student Code.
2. Students are reminded that legislation or bylaws, or both, are likely to provide that the coming into force of new bylaws, regulations, this Student Code or other governing documents does not relieve Students from the obligation to have been compliant with former bylaws, regulations, Codes or other governing documents, nor does it relieve a Student's obligation to comply with any order issued by or on behalf of CPA Ontario under the former bylaws, regulations, Codes or other governing documents.

## 103 ASSOCIATION WITH FALSE AND MISLEADING INFORMATION

A Student shall not make or associate with any information which the Student knows, or should know, is false or misleading, whether by statement or omission.

### COMMENTARY

1. Professional duty prohibits a Student from making or being associated with any documents or information, whether written or oral, which the Student knows, or should know, to be false or misleading, whether or not the making or association is subject to a disclaimer of responsibility.
2. When a Student encounters information that the Student knows or should know is false or misleading, the Student must determine an appropriate course of action. The Student should, where possible, refuse to remain associated with the matter creating the conflict. The Student may determine that, in the circumstances, it is appropriate to inform one or more persons in a position of authority of the matter, or even to resign altogether from the engagement, or the Student's firm or employing organization.
3. A Student must be vigilant in ensuring all information provided to CPA Ontario is true, factual, and complete, and contains no errors or anything false or misleading.

## 104 PROMOTIONS AND ENDORSEMENTS

A Student shall not promote or provide an endorsement of any product or service of another person or entity unless the Student has sufficient knowledge or expertise to make an informed and considered assessment of the product or service, is permitted to make such an endorsement by the terms of the Student's employment, is satisfied that the endorsement is not false or misleading, and is satisfied the endorsement does not make unfavourable reflections on the competence or integrity of the profession or any member of the profession.

## 105 DUTY TO REPORT PROFESSIONAL MISCONDUCT

A Student shall promptly report to CPA Ontario when they have been involved in a breach of the Student Code which could be construed as professional misconduct unless such disclosure would result in:

- (a) the breach of a statutory duty not to disclose, or
- (b) the loss of solicitor-client privilege, or
- (c) the reporting of a matter that has already been reported.

### COMMENTARY

1. It is in the public interest that a Student be required to report to CPA Ontario when they have been involved in professional misconduct. This obligation is not intended to require the reporting of trivial matters. Each mistake or omission by a Student is not necessarily a breach of the Student Code. In deciding when to report, a Student should reasonably believe that the matter raises doubts as to their competence, reputation or integrity.
2. There is a conjunction with Rule 401 and the Commentary under that Rule that Students must be aware of when considering their obligations under this Rule.

## 105.1 ILLEGAL ACTIVITIES TO BE REPORTED TO CPA ONTARIO

Students shall promptly notify CPA Ontario after, in any jurisdiction, having, been:

- (a) found guilty of an offence of fraud, theft, forgery, money-laundering, extortion, counterfeiting, criminal organization activities, charging criminal interest rates, financing terrorism or similar offences related to financial matters or found guilty of an offence of conspiring or attempting to commit such offences;
- (b) found guilty of any other serious criminal offence that is not related to financial matters but which involves conduct that is of such a nature that it diminishes the good reputation of the profession or fails to serve the public interest;
- (c) found guilty of any criminal offence that is a repeat offence;
- (d) found guilty of a violation of the provisions of any securities legislation or having entered into a settlement agreement with respect to such matters; or
- (e) found guilty of a violation of the provisions of any tax legislation that involves, explicitly or implicitly, dishonesty on the part of the Student, or having entered into a settlement agreement with respect to such matters

### COMMENTARY

1. The conduct of Students in a matter that involves acting in a professional capacity, relates to professional skills, involves reliance on registration or association with any provincial body, diminishes the good reputation of the profession or fails to serve the public is subject to scrutiny. Accordingly, Students are required to report offences of fraud, theft, forgery, money-laundering, extortion, counterfeiting, criminal organization activities, charging criminal interest rates, financing terrorism and similar offences related to financial matters, including offences involving a violation of any of the provisions of securities legislation.
2. There may also be occasions when a criminal offence is of such a nature that the conduct of a Student has diminished the good reputation of the profession or fails to serve the public interest, even though the offence may appear to be unrelated to the profession. Some examples would be offences involving violence or the threat of violence, those involving vulnerable persons, and those demonstrating a lack of integrity or truthfulness or a disregard for people or property. The Student should evaluate the breach against their ethical responsibilities in making a determination whether to report such matters.
3. When a Student repeats a criminal offence that might not otherwise be reportable such repeat offences must also be reported to CPA Ontario.

## 105.2 FINDINGS TAKEN BY OTHER PROVINCIAL BODIES OR OTHER REGULATORY BODIES

Students shall promptly notify CPA Ontario after having, in relation to a finding of any provincial body, or any other professional regulatory body or regulatory body:

- (a) been found to have failed to comply with the requirements of that body,
- (b) entered into a settlement agreement with that body with respect to a matter referred to in (a),  
or
- (c) voluntarily deregistered or resigned from membership in that body, where permitted to do so, in order to resolve a disciplinary matter.

## 106 DUTY TO REPORT PROFESSIONAL MISCONDUCT BY ANOTHER

A Student shall promptly report to the CPA Ontario any information concerning an apparent breach of the Student Code or the Member Code by a Student or Member or firm unless such disclosure would result in:

- (a) the breach of a statutory duty not to disclose, or
- (b) the loss of solicitor-client privilege, or
- (c) the reporting of a matter that has already been reported.

### COMMENTARY

1. This is not intended to require the reporting of a trivial matters or minor perceived faults. Also, each mistake or omission is not necessarily a breach of the Member Code or Student Code. In deciding when to report, consideration should be given to whether the matter raises doubts as to the competence, reputation or integrity of another Student or Member.
2. When reporting, known facts along with any supporting documentation must be provided.
3. If the matter has already been reported to CPA Ontario, whether by the Student or anyone else, the Student has a continuing obligation to report if they know that certain facts have been concealed, distorted or otherwise not reported.



## 200 RESPONSIBILITIES TO CLIENTS AND EMPLOYERS

Students shall protect interests of clients and employers when providing professional services.

### 201 OBJECTIVITY

A Student shall objectively perform all professional services.

#### COMMENTARY

1. Objectivity is a state of mind. An objective person does not allow bias, conflict of interest or the undue influence of others to compromise professional or business judgment. The judgment of an objective person is intellectually honest. Objectivity should not be confused with neutrality or impartiality.
2. It is essential that those providing professional services do not subordinate professional judgment to external influences or the will of others.
3. Students may also be performing professional services when serving in the capacity of a volunteer and, accordingly, are subject to the requirement for objectivity when acting in that capacity.
4. Professional and ethical duties may arise from the nature of the relationships with the recipient of the services. This includes duties to clients or employers. In certain cases, the relationship could also be described as a fiduciary relationship that gives rise to fiduciary duties. If there is any question as to whether a fiduciary relationship exists, legal advice should be obtained.
5. The requirement to be objective is not the same as the requirement to be independent. Objectivity is a state of mind. Independence is not only a state of mind; it also includes the appearance of independence in the view of a reasonable observer. It is the reasonable observer test that distinguishes “independence” from “objectivity”. When providing certain professional services, the higher standard must be met; for instance, a Student must be independent when providing assurance services as outlined by Rule 204 of the Member Code. The onus is on the Student to be aware of those circumstances and act accordingly.

### 202 PROFESSIONAL COMPETENCE

A Student shall maintain professional skills and competence.

#### COMMENTARY

1. The public expects the accounting profession to maintain a high level of competence. This underscores the need for maintaining individual professional skill and competence by keeping abreast of and complying with developments in the professional standards and pertinent legislation in all functions where a Student performs professional services, or where others rely upon such competence.
2. Whether a Student is competent is necessarily a question of fact at a point in time.
3. A Student is not expected to have attained the degree of competence required of a Member at the commencement of their registration, but is expected to achieve that degree progressively throughout the period of registration.

## 203 DUE CARE

A Student shall act diligently and in accordance with applicable technical and professional standards when providing professional services.

### COMMENTARY

1. A Student is expected to act diligently and in accordance with applicable technical and professional standards when providing professional services. This technical expertise will be applied with due professional care and judgment.
2. Due care includes the responsibility to act, in respect of any professional service, carefully, thoroughly, and on a timely basis.
3. A Student has an obligation to take reasonable steps to maintain information and any documentation which reasonably evidence the nature and extent of the work done in respect of any professional service.
4. A Student shall not proceed with a joint engagement without ensuring the other engaged person is given due notice, and shall accept joint and several liability for the engagement.
5. A Student shall cooperate with any successor retained by a client, and shall, on written request by the client and in a timely manner, provide client information and property to the successor.
6. A Student engaged to succeed another person shall not undertake the engagement without first notifying the predecessor, unless instructed, in writing and without being solicited by the Student, by the client not to notify the predecessor.

## 204 RESTRICTIONS ON PROVIDING SERVICES

A Student shall not offer or provide any services that CPA Ontario requires be offered or provided through a Firm except through a Firm and under the supervision of a Member.

### COMMENTARY

1. Members are required to practise public accounting or provide accounting services to the public only through a Firm registered with CPA Ontario. Students shall not be associated with such services except through a Firm.
2. A Student shall not offer or provide any services for which a public accounting licence is required.
3. Services provided in contravention of this Rule shall not be eligible to fulfill a Student's practical experience requirement.

## 205 CONFIDENTIALITY OF INFORMATION

A Student shall protect confidential information acquired as a result of professional, employment and business relationships, and shall not disclose it without proper and specific authority, nor shall they exploit such information to their personal advantage or the advantage of a third party.

### COMMENTARY

1. A Student shall not use confidential information of any client, former client, employer or former employer, as the case may be, obtained in the course of professional work for such client or employer
  - a) for the advantage of the member,
  - b) for the advantage of a third party, or
  - c) to the disadvantage of such client or employerwithout the express consent of the client, former client, employer or former employer.
2. The duty of confidentiality should not be confused with the legal concept of privilege. The duty of confidentiality precludes the disclosure of a client's or employer's information without the knowledge and consent of the client. The duty of confidentiality does not expire with time.
3. The duty of confidentiality is in addition to any legal obligation of confidentiality a Student may owe an employer.
4. The duty of confidentiality does not excuse a Student from compliance with a legal requirement to disclose information; however, the Student should bring their obligation to the attention of the court or other authority and abide by its ruling on whether confidentiality should be maintained.
5. A Student does not contravene the obligation of confidentiality by obtaining legal advice with respect to that obligation or by confidentially discussing a possible claim with an insurer.
6. Confidential information may be created or stored in an electronic format and may require additional safeguards and specific storage and security policies.

## 206 CONFLICT OF INTEREST

A Student who becomes aware of a conflict of interest shall decline to provide, or withdraw from providing professional services, unless consent has been obtained and the conflict can be managed and/or the agreement of the affected party to proceed or continue to provide the services is implied by the conduct of the affected party.

### COMMENTARY

#### Definitions

1. For purposes of this Rule and the related Commentary:
  - (a) a “party” is any client or any employer for whom the Student is or may be providing services, and may also include a vendor, a customer, a lender, a shareholder or another third party; and
  - (b) an “affected party” is a party who is or may be affected by a conflict.

#### Identifying Conflicts

2. Students should develop a conflict identification process that is appropriate to their circumstances. Generally, threats may arise in any circumstances where the interests of the Student and a client or employee are in conflict, or where the interests of two or more clients are in conflict.

#### Assessment and Management of Conflicts

3. The determination of whether the conflict management techniques available to the Student will be effective in managing the conflict will be determined by the facts of the situation. The Student should consider what a reasonable and informed third party, weighing all the information available to the Student at that time, would conclude. The onus will be on the Student to demonstrate that the conflict management techniques are effective in protecting confidential information.
4. Irrespective of the above, Students must take care not to create a conflict of interest by agreeing to provide any service that will put them in a position of advocacy against another party to whom they are providing or have provided services when the Student has confidential information of that party.
5. There may be special rules to deal with potential conflicts in the various roles that a Student may be involved in, such as providing insolvency and corporate recovery services.
6. Where a conflict of interest has been identified, and appropriate safeguards cannot be put in place to eliminate the threats to objectivity (or other ethical principles) or reduce the threats to an acceptable level, the Student must decline to provide the service or withdraw from providing all of the affected services.

#### Re-evaluate the Plan During Engagement

7. Conflicts may arise or change during the course of providing a service. Therefore, Students must consider the possible existence and management of conflicts throughout the course of providing any service.

## 207 UNAUTHORIZED BENEFITS

A Student shall not receive or become entitled to, directly or indirectly, any compensation or benefit for personal advantage or for the advantage of a third party, in connection with any transaction involving a

client or an employer, without the consent of the client or employer, as the case may be.

## 208 ADVERTISING AND SOLICITATION

A Student may advertise or seek publicity for the Student's services, achievements or products and may seek to obtain new engagements and clients by various means, but shall not do so, directly or indirectly, in any manner which the Student knows, or should know, is false or misleading or which includes a statement the contents of which the Student cannot substantiate; which makes unfavourable reflections on the competence or integrity of the profession or any of its members; or which otherwise brings disrepute on the profession.

### COMMENTARY

**General advertising**

1. Students are allowed to advertise or otherwise promote services available and the basis of fees charged. Advertising and publicity should contribute to public respect for the profession and its members.
2. The Student is responsible to ensure that any promotional material produced by or under their control is factual, and that any commentary is not false or misleading.
3. Unless specifically noted, this Commentary also applies to Students otherwise engaged or employed, and to firms or corporations engaged, in a related business or practice.
4. Students should be able to receive publicity, including being referred to in news stories (including interviews and commentaries) or publications; however, Students should ensure that any controllable public references to them, their services or accomplishments, in publicity, whether written or oral, are not false or misleading.
5. Any reference to fees which is intended for the information of the public (including prospective clients) should not be false or misleading.
6. It is not appropriate for any Student to claim superiority with respect to the competence or integrity of any other Student or Member.

**Practice name**

7. Similar considerations need to be taken into account when determining the name of an entity in which the professional services are provided. A Student shall provide services under a name or style which
  - a) is not misleading,
  - b) is not self-laudatory,
  - c) does not contravene professional good taste, and
  - d) shall otherwise comply with CPA Ontario's bylaws, regulations, the Member Code and the Student Code.
8. A Student shall not refer to themselves as a "chartered professional accountant" either explicitly or in any manner that implies they are a Chartered Professional Accountant.

**Solicitation**

9. A Student shall not, either directly or indirectly solicit, in a manner that is persistent, coercive or harassing, any professional engagement.
10. Solicitation is an approach to a client or prospective client for the purpose of offering services. There are a number of different methods for making the approach, such as in person, through direct mail, by email, or via a third party such as a telemarketer. Regardless of the method used, the approach must comply with relevant legislation as well as the Rules which govern integrity, conflict of interest, commissions, and advertising, or which otherwise regulate Students.
11. Communication with a prospective client should cease when the prospect so requests whether directly or otherwise. Any continued contact will be regarded as harassment.

## 209 BORROWING FROM CLIENTS

A Student shall not, directly or indirectly, borrow from or obtain a loan guarantee from a client unless either:

- (a) the loan or guarantee has been made under normal commercial terms and conditions, and the client is a bank or similar financial institution whose business includes lending money to the public; or the

client is a person or entity, a significant portion of whose business is the private lending of money;  
or

- (b) the client is a family member or an entity over which a family member exercises significant influence.

This Rule does not apply to:

- (a) the financing of a bona fide business venture between a Student and a client that is not an assurance client;
- (b) amounts received from a client as a retainer or as a deposit on account of future services to be provided by the Student; or
- (c) a loan received from a Student's employer.

### COMMENTARY

#### 1. Definitions

For the purposes of this Rule and the related Commentary:

"family member" means a spouse (or equivalent); or parent (or equivalent), child, sibling, grandparent, grandchild, aunt, uncle, niece, nephew or first cousin who is related to the member or the member's spouse (or equivalent)

"client" includes a person or entity who has engaged the Student to provide a professional service within the previous two years.

- 2. When a Student borrows money from a client, there is an inherent conflict between the interests of the Student and those of the client.
- 3. Before the loan or guarantee is made, the Student should consider advising the client to obtain independent advice with respect to the matter.
- 4. Where borrowings take place as allowed by this Rule, the terms and conditions of the loan or guarantee should be set out in writing.
- 5. This Rule applies only to new borrowings or guarantees or amendments to the terms of existing borrowings or guarantees that occur after the lender becomes a client. In these circumstances, the Student should be mindful of the need to provide services with due care and an objective state of mind and, accordingly, should consider whether the loan should be repaid or the guarantee released.

#### Retainers

- 6. When a Student receives a retainer for the provision of future services and no written agreement has been executed regarding the terms which must be met for disbursement of the retainer, the Student shall consider and handle the retainer as funds held in trust.

## 210 HANDLING PROPERTY OF OTHERS

A Student shall handle any property entrusted to them with due care.

### COMMENTARY

1. A Student receiving, handling or holding money or other property in any capacity as a trustee, or as a receiver or receiver/manager, guardian, administrator/manager or liquidator shall do so in accordance with the terms of the engagement, including the terms of any applicable trust, and the law relating thereto and shall maintain such records as are necessary to account properly for the money or other property.
2. There may be occasions when other property is received in trust in lieu of funds. Appropriate safeguards and controls should be established over these properties including, if applicable, the safekeeping of securities or other negotiable instruments.
3. Students should be familiar with and comply with the provisions of any relevant legislation and any regulations and directives enacted thereunder, such as bankruptcy and insolvency legislation, anti-money laundering legislation, etc.
4. Students acting as executors, administrators or trustees also should refer to the provisions related to independence as set out in the *CPA Ontario Independence Standard*.

## 211 FEE QUOTATIONS AND BILLINGS

A Student shall obtain adequate information about the professional service to be provided prior to quoting a fee to perform any such service; establish such fees on a just and reasonable basis; and provide such appropriate explanations of the basis of the billing as are necessary to understand the billing.

### COMMENTARY

1. A prospective client may wish to obtain some indication of the fee for a Student's services. A Student discussing a possible assignment may not be in a position to quote a fee or fee range without becoming more familiar with the requirements of the client.
2. A Student should not make a representation that specific services in current or future periods will be performed for either a stated fee, estimated fee, or fee range if it is likely at the time of the representation that such fees will be substantially increased and the prospective client is not advised of that likelihood.
3. A Student obtaining work for a fee significantly lower than that charged by the predecessor, or quoted by others, should be aware that there may be a perception that independence, where required, and/or quality of work could be impaired. Accordingly, a Student should be satisfied that a fee quoted to a client for the performance of services is sufficient to ensure that:
  - independence, where required, will not be impaired; and
  - the quality of work will not be impaired and that due care will be applied to comply with all professional standards in the performance of those services.

## 212 COMMISSIONS AND OTHER COMPENSATION

Only if there is no loss of objectivity, and the matter does not involve an assurance client, a Student providing services may provide or receive consideration, either monetary or non-monetary, in relation to obtaining a client or the referral of products or services of others.

### COMMENTARY



1. Paying or receiving any consideration, other than a fee for services, always carries the threat of a loss of objectivity, loss of independence, or conflict of interest. Students are referred to the Member Code, Rule 216 and the guidance under that Rule for further guidance on the management of such threats and general guidance in this area.

## 213 WITHDRAWAL/TERMINATION OF SERVICES

A Student shall not resign from an engagement except with good cause, and should not resign in a manner that will unduly inconvenience the client.

### COMMENTARY

1. A Student should not resign except with good cause. Reasons may include:
  - loss of trust in or by the client;
  - inducement by the client to perform illegal, unjust or fraudulent acts.
2. Appropriate notice should be provided such that the client is not unduly inconvenienced.

## 300 RESPONSIBILITY TO OTHERS

### 301 PROFESSIONAL COURTESY

A Student shall treat others with the courtesy and consideration they would expect to be accorded by them.

### 302 DISCRIMINATION

A Student shall respect the requirements of human rights laws in Ontario and shall honour the obligation not to discriminate on the grounds (as defined in the Human Rights Code (Ontario)) of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, record of offences, marital status, family status, or disability.

# 400 RESPONSIBILITIES TO CPA ONTARIO AND THE PROFESSION

## 401 MAINTENANCE OF THE GOOD REPUTATION OF THE PROFESSION

A Student shall act at all times in a manner that will maintain the good reputation of the profession and serve the public interest.

### COMMENTARY

1. There is a rebuttable presumption that a Student has breached this Rule when the Student has been found to have breached the Student Code and to have committed professional misconduct.
2. There is a rebuttable presumption that a Student has breached this Rule and committed professional misconduct if the Student has been found to have committed any of the offences or actions listed in Rule 105.1 (a) or (c) if a conviction was registered, or (d) or (e) or Rule 105.2, as evidenced by the filing of a certified copy of a document proving guilt or commission of the act.
3. A rebuttable presumption is a presumption that will be deemed to be valid or true until sufficient evidence to the contrary is produced. A presumption is rebutted when the actual facts are found to be different than the presumption assumes.

## 402 REQUIREMENT TO CO-OPERATE

A Student shall co-operate with the regulatory processes of CPA Ontario and with the requirements of any person acting on behalf of CPA Ontario.

### COMMENTARY

1. The regulatory processes of CPA Ontario include practice inspections, investigations into professional conduct, disciplinary or other hearings, inquiries, and appeals of any decisions resulting from the aforementioned processes.
2. The requirement to co-operate with CPA Ontario includes a requirement to cooperate with officers, staff, volunteers or agents acting on behalf of CPA Ontario in regulatory processes.
3. A Student shall respond to any communication from CPA Ontario within the time frames and in the manner specifically required by CPA Ontario.
4. Lack of co-operation includes attempts to delay, mislead or misdirect CPA Ontario by concealing relevant information, providing false, incomplete or misleading statements or information, failing to respond to communications or otherwise obstructing the regulatory processes of CPA Ontario. Lack of co-operation does not include good faith assertions of legal privilege.

**APPENDIX E**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**TRANSCRIPT ASSESSMENT POLICY**

This policy applies to all applicants submitting a request for a transcript assessment for either the CPA Certification Program or the Advanced Certificate in Accounting and Finance.

**Transcript(s) and Degree(s) in English**

One of the following documents is required and will only be accepted as part of the transcript assessment application submission:

1. Official transcript(s) showing degree conferral mailed directly to CPA Ontario in a sealed envelope. If the official transcript does not show degree conferral, then the official transcript must accompany a copy of the original degree certificate. The fees associated with this option vary and depend on the fees charged by the respective institution.
2. A *Course-by-Course* credential evaluation carried out by World Education Services (WES) through their *International Credential Advantage Package* (ICAP), sent directly to CPA Ontario by WES. The associated fee for this report is set by WES and is to be paid directly to them.

**Transcript(s) and Degree(s) not in English**

One of the following documents is required and will only be accepted as part of the transcript assessment application submission:

1. English translation of the official transcript(s) showing degree conferral, mailed directly from the international institution in a sealed envelope. A copy of the original language documentation is also required. If the official transcript does not show degree conferral, then the official transcript must accompany an English translation of the original degree certificate. The fees associated with this option vary and depend on the fees charged by the respective post-secondary institution.
2. A *Course-by-Course* credential evaluation carried out by World Education Services (WES) through their *International Credential Advantage Package* (ICAP), sent directly to CPA Ontario by WES. The associated fee for this report is set by WES and is to be paid directly to them.

### **Exceptions**

There are a few exceptions that apply to the requirement of providing official documentation at the time of entrance into the program. These include:

1. **Students enrolled in their final semester at a Post-Secondary Institution (PSI):** These Students may provide unofficial transcript(s) at the time of registration indicating that they are enrolled in the final semester at a PSI. They must however provide their official transcript(s) showing degree conferral within four months from their PREP or PEP Commencement Date, failing which the Student's enrollment shall be cancelled, the results of any PEP module examination(s) written by the Student shall be discarded and disregarded and the Student not permitted to enroll in or attend PREP or PEP module thereof, or to challenge any of the PEP module examinations.
2. **Students who have completed all the academic requirements to confer their degree however have not yet conferred their degree:** These Students may provide unofficial transcript(s) at the time of registration indicating that they are enrolled in the final semester at a PSI. They must however provide their official transcript(s) showing degree conferral within four months from their PREP or PEP Commencement Date, failing which the Student's enrollment shall be cancelled, the results of any PEP module examination(s) written by the Student shall be discarded and disregarded and the Student not permitted to enroll in or attend PREP or PEP module thereof, or to challenge any of the PEP module examinations.
3. **Accredited Students (Direct to CFE):** These Students must provide official transcript(s) two weeks prior to the CFE results release date, failing which the Student's CFE result will be considered an unsuccessful attempt.

Visual verification and notarization of transcripts and degree certificates will only be accepted under extenuating circumstances at the discretion of the Registrar.

Any official documentation submitted will be considered part of the applicant's official record and will not be returned to the applicant or any other party. Applicants may be provided access to their official record upon request.

Should a WES report be submitted to satisfy the official transcript requirement, CPA Ontario reserves the right to request additional documentation if deemed necessary.

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## **APPENDIX F**

### **CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**

#### **TRANSFER CREDIT POLICY**

##### **CPA PATH**

This policy applies to students in the [CPA Path](#) submitting a request to have transfer credits recognized towards fulfilling the academic prerequisites of the CPA Professional Education Program (CPA PEP).

##### **Policy**

A transfer credit course, whether non-degree-credit or degree-credit, shown on a student's transcript as being recognized towards a degree by a Canadian recognized-degree-granting institution will automatically be recognized by CPA Ontario.

##### **Guidance**

CPA Ontario will recognize transfer credit courses<sup>[1]</sup>, whether non-degree-credit or degree-credit, awarded by a Canadian academic institution<sup>[2]</sup> towards the conferral of a recognized degree, based on courses that have been completed at another academic institution. Transfer credit courses will also be recognized by CPA Ontario for the purpose of fulfilling the academic prerequisites for the CPA PEP and/or the granting of exemptions from the applicable CPA preparatory courses.

##### **Examples of acceptable transfer-credit courses include:**

- A college diploma course
- A non-degree credit course, typically offered by schools of continuing education
- A degree-credit course
- International baccalaureate (IB) course(s)
- Advanced Placement (AP) course(s)
- A course from an academic institution outside of Canada<sup>[3]</sup>
- International Exchange transfer credits

##### **This may apply to any individual who:**

- Completes courses in a two-year or three-year college diploma and subsequently transfers into a Canadian academic institution with transfer credits towards the fulfillment of a recognized degree, or
  - Completes courses that are accepted by the Canadian academic institution towards the fulfillment of a recognized degree, or
  - Completes courses at an academic institution outside of Canada<sup>[3]</sup>, and subsequently transfers into a Canadian academic institution with transfer credits towards the fulfillment
-

of a recognized degree.

**NOTE: All transfer credits are subject to the following:**

For admission into the CPA PEP, candidates are required to complete at least one applicable prerequisite course in each of the CPA competency areas listed below within 10 years their PEP Commencement date:

- Financial Reporting
- Strategy and Governance
- Management Accounting
- Audit and Assurance
- Finance
- Taxation

Candidates with significant relevant work experience may apply for an exemption from the currency requirement for a pre-requisite course if they successfully completed a relevant course more than 10 years prior to admission to CPA PEP. For the currency of education policy refer to the [CPA Harmonized Education Policies \(HEP\), Vol. 1 and 3](#).

**NOTE:** The inclusion of transfer credits does not impact one's eligibility for a public accounting license.

**Requirements for an Assessment of Transfer Credits:**

CPA Ontario requires official transcript(s) to show the following items for a complete assessment of transfer credit recognition:

All previous institutions attended where the transfer credit was completed<sup>[4]</sup>.

- The course code(s), course name(s), credit hour(s), year(s)/term(s), completed and final grade(s) earned at previous academic institutions where the transfer credit was completed, including if completed through an academic institution in another country, exchange program or on letter of permission at another Canadian academic institution.
- Credit hours granted for advanced placement, general certificate of education or international baccalaureate transfer credits.

If an individual cannot provide an official transcript showing the above required information, the individual will be required to submit a transcript from all previous academic institutions attended where the transfer credits were completed. In this case, a transfer credit letter will be required from the accepting institution's Registrar's Office with the required information as noted above.

For more information, please view our [CPA Ontario Transcript Assessment Policy](#).

For more information, view the [CPA National Recognition and Accreditation Standards for Post-Secondary Institutions](#) and the [CPA Harmonized Education Policies \(HEP\), Vol. 1 and 3](#).

- [1] *A transfer credit is a course that was completed at another academic institution, including a recognized foreign institution that is accepted by a Canadian academic institution towards the granting of a degree. The recognition of the transfer credit course towards a degree makes it substantially equivalent to a degree-credit course if it was delivered as a diploma or non-degree credit course by the originating academic institution. A transfer credit could be a college diploma course, a non-degree-credit course, typically offered by schools of continuing education, or a degree-credit course.*
- [2] *“academic institution” means is an academic institution in Canada or another country as defined in section 1.2 of the CPA Harmonized Education Policies Vol. 1.*
- [3] *Required courses such as Taxation and Business Law have Canadian specific content as per the CPA Competency Map and CPA Knowledge Supplement. Taxation must be completed at a Canadian academic institution or through the CPA preparatory courses in order to receive an exemption from this subject area requirement. Business Law may be completed at a foreign institution outside of Canada and assessed for substantial coverage of the Competency Map provided sufficient documentation is provided. An exemption for this subject area requirement may only be granted provided the non-Canadian law course meets the substantial coverage requirement and the [CPA Canada Canadian Business Law course](#) is successfully completed.*
- [4] *The determination of currency of courses is assessed based on the completion date of the course at the previous academic institution(s) where the transfer credit was completed, not the date that the transfer was accepted by the Canadian academic institution.*



**51 CREDIT-HOUR PATH**

**Adopted by the Council pursuant to the Bylaws on June 16, 2011, as amended to February 22, 2013, and continued under the *Chartered Professional Accountants of Ontario Act, 2017*.**

This policy applies to students in the [51 Credit-Hour Path](#) submitting a request to have college diploma transfer credits that have been awarded by a Canadian academic institution towards the conferral of a degree recognized towards fulfilling the academic prerequisites and degree requirement for the CPA Professional Education Program (CPA PEP).

**Policy**

A maximum of twenty-four (24) credit hours may be fulfilled through college diploma transfer credit courses that:

- meet CPA Ontario's requirements;
- are recognized by a university under an articulation agreement; and
- are in the following subject areas and do not exceed the maximum credit recognition in each area:

<b>Subject Area(s)</b>	<b>Credit hours</b>
Introductory Financial Accounting	3
Introductory Cost and Management Accounting	3
Introductory Auditing	3
Taxation – Personal	3
Business/Management Information Systems	3
Corporate Finance/Financial Management	3
Economics (Macro and Micro)	3
Canadian Business Law	3

**Guidance*****Recognition of College Diploma Transfer Credits towards the 120 Credit-Hour Degree Requirement***

CPA Ontario recognizes articulation agreements between colleges and universities that grant a maximum of two years of a three-year diploma (60 credits) or a maximum of one and one-half years of a two-year diploma (45 credits) towards a four-year, 120 credit hour degree. CPA Ontario does not recognize more than 60 credits of transfer courses for a three-year college diploma or 45 credits for a two-year college diploma.

***Recognition of College Diploma Transfer Credits towards the Academic Pre-requisites (51 Credit-Hour) of the CPA PEP***

CPA Ontario may recognize any college diploma courses designated as transfer credits by a university towards fulfillment of the 51 credit-hour requirement of prescribed degree-credit courses under the terms of an articulation agreement, and the college courses must have been completed for the applicable two- or three-year college diploma in the relevant field and meet CPA Ontario's depth and breadth of coverage requirements. Each college diploma course designated as a transfer credit is individually assessed by CPA Ontario to determine whether the subject matter of the course meets the depth and breadth of coverage requirements.

The 51 credit-hour requirement may not be fulfilled entirely by means of college diploma transfer credit courses recognized by a university under the terms of an articulation agreement. A maximum of 24 credit hours may be recognized by CPA Ontario towards the fulfillment of the 51 credit-hour requirement for college diploma transfer credit courses recognized by a university under the terms of an articulation agreement.

Subject to CPA Ontario's determination that the subject matter content of each college diploma transfer credit course meets CPA Ontario's depth and breadth of coverage requirements, transfer credit courses recognized by a university under the terms of an articulation agreement may be recognized by CPA Ontario in each of the following subject areas:

<b>Subject Area(s)</b>	<b>Credit hours</b>
Introductory Financial Accounting	3
Introductory Cost and Management Accounting	3
Introductory Auditing	3
Taxation – Personal	3
Business/Management Information Systems	3
Corporate Finance/Financial Management	3
Economics (Macro and Micro)	3
Canadian Business Law	3
<b>Maximum Credit Hours</b>	<b>24</b>

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 9-2**

**LEGACY CA STUDENT REGISTRATION, OBLIGATIONS, AND STANDING**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and amended on March 31, 2020.**

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**REGULATION 9-2  
LEGACY CA STUDENT REGISTRATION,  
OBLIGATIONS, AND STANDING**

**Application**

This Regulation applies to Legacy CA Students who are already registered under this Regulation. Regulation 9-1 applies to applicants for registration or reregistration as Students in CPA Ontario, and to Students of CPA Ontario.

**NOTE:** Completion of the CPA certification program as set out in this Regulation does not necessarily result in eligibility for a Public Accounting Licence; see Regulation 17-1 for these requirements.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act, the By-law, the CPA Harmonized Education Policies, and the CPA Ontario Practical Experience Requirements, and the CA Practical Experience Requirements, 2007, 2009 and 2010, and for the purpose of this Regulation:
  - 1.1 “Academic Code of Conduct” means the CPA Ontario Academic Code of Conduct in Appendix A established by the Council;
  - 1.2 “applicant” means an individual applying for registration as a Legacy CA Student in CPA Ontario;
  - 1.3 “Approved Training Office” means a practising office or unit approved for the training of Legacy CA Students under a previous version of this Regulation<sup>1</sup>;
  - 1.4 “CA Practical Experience Requirements, 2010” means the document established by the Chartered Accountants of Canada effective September 1, 2010 and adopted by the Council, that sets out the Practical Experience Requirements applicable to Legacy CA Students who were registered after September 1, 2010<sup>2</sup>;
  - 1.5 “Common Final Examination” (CFE) means the final qualifying examination prepared by the Board of Evaluators of CPA Canada, and includes the Uniform Evaluation;

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<sup>1</sup> After September 1, 2018, any legacy ATO was required to offer a Pre-Approved Program in order to train Legacy CA Students.

<sup>2</sup> For Legacy CA Students who were registered between September 1, 2007 and September 1, 2009, the CA Practical Experience Requirements, 2007 applies; for Legacy CA Students who were registered between September 1, 2009 and September 1, 2010, the CA Practical Experience Requirements, 2009 applies.

- 1.6 “CPA Accredited University Program” means a program of academic study at an academic institution that has been accredited by the Council in Schedule A of Regulation 9-1;
- 1.7 “CPA Ontario Practical Experience Requirements” means the document in Appendix B established by the Council, that sets out the Practical Experience Requirements applicable Legacy CA Students who were registered on or after September 1, 2014;
- 1.8 “CPA Harmonized Education Policies” means the national Harmonized Education Policies in Appendices C1 and C2 established by CPA Canada and adopted by the Council;
- 1.9 “credit hour” means each classroom or instruction hour per week of a one-semester course of academic learning, or the equivalent, that:
- 1.9.1 is recognized by the academic institution that offers it as a degree-credit course; and
  - 1.9.2 is a three-credit hour course that provides:
    - 1.9.2.1 a minimum of three hours’ instruction time per week over a minimum 12-week term; or
    - 1.9.2.2 a maximum of 12 hours’ instruction time per week over a minimum three-week term, provided that if a Legacy CA Student is enrolled in one or more courses during a shortened term, the Legacy CA Student must be limited to a total of 12 instruction hours per week;
- 1.10 “degree” means an undergraduate degree or other equivalent indicator of academic achievement granted by an academic institution;
- 1.11 “degree-credit course” means a course of academic study and evaluation that is recognized for credit by an academic institution towards the completion of a University Degree or equivalent that is awarded by that academic institution and that is successfully completed through enrolment in or registration with the institution;
- 1.12 “Legacy CA Student” means a Student who is registered in one of the categories set out in section 3;
- 1.13 “Pre-Approved Program” means a program meeting the CPA Ontario Practical Experience Requirements and approved by CPA Ontario;
- 1.14 “Professional Education Program (PEP) Commencement Date” means the Day that is the earliest of:
- 1.14.1 the first Day of any module of the CPA Professional Education Program in which the Legacy CA Student is enrolled;

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- 1.14.2 the Day that the Legacy CA Student first challenges any CPA Professional Education Program module examination;
- 1.14.3 the Day that the Legacy CA Student commences one of the Graduate Certificate, Graduate Diploma, or Masters Program of a CPA Accredited Program;
- 1.15 “Student Code of Conduct” means the CPA Ontario Student Code of Conduct in Appendix D established by the Council;
- 1.16 “Transcript Assessment Policy” means the policy in Appendix E established by the Council;
- 1.17 “Transfer Credit Policy” means the policy in Appendix F established by the Council;
- 1.18 “University Degree” means:
  - 1.18.1 a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent; or
  - 1.18.2 a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent that is granted by an academic institution;
- 1.19 “Uniform Evaluation” (UFE) means the qualifying evaluation required to be successfully written before August 31, 2015 to qualify for admission to Membership;
- 1.20 “unsuccessful attempt” means:
  - 1.20.1 failure at the end of a module or examination, as determined by the Board of Examiners of CPA Canada;
    - 1.20.1.1 notwithstanding section 1.20.1, the failure of the September, 2019 sitting of the CFE by any Student shall be waived and not counted as an “unsuccessful attempt”;
  - 1.20.2 an attempt as defined in the Academic Code of Conduct;
  - 1.20.3 failure to attend on time or at all to a scheduled examination, module or mandatory workshop;
  - 1.20.4 failure to complete required make-up assignments;
  - 1.20.5 failure to submit a minimum number of completed assignments; or
  - 1.20.6 failure to meet the minimum overall grade of 75% on any core or elective module activities (assignment problems, practice cases, MCQ quizzes, module workshop activities).

**Time**

2. The Registrar shall have discretion in extraordinary circumstances to extend any time period prescribed in this Regulation, and/or as provided in the CPA Ontario Professional Education Requirements or the CPA Harmonized Education Policies.

**Legacy CA Student Registration Categories**

3. A Legacy CA Student shall be registered in one of the following categories:
  - 3.1 **University Graduate** – an applicant who has completed all the academic requirements for the conferral of a University Degree;
  - 3.2 **Co-operative Degree Program** – an individual who is enrolled in a co-operative degree program listed in 0;
  - 3.3 **CA Accredited University Program** – an applicant who is enrolled in an accredited program listed in 0;
  - 3.4 **CPA Accredited University Program** – an applicant who is enrolled in the graduate-level component of a CPA Accredited University program as defined in section 1.6;
  - 3.5 **Other Ontario Accounting Designation** – an applicant who:
    - 3.5.1 has a University Degree conferred;
    - 3.5.2 was a member in good standing with The Certified General Accountants Association of Ontario or the Certified Management Accountants of Ontario; and
    - 3.5.3 registered as a Legacy CA Student before August 31, 2014.
  - 3.6 **Accounting Body Outside Canada** – an applicant who registered as a Legacy CA Student before February 1, 2015 and who:
    - 3.6.1 was a member in good standing with, and certified or licensed to practice by, either a professional accounting body outside Canada that was a member body in good standing of the International Federation of Accountants at the Day of the applicant's application for registration or a professional or regulatory body or authority for accountants or auditors in a country other than Canada that was established by statute to qualify, certify, regulate, license, or authorize individuals to practise as accountants or auditors in that country;



- 3.6.2 provided evidence of the completion of a minimum of three years of accounting experience meeting the guidelines established by the Council from time to time; and
- 3.6.3 was not eligible to register as a Legacy CA Student under section 3.7 of this Regulation;
- 3.7 **Accounting Body Outside Canada – Specified** – an applicant who was a member in good standing with an accounting body listed in 0, and who met the conditions for registration contained in a memorandum of understanding or agreement between that body and CPA Ontario;
- 3.8 **Transfer** – an applicant registered before February 1, 2015 and who at that time was in good standing with another Provincial Body in a program leading to the Chartered Accountant designation and:
  - 3.8.1 had a University Degree conferred;
  - 3.8.2 had completed some or all of the CA Practical Experience Requirement, accepted by the Provincial Body with which the applicant was registered;
  - 3.8.3 had not attempted the UFE or the CFE; and
  - 3.8.4 within three months of the Day of registration with CPA Ontario, discontinued or terminated registration with any other Provincial Body;
- 3.9 **Transfer – Quebec** – an applicant registered before February 1, 2015 and who at that time was in good standing with the Ordre des comptables professionnels agréés du Québec in a program leading to the chartered accountant designation and:
  - 3.9.1 had a university degree University Degree conferred;
  - 3.9.2 had successfully completed the UFE or the CFE while so registered; and
  - 3.9.3 within three months of the Day of registration with CPA Ontario, discontinued or terminated registration with the Ordre des comptables professionnels agréés du Québec.
- 3.10 **Conditional** – an applicant who:
  - 3.10.1 was attending an academic institution in a program leading to a University Degree on a full-time or part-time basis; and
  - 3.10.2 had fulfilled the employment requirement;

- 3.11     **Mature** – an applicant who:
- 3.11.1     was at least 25 years of age;
  - 3.11.2     had completed no more than two years or sixty credit hours at an academic institution;
  - 3.11.3     was enrolled at an academic institution in courses that qualify to fulfil the credit hour requirement;
  - 3.11.4     had at least three years' work experience in accounting, business or other relevant area satisfactory to the Registrar; and
  - 3.11.5     satisfied the Registrar that they did not meet the requirements of any other category of Legacy CA Student registration as set out in this section;
4.     A Legacy CA Student may only be registered in one registration category, and may not also be registered under the Advanced Certificate in Accounting and Finance, or as a Student under Regulation 9-1.
5.     Despite section 4, an applicant may be registered in the Co-operative Degree Program, CA Accredited University Program, and CPA Accredited University Program categories if the applicant met the requirements of each of those categories.
6.     Unless otherwise specified in this Regulation, the Day of registration shall be the earlier of the Day that the applicant:
- 6.1     provided proof of compliance with all the requirements of this Regulation; and
  - 6.2     commenced employment with an Approved Training Office or in a Pre-Approved Program, provided that:
    - 6.2.1     proof of employment satisfactory to the Registrar was received within three months of the Day set out in section 6.1; and
    - 6.2.2     the Day of registration shall not be any earlier than three months before the Day the applicant met the requirements of section 6.1.
7.     A Legacy CA Student shall renew registration on an annual basis by making an application for renewal in the prescribed form and paying the prescribed Dues, and providing all information, documents, and other materials as requested by the Registrar.
8.     A Legacy CA Student shall be subject to the Regulations, by-laws, and policies of CPA Ontario, including the Student Code of Conduct and the Academic Code of Conduct.

### **Bankruptcy**

9.     A Legacy CA Student shall disclose to the Registrar upon:

- 9.1 becoming the subject of an application for a bankruptcy order;
  - 9.2 making an assignment for the general benefit of creditors;
  - 9.3 making or becoming the subject of a Division I or Division II proposal; or
  - 9.4 having a business that the Legacy CA Student or applicant controls, directly or indirectly, become subject to a bankruptcy order;
- as set out in the Bankruptcy and Insolvency Act.
10. The disclosure referenced in section 9 shall be in writing, and shall include:
- 10.1 documents about the subject of the disclosure to the satisfaction of the Registrar or, if a document is not yet available, an undertaking to provide the document as soon as it becomes available;
  - 10.2 the pleadings related to the subject of the disclosure or, if the pleadings are not yet filed, an undertaking to provide the pleadings as soon as they become available;
  - 10.3 documents about the financial circumstances of the individual making the disclosure to the satisfaction of the Registrar; and
  - 10.4 a consent permitting CPA Ontario to directly access information and documents related to the subject of the disclosure from the trustee, the Superintendent, or the official receiver, as the case may be.
11. The individual making the disclosure shall also provide any other information or documents requested by or on behalf of the Registrar, unless the individual is asserting in good faith and on reasonable grounds the specific information or document requested is subject to legal privilege and that privilege is not waived.
12. The Registrar shall, in respect of a Legacy CA Student, consider the information and documents provided under sections 9 to 11, and shall, if the Legacy CA Student otherwise meets the requirements of registration:
- 12.1 take no further action;
  - 12.2 require the Legacy CA Student to abide by one or more of the following restrictions or conditions:
    - 12.2.1 satisfactorily completing, within a time specified, prescribed courses or examinations;
    - 12.2.2 engaging, for a time specified, an advisor, counsellor, or tutor;
    - 12.2.3 satisfactorily completing a period of supervised practice or employment;

- 12.2.4 restricting their practice or employment in a specified manner for a specified period of time;
    - 12.2.5 reporting as specified to employers or prospective employers with respect to the subject of the disclosure;
    - 12.2.6 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 12.2.7 any other restrictions or conditions the Registrar deems appropriate; or
  - 12.3 suspend the Legacy CA Student until the fulfillment of restrictions or conditions imposed by the Registrar.
13. The Registrar, in making a decision provided for in section 12, shall consider appropriate factors, that may include:
- 13.1 the circumstances pertaining to the event requiring disclosure under section 9 and the conduct of the individual making the disclosure;
  - 13.2 the extent that the event requiring disclosure may put at risk the interests of:
    - 13.2.1 any client or employer associated with the individual making the disclosure; or
    - 13.2.2 any other party impacted or affected by the event;
  - 13.3 the number and nature of creditors affected;
  - 13.4 whether any potential civil or criminal liability has arisen from the event requiring disclosure;
  - 13.5 the current financial circumstances of the individual making the disclosure;
  - 13.6 the anticipated Day of release from insolvency; and
  - 13.7 whether the individual is competent and capable of performing as a Legacy CA Student, without impairment, the essential duties of any current or anticipated employment, business, or practice.

**Legacy CA Student Resignation**

- 14. A Legacy CA Student may apply in writing to the Registrar in the prescribed form to resign a registration in CPA Ontario.
- 15. The Registrar shall not accept an application for resignation if the Legacy CA Student:

- 15.1 is the subject of a complaint review, investigation, proposed settlement agreement or Allegations by the Professional Conduct Committee, unless the Legacy CA Student undertakes never to re-apply for registration, membership or licensure with CPA Ontario, or for the CPA Advanced Certificate in Accounting and Finance;
  - 15.2 has not fully complied with a settlement agreement or order of a Committee of CPA Ontario; or
  - 15.3 owes any Dues to CPA Ontario.
16. The Registrar may require a Legacy CA Student to fulfill such further restrictions and conditions as, in the discretion of the Registrar, are necessary to protect the public interest and the reputation of the profession before accepting an application for resignation.

**Legacy CA Student Suspension, Reinstatement, and Deregistration**

17. The Registrar will suspend the registration of any Legacy CA Student:
- 17.1 for the failure to pay any Dues;
  - 17.2 for the failure to provide information, documents, or other materials required under the Act, by-laws, Regulations or Policies, or requested by CPA Ontario;
  - 17.3 in the circumstances set out in the Academic Code of Conduct;
  - 17.4 following the disclosure of certain bankruptcy events, as provided in this Regulation; and
  - 17.5 for the failure to successfully complete any obligation or requirement, or maintain any status, imposed by the Act, by-laws, Regulations or Policies, or to provide proof of successful completion.
18. During the period of suspension, the Legacy CA Student:
- 18.1 has none of the rights and privileges of registration;
  - 18.2 continues to be responsible for all Dues;
  - 18.3 will not have practical experience earned recognized or counted toward their Practical Experience Requirements;
  - 18.4 will not be allowed to enroll in any aspect of the Professional Education Program;
  - 18.5 will not have any time period prescribed by CPA Ontario suspended, subject to the discretion of the Registrar under section 2; and

- 18.6 remains subject to the authority, requirements, and disciplinary powers of CPA Ontario to the same extent as if the suspension does not take place.
19. A Legacy CA Student who is suspended under section 17 shall remain suspended until the Legacy CA Student complies with the requirements, including payment of any outstanding Dues, fees, or late penalties, at which point the Legacy CA Student's registration shall be reinstated by the Registrar.
20. Subject to the Academic Code of Conduct, the Registrar shall deregister any Legacy CA Student 60 Days after the imposition of a suspension under section 17, unless, before that Day, the Registrar has reinstated the registration under section 19.
21. The Registrar shall deregister a Legacy CA Student as of the earliest of:
- 21.1 the 10th anniversary of the Legacy CA Student's initial Day of registration;
  - 21.2 45 Days following the release of the result of the Legacy CA Student's fourth unsuccessful attempt of the UFE, or, if an appeal of that result has been filed, immediately upon the denial of the appeal;
  - 21.3 45 Days following the release of the result of the Legacy CA Student's third unsuccessful attempt, having exhausted attempts as prescribed in the CPA Harmonized Education Policies or the CPA Professional Education Program, or the third unsuccessful attempt on the CFE or, if an appeal of the Legacy CA Student's CFE result has been filed, immediately upon the denial of the appeal;
  - 21.4 the sixth anniversary of the Legacy CA Student's Professional Education Program (PEP) Commencement Date, unless the Legacy CA Student has successfully completed the CFE before that Day;
  - 21.5 December 31, 2016, if a Legacy CA Student registered under this Regulation is, or becomes a Member of CPA Ontario, and has not successfully completed the UFE or the CFE before that Day;
  - 21.6 February 1, 2020, if the Legacy CA Student has not met all of the requirements for admission to membership; or
  - 21.7 any of the circumstances set out in the CPA Ontario Practical Experience Requirements, the CA Practical Experience Requirements 2007, 2009, 2010, the CPA Harmonized Education Policies, and the Academic Code of Conduct.
22. Notwithstanding section 22, a Legacy CA Student who has had three unsuccessful attempts in either the Assurance or Taxation elective module, may transfer their registration to Regulation 9-1 in the Transitional CA Student (section 9.8) category of registration and may retain credit for any module examination(s) in which the Legacy CA Student has been successful or any exemptions granted.

**Legacy CA Student Credibility**

23. In circumstances where a suspension or deregistration decision requires assessment of the Legacy CA Student's credibility, the Registrar shall refer the matter to an oral hearing before the Admission and Registration Committee.

**Legacy CA Student Credibility Hearings**

24. The parties to a hearing under section 23 are the Legacy CA Student and the Registrar.
25. A hearing under section 23 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
26. If the Admission and Registration Committee on referral of the matter by the Registrar determines that a Legacy CA Student meets the criteria for suspension or deregistration, the Admission and Registration Committee shall make an order suspending or deregistering the Legacy CA Student.

**Legacy CA Credibility Appeals**

27. A Legacy CA Student may appeal an order of the Admission and Registration Committee under section 26 to the Appeal Committee.
28. The parties to an appeal are the Legacy CA Student and the Registrar.
29. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
30. The Appeal Committee's decision is final.

**Appeal of Restrictions and Conditions. Suspension. and Deregistration Decisions**

31. A Legacy CA Student whose registration is made subject to restrictions and conditions, is suspended or is deregistered may appeal the decision to the Admission and Registration Committee.
32. The parties to an appeal are the applicant appealing and the Registrar.
33. The appeal shall be conducted in accordance with Regulation 6-1.
34. On hearing the appeal, the Admission and Registration Committee may confirm or vary the decision being appealed, or may substitute its own decision for that of the Registrar.
35. The Admission and Registration Committee's decision is final.

**CPA Program Completion**

36. Unless otherwise specified in this Regulation, every Legacy CA Student shall successfully complete, to the satisfaction of the Registrar during the period of registration in good standing:
- 36.1 the applicable education requirement, as set out below;
  - 36.2 the Professional Education Program (PEP) Requirement, as set out below; and
  - 36.3 the applicable Practical Experience Requirements, as set out below.

**Education Requirement**

37. Unless otherwise specified in this Regulation, all Legacy CA Students shall complete the credit hour requirement. Transcripts shall be assessed in accordance with the Transcript Assessment Policy.
38. Unless otherwise exempted by this Regulation, including the Transfer Credit Policy, all Legacy CA Students shall complete, either before or while registered in good standing as a Legacy CA Student, 51 credit hours in courses acceptable to CPA Ontario, as follows, and shall provide proof satisfactory to the Registrar of completion of the credit hours:

Course(s)	Number of credit hours
Financial accounting (introductory, intermediate, and advanced)	15
Cost and management accounting	6
Advanced accounting elective	3
Auditing	9
Canadian Taxation (personal & corporate)	6
Business information systems	3
Finance/Financial management	3
Economics	3
Canadian Business Law	3

39. To qualify towards the credit hour requirement:



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- 39.1 the courses in Canadian Business Law and Canadian Taxation must have been taken at an academic institution in Canada;
- 39.2 one of the courses for advanced financial accounting and the advanced accounting elective must be taken at an academic institution in Canada;
- 39.3 courses taken at an academic institution, subject to the restrictions set out in this section, will be recognized for the credit hour requirement if they are found to be equivalent in content to those at an academic institution in Canada;
- 39.4 a maximum of 24 credit hours may be fulfilled through college diploma transfer credit courses that:
- 39.4.1 meet CPA Ontario's requirements;
  - 39.4.2 are recognized by a university under an articulation agreement; and
  - 39.4.3 are in the following subject areas and do not exceed the maximum credit recognition in each area:

Subject Area(s)	Credit hours
Introductory Financial Accounting	3
Introductory Cost and Management Accounting	3
Introductory Auditing	3
Taxation – Personal	3
Business/Management Information Systems	3
Corporate Finance/Financial Management	3
Economics (Macro and Micro)	3
Canadian Business Law	3

- 39.5 a grade point average of B- (B in the University of Toronto MMPA program) or 70.0% or higher, or, if another marking system is used by the institution at which the credit is obtained, the equivalent, as determined by CPA Ontario, must be obtained overall in the courses in the credit hour requirement; and
- 39.6 the classroom or instruction hours per week and the number of weeks constituting the term or duration of each course, as recorded or reported by the academic institution, meets or exceeds the number of hours per week and the number of weeks set out in section 1.9, as determined by CPA Ontario.

**Credit Hour Requirement Exemptions**

- 40. Legacy CA Students in the CA Accredited Program (section 3.3) registration category are deemed to have met the credit hour requirement, provided they meet the provisions of section 39.5.
- 41. Legacy CA Students in the CPA Accredited Program (section 3.4) registration category are deemed to have met the credit hour requirement, provided they also meet the following minimum grade requirements:
  - 41.1 a minimum overall grade point average of B- or 70.0% in the courses that comprise the CPA accredited stream or program;
  - 41.2 a minimum of a passing grade in each degree credit course commenced before May 1, 2014; and
  - 41.3 a passing grade or a minimum grade of 60%, whichever is higher, in each course commenced after April 30, 2014.
- 42. Legacy CA Students in the Transfer – Quebec registration category are exempt from the credit hour requirement.
- 43. Legacy CA Students in the Accounting Body Outside Canada (section 3.6) registration category are exempt from the credit hour requirement, except for the requirement to pass an approved course in Canadian Business Law.
- 44. Legacy CA Students in the Accounting Body Outside Canada – Specified (section 3.7) registration category may be exempt from the credit hour requirement, under the memorandum of understanding or agreement between the accounting body and CPA Ontario.

**Professional Education Program (PEP) Requirement**

- 45. Unless otherwise specified in Schedule D, all Legacy CA Students shall, while registered in good standing, successfully complete the following elements of the CPA Professional Education Program (PEP):
  - 45.1 two mandatory core modules:
    - 45.1.1 Core 1; and
    - 45.1.2 Core 2;
  - 45.2 two elective modules:
    - 45.2.1 Taxation; and
    - 45.2.2 Assurance;

- 45.3 two mandatory capstone modules:
  - 45.3.1 Capstone 1; and
  - 45.3.2 Capstone 2.
- 45.4 Legacy CA Students shall complete the requirements of sections 45.1 and 45.2 on or before April 30, 2019, by successfully attempting the module examinations without enrolling in the modules, but a Student who is unsuccessful at two attempts at any examination must enroll in and complete the module before making a further attempt at that examination.
- 45.5 Legacy CA Students who are unable to satisfy the requirements in Schedule D shall apply for registration under Regulation 9-1 in the Transitional CA (section 9.8) category of registration, unless another provision of this Regulation requires the Student to be deregistered.
- 46. Unless otherwise specified in this Regulation, a Legacy CA Student must successfully complete or be exempted from the examinations for Core 1 and Core 2 and both elective modules to be eligible to enroll in the capstone modules.

**Common Final Examination (CFE)**

- 47. No Legacy CA Student shall be exempt from the requirement to pass the CFE.
- 48. In order to fulfill the requirements of this Regulation and be granted the CA designation on admission to Membership, Legacy CA Students must demonstrate in the CFE depth of competency development in both Financial Reporting and Assurance.
- 49. A Legacy CA Student in the Transfer – Quebec registration category shall complete the requirement in section 47 prior to registration.

**Employment Requirement**

- 50. Unless exempted under this Regulation, every Legacy CA Student shall, at the time of registration:
  - 50.1 be presently employed in a Pre-Approved Program;
  - 50.2 have accepted an offer of full-time employment in a Pre-Approved Program to commence no later than 12 months following the Day of registration; or
  - 50.3 be employed on a part-time or other short-term basis in a Pre-Approved Program while being enrolled in a University Degree program, provided that the employment is acceptable to CPA Ontario for the purpose of fulfilling the prescribed Practical Experience Requirement.

51. Legacy CA Students who have completed their Practical Experience Requirement before registration are exempt from the requirement for employment.

**Practical Experience Requirement**

***Legacy CA Students Registered Before September 1, 2014***

52. A Legacy CA Student who was registered and commenced employment before September 1, 2014 shall successfully complete the CA Practical Experience Requirements, 2010.
53. Any reference in the CA Practical Experience Requirements, 2010 to “Chartered Accountant” or “CA” shall be deemed to refer to “Chartered Professional Accountant” or “CPA”.
54. Every Legacy CA Student shall complete a period of three years of full time equivalent Practical Experience, less any period determined by the Registrar to have been completed before registration.
55. The three years of Practical Experience shall include study leave, attending training programs, vacation, and leaves of absence, as provided in the Policies passed by the Council from time to time.
56. The Practical Experience Requirement shall be completed at an Approved Training Office or Pre-Approved Program.
57. Despite section 56, a Legacy CA Student may complete up to one-third of the Practical Experience Requirement through one or more secondments if the secondment meets the requirements of the Policies passed by the Council from time to time.
58. Students working in an External Audit Pre-Approved Program as defined in the CPA Ontario Practical Experience Requirements must comply with their program requirements.
59. Students working in an External Audit Preapproved Program must attain:
- 59.1 the minimum 2,500 chargeable hours, including at least:
    - 59.1.1 1,250 chargeable hours in assurance, of which a minimum of 625 hours must be obtained in the audit of historical financial information, and 100 chargeable hours of review procedures in review, and other assurance engagements;
    - 59.1.2 100 chargeable hours in Canadian taxation services; and
    - 59.1.3 1,150 eligible hours in either public accounting services or designated services (as defined in Regulation 17-1); and

- 59.2 at least two years of prescribed public accounting experience under the supervision of a Member who holds a Public Accounting Licence.

Chargeable hours and competencies must be completed within the past five years of the External Audit Pre-Approved Program completion Day.

60. Legacy CA Students in the Co-operative Degree Program registration category may only complete up to the maximum number of months of Practical Experience set out in Schedule A before conferral of a University Degree, and any further employment before that conferral will not be eligible towards the Practical Experience Requirement.
61. Legacy CA Students in the following registration categories may apply to the Registrar in the prescribed form for a determination that some or all of the Practical Experience Requirement has been completed:
- 61.1 Accounting Body Outside Canada,
- 61.2 Transfer; and
- 61.3 Transfer – Quebec.
62. Legacy CA Students in the Accounting Body Outside Canada – Specified registration category shall complete the Practical Experience Requirement as set out in the memorandum of understanding or agreement between the accounting body and CPA Ontario.
63. Despite section 6.2, and subject to section 61, the Registrar may, in exceptional circumstances, recognize a greater amount of pre-registration employment as part of the Practical Experience Requirement, but in no circumstances shall more than eight months be recognized.

***Transition***

64. Despite section 52, a Legacy CA Student may elect to transition to the CPA Ontario Practical Experience Requirements in accordance with the transition requirements set out in that document, if the Legacy CA Student:
- 64.1 commenced employment in an Approved Training Office before September 1, 2014;
- 64.2 submits a joint election signed by the Legacy CA Student and the employer agreeing to the transition;
- 64.3 submits any experience report required by the Registrar; and
- 64.4 provides all information and documents requested by the Registrar.

65. Legacy CA Students who have not fulfilled the Practical Experience Requirements of this Regulation before September 1, 2018 shall be required to transition to the CPA Ontario Practical Experience Requirements.

***Legacy CA Students Registered After August 31, 2014***

66. Legacy CA Students who have not fulfilled the CA Practical Experience Requirements before September 1, 2018 shall be required to transition to the CPA Ontario Practical Experience Requirements. Any experience gained before September 1, 2018 and not reported by September 1, 2018 must be reported under CPA Ontario Practical Experience Requirements, if eligible.
67. A Legacy CA Student who completes any part of the CPA Ontario Practical Experience Requirements in the Experience Verification category must transfer their registration to Regulation 9-1 in the Transitional CA Student (section 9.8) category of registration and will not be eligible to receive the Chartered Accountant designation upon admission to membership.

**Special Circumstances**

68. A Legacy CA Student requiring special accommodation in respect of any course, module, examination, or other requirement may submit a request to the Registrar.
69. A Legacy CA Student may submit a request to the Registrar for special consideration due to circumstances arising during any course, module, examination, or other requirement.
70. Requests for special accommodation under section 68 and/or special consideration under section 69 shall be assessed under the CPA Ontario Accessibility and Special Accommodation Policy.

**SCHEDULE A****UNIVERSITY CO-OPERATIVE DEGREE PROGRAMS**

<b>University</b>	<b>Degree program</b>	<b>Maximum months of co-op work term experience</b>
Algoma	Bachelor of Business Administration	20
Brock	Bachelor of Business Administration	12
Brock	Bachelor of Accounting	20
Carleton	Bachelor of Commerce	16
Dalhousie	Bachelor of Commerce	12
Guelph	Bachelor of Commerce, Honours Program – Accounting, Co-operative Education Program (HBComm)	16
McMaster	Bachelor of Commerce (Internship)	16
McMaster	Master of Business Administration	12
Ottawa	Honours Bachelor of Commerce in Accounting	12
Redeemer	Bachelor of Arts, Honours Business Major-Accounting	16
Toronto (Mississauga)	Master of Management and Professional Accounting	8
Toronto (Scarborough)	Bachelor of Business Administration (Program in Management)	12
Waterloo	Bachelor of Accounting and Financial Management (Honours)	16
Waterloo	Bachelor of Mathematics (Chartered Accountancy)	16
Waterloo	Bachelor of Science (Honours Chartered Accountancy)	16
Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier) / Honours Bachelor of Mathematics (Waterloo) <i>Effective for students graduating after Dec 31, 2010</i>	16
Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier) / Bachelor of Computer Science (Waterloo) <i>Effective for students graduating after Dec 31, 2010</i>	16
Wilfrid Laurier	Honours Bachelor of Business Administration	12
Wilfrid Laurier	Honours Bachelor of Arts (Economics)	12

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University	Degree program	Maximum months of co-op work term experience
Wilfrid Laurier	Honours Bachelor of Business Administration / Bachelor of Science in Computer Science <i>Effective for students graduating after Dec 31, 2010</i>	16
Wilfrid Laurier	Honours Bachelor of Business Administration / Bachelor of Science in Computing and Computer Electronics <i>Effective for students graduating after Dec 31, 2010</i>	16
Wilfrid Laurier	Honours Bachelor of Business Administration / Bachelor of Arts in Financial Mathematics <i>Effective for students graduating after Dec 31, 2010</i>	16
Windsor	Bachelor of Commerce	16



**SCHEDULE B**

**ACADEMIC INSTITUTIONS WITH CA ACCREDITED PROGRAMS/STREAMS<sup>3</sup>**

**Brock University** – Bachelor of Accounting, Option A, regular and co-op.

**McMaster University** – Master of Business Administration, Accounting stream and Bachelor of Commerce (Honours), Accounting stream, regular and internship, both inclusive of the courses for a professional accounting designation needed to complete the 51 credit hours.

**Queen's University** – Bachelor of Commerce, Accounting stream, in combination with the Graduate Diploma in Accounting.

**The University of Western Ontario, Richard Ivey School of Business** – Honours Bachelor of Business Administration, Accounting stream, inclusive of the Diploma in Accounting.

**University of Toronto, Mississauga** – Master of Management and Professional Accounting (MMPA), and Bachelor of Commerce, Accounting Specialist stream.

**University of Toronto, Rotman Commerce, St. George** – Bachelor of Commerce, Accounting Specialist stream.

**University of Toronto, Scarborough** – Bachelor of Business Administration, Accounting stream regular and co-op.

**University of Waterloo** – Master of Accounting.

**Wilfrid Laurier University**, Single and Double Degree Programs, regular and co-op, inclusive of the post-undergraduate degree courses needed to complete the 51 credit hours:

- Honours Bachelor of Business Administration, Accounting stream.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Science in Computing Computer Electronics.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Science in Computer Science.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Arts Financial Mathematics.

**Wilfrid Laurier University / University of Waterloo**, Double Degree Programs, regular and co-op, inclusive of the post-degree undergraduate courses needed to complete the 51 credit hours:

- Honours Bachelor of Business Administration (Laurier) / Honours Bachelor of Mathematics (Waterloo).

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<sup>3</sup> The program, or current equivalent, as offered by each of the listed universities.

- Honours Bachelor of Business Administration (Laurier) / Honours Bachelor of Computer Science (Waterloo).

**York University, Schulich School of Business** – Master of Business Administration, Accounting stream, Master of Accounting, Accounting stream, and Bachelor of Business Administration, Accounting stream.

**SCHEDULE C**

**SPECIFIED ACCOUNTING BODIES**

- The Institute of Chartered Accountants of India
- The Institute of Chartered Accountants of Pakistan

**SCHEDULE D**  
**CHALLENGE PATH**

Elements of Challenge Path	Exemptions from Elements of Challenge Path		
	Transition from Legacy CA Professional Education Program (PEP)	Transition from Waterloo MAcc graduate before August 2015	CPA Accredited Program
Core 1 Examination*  Core 2 Examination*	A Student who has successfully completed the Core Knowledge Examination (CKE) on or after June 1, 2011 or is exempt from the requirement to complete the CKE is exempt from the requirement to challenge the Core 1 and 2 Exams.	A Student who has graduated from the Waterloo MAcc before August 2015 is exempt from the requirement to challenge the Core 1 and 2 Exams.	A Student who has graduated from a CPA Accredited Program is exempt from the requirement to challenge the Core 1 and 2 Exams.
Taxation Elective Examination*  Assurance Elective Examination*	A Student who has successfully completed or is exempt from the requirement to complete the SOA (or Supplemental SOA), and has completed the Staff Training program or equivalent, is exempt from the requirement to challenge the Taxation and Assurance Elective Exams.	A Student who has graduated from the Waterloo MAcc before August 2015 and has completed the Staff Training Program or equivalent is exempt from the requirement to challenge the Taxation and Assurance Elective Exams.	A Student who has successfully passed a CPA Accredited Program may be exempt from the requirement to challenge the Taxation and Assurance Elective Exams. See Schedule A to Regulation 9-1 for individual program details.
Capstone 1 Module  Capstone 2 Module	A Student who has successfully completed the UFE is exempt from the requirement to complete Capstone Modules 1 and 2.	A Student who has successfully completed the UFE is exempt from the requirement to complete Capstone Modules 1 and 2.	A Student who has graduated from a CPA Accredited Program may be exempt from the requirement to complete Capstone Modules 1 and 2. See Schedule A to Regulation 9-1 for individual program details
Common Final Exam (CFE) - depth areas must be financial reporting and assurance	A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.	A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.	A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.

\* Must be completed on or before April 30, 2019.

**SCHEDULE E**

**GUIDELINES**

**ASSESSMENT OF COMPETENCIES OF STUDENTS:  
Members of Professional Accounting Bodies Outside of Canada**

**INTRODUCTION**

These Guidelines apply to Legacy CA Students registered in the following categories under this Regulation 9-2:

- Accounting Body Outside Canada (section 3.6);
- Accounting Body Outside Canada – Specified (section 3.7).

**EXEMPTION FROM CANADIAN BUSINESS LAW COURSE REQUIREMENT**

A member of an Accounting Body Outside Canada ordinarily will not have completed a course in Canadian business law as part of their University Degree or professional accounting body's qualification program.

However, a Legacy CA Student from an Accounting Body Outside Canada who has completed one or more University Degree-credit course(s) in Canadian business law may apply for an exemption. Alternatively, the Legacy CA Student may apply for an exemption from this requirement if the Legacy CA Student believes the required knowledge of Canadian business law has been acquired, through the Legacy CA Student's professional qualification(s) and accounting experience. For example, working in a role administering contracts in Canada may demonstrate an understanding and knowledge of one area of Canadian business law.

***Exemption based on course equivalence***

The Legacy CA Student must provide a copy of the official, certified transcript or other certified document or documents confirming successful completion of the course(s) and the detailed course description(s) listing or specifying the topics or subject areas covered in course(s), all of which must be clearly identifiable as being issued or published by the degree-granting institution. The course should provide an introduction to, and a general understanding of, the competencies otherwise required in the Canadian Law course required under section 39.4.3 of this Regulation.

***Exemption based on experience equivalence***

The Legacy CA Student must provide a detailed job description(s) including information as to how the responsibilities carried out or functions performed in the position(s) fulfilled the knowledge requirements outlined above.

**EXEMPTION FROM PRESCRIBED PRACTICAL EXPERIENCE REQUIREMENTS**

Legacy CA Students in the Accounting Body Outside Canada (section 3.6) and Accounting Body Outside Canada – Specified (section 3.7) categories of registration may request exemptions from some or all of the requirement to complete a three-year period of practical experience. The determination to be made by the Registrar upon review of the request is whether the Legacy CA Student has acquired as a result of his or her professional qualification(s) and previously acquired experience in accounting, the depth and breadth of competency development required for the entry-level CA at the time of admission to membership in CPA Ontario, as established by the document entitled, Prescribed Practical Experience 2010, or any successor document.

The determination of the Registrar shall be based upon an assessment of the totality of the Legacy CA Student's previous professional accounting experience completed for the purpose of qualifying for admission to membership in the particular accounting body and subsequent to admission to membership in that body. The assessment should take into account:

- the duration of the period(s) of accounting experience (i.e. the number of months or years);
- the nature of the place(s) of employment or practice in which the accounting experience was obtained;
- the position(s) held by the Legacy CA Student; and
- the progression of the Legacy CA Student's career in professional accounting.

To meet the depth and breadth of competency development required for the entry-level CA at the time of admission to membership in CPA Ontario, the Legacy CA Student must demonstrate to the satisfaction of the Registrar that the Legacy CA Student meets the following minimum requirements:

- Depth of experience – the opportunity to gain sufficient direct working experience in all of the specific competencies of any one of the six competency areas (referred to as the area of depth):
  - o Performance Measurement and Reporting
  - o Assurance
  - o Taxation
  - o Governance, Strategy, and Risk Management
  - o Management Decision-Making
  - o Finance.

For the majority of the specific competencies, the Legacy CA Student is expected to demonstrate Level 2 proficiency. In addition, the Legacy CA Student is expected to demonstrate an awareness of emerging topics in their area of depth, either independently or as part of a team, with little direction or supervision.

- Breadth of experience – the opportunity to gain sufficient direct working experience in at least half of the competencies in TWO additional areas of competency (referred to as areas of breadth) and demonstrate the ability to work at Level 2 proficiency in at least half of those competencies. If the Legacy CA Student's area of depth is not Performance Measurement and Reporting or Assurance, then one of the two areas of breadth must be Performance Measurement and Reporting and must provide the opportunity to gain sufficient direct working experience in the three competencies highlighted in Appendix 1 of the Practical Experience Requirements 2010 approved by the Council, and demonstrate the ability to work at Level 2 proficiency in all three of competencies.
- Experience in all of the Pervasive Qualities and Skills, with the clear expectation that the Legacy CA Student demonstrates at all times the Ethical Behaviour and Professionalism, strong Personal Attributes, and Professional Skills expected of the CA.

Levels of proficiency for qualifying practical experience are:

**Level 1** (works under supervision): Has the basic knowledge and skill required to complete the task assigned but does not complete the task without supervision or assume responsibility for its execution. Requires supervision and direction in completing the tasks as he or she begins applying education to practice.

**Level 2** (works independently): Can apply the underlying knowledge and skill in a practical setting and is able to complete tasks independently or as part of a team with minimal direction or supervision. Assumes responsibility for execution of the task and performs all work with diligence and due care. Treats each situation as an opportunity to further develop professional judgement and/or expand his or her knowledge base.

### ***Duration of professional accounting experience***

The duration of professional accounting experience required for admission to membership in CPA Ontario is a minimum term of three years of experience acceptable to CPA Ontario. A Legacy CA Student who has not obtained at least three years of previous professional accounting experience acceptable to CPA Ontario is required to fulfill a period of experience in accounting as prescribed by the Registrar so that the Legacy CA Student will have obtained by the Day of admission to membership in CPA Ontario an amount of acceptable accounting experience that in aggregate is at least three years in duration.

### ***Nature of the place(s) of employment or practice***

The factors that should be considered by the Registrar in respect of the nature of the place of employment or practice are:

- As applicable,
- The nature or line of business (for example, financial services, manufacturing, natural resources, retailing, information technology), and examples of the major clients, customers, or recipients of the products or services, or
- The nature of the professional services provided, including whether the services were public accounting or related areas (for example, assurance/attestation, taxation, advisory

services) and examples of the major clients, customers, or recipients of the products or services

- The size of the business or practice, with reference to matters such as total number of staff, number of partners, total annual revenues, or budget
- The corporate structure (e.g. for-profit corporation, not-for-profit corporation, public sector/governmental organization, academic institution, partnership, proprietorship) and in respect of a corporate entity, whether it is/was a publicly listed or publicly traded entity or a privately owned/not publicly listed entity.

### ***The position(s) held by the Legacy CA Student***

In respect of the positions(s) held by the Legacy CA Student, the Registrar should consider:

- the title of each position held;
- the level or seniority of the position within the place of employment or practice, with reference to matters such as to whom (position) the Legacy CA Student directly reported or was accountable and the placement of the position within the overall management or governance structure;
- the breadth and complexity of the responsibilities assigned to the Legacy CA Student in the position held;
- the breadth and depth of competency development during the period that the Legacy CA Student held the position.

### ***The progression of the Legacy CA Student's career in professional accounting***

Position-specific indicators that should be considered by the Registrar when determining a Legacy CA Student's progression through his or her career in professional accounting include demonstration of work functions or the provision of professional services in defined positions that:

- require increasing competency development;
- require the ability of the Legacy CA Student to handle increasingly complex tasks;
- involve increasing levels of responsibility;
- provide increased ability and opportunity to supervise, manage, and mentor others and decreased level of supervision of the Legacy CA Student throughout their career path, that may be measured by
  - o number of supervisors;
  - o number of direct reports;
  - o changes in position or job titles;
  - o changes to job responsibilities and accountabilities;
- provide opportunities for the Legacy CA Student to learn from supervisors who are deemed experts in their field (exposed to or mentored by other professionals).



Progression to successively more senior positions and/or demonstration of progressively higher levels of proficiency over the course of a Legacy CA Student's employment or practice with a particular entity or throughout the Legacy CA Student's total period(s) of accounting experience should also ordinarily indicate greater breadth and depth of competency development. A Legacy CA Student who has achieved through their previous employment or practice a position or level as a partner, senior executive, director or officer should ordinarily be considered to have achieved a higher level of proficiency as well as greater breadth and depth of competency development than a Legacy CA Student who would have held a less senior position.

**SCHEDULE F**

**PRACTICAL EXPERIENCE REQUIREMENTS**

**INTRODUCTION**

This policy is intended to provide clarity on the transition to the Practical Experience Requirements that apply to Legacy CA Students registered with Chartered Professional Accountants of Ontario (CPA Ontario) on or after September 1, 2009. This Regulation 9-2 and Regulation 17-1 in conjunction with the CA Practical Experience Requirements, 2010 prescribe the Practical Experience Requirements for Legacy CA Students seeking membership in CPA Ontario.

This policy supplements the CPA Ontario's Regulations and Practical Experience Requirements to ensure consistency and appropriate application. Students are encouraged to use this policy as a tool to assist in measuring the requisite period of practical experience that must be acquired before qualifying.

**CONTEXT**

Qualification is an integrated process of academic study, professional education and evaluation, and practical experience. Practical experience grounds formalized learning in today's workplace, contributing additional hands-on professional competencies, and enriching and consolidating the development process. Professional conduct and ethical behavior, along with the protection of the public interest, are integrated and emphasized throughout the process.

A primary consideration in setting the CPA Ontario's Practical Experience Requirements is the adherence to international accounting standards that mutually support the development of Ontario's qualified CPAs. The internationally recognized standard as set by the International Federation of Accountants under the International Education Standard 5, Practical Experience Requirements (IES5) prescribes that the period of practical experience should be a minimum of 3 years. This Regulation 9-2 is consistent with this international standard, and with the CPA Ontario's mandate to maintain full reciprocity across accounting bodies in other jurisdictions.

As a result, there exists a continuum that begins at the Day of the Legacy CA Student's registration and extends past the minimum 30-month period of required practical experience. Accordingly, there may be confusion among Legacy CA Students, Members, and employers when determining the point of time on the continuum, that constitutes the Day that a Legacy CA Student's practical experience is completed. The guidance provided in this policy is to mitigate this concern.

**DEFINITIONS**

In this Policy,

**"add-in"** means leave time taken during a Legacy CA Student's 30-month prescribed period of practical experience in excess of or for any reason other

than the amount of time granted under a permitted allowance, that has a corresponding impact on a Legacy CA Student's practical experience Completion Date;

**“competency development”** includes the depth and breadth of technical competencies, as well as the pervasive qualities and skills, as outlined in the CA Practical Experience Requirements, 2010.

**“Completion Date”** means the Day that the Legacy CA Student has completed the 30-month period of prescribed practical experience;

**“permitted allowance”** means leave time that may be taken by each Legacy CA Student during his or her 30-month prescribed period of practical experience, without having a corresponding impact on the Legacy CA Student's practical experience Completion Date.

## ACCRUING PRACTICAL EXPERIENCE

Practical experience is recognized from the Day a Legacy CA Student commences employment with an approved CATO or Pre-Approved Program, provided the employment is not more than three months before the Day of registration (this Regulation 9-2, sections 6.2.1 and 6.2.2). Practical experience is accrued by obtaining relevant experience for competency development on the basis of full-time employment or part-time employment, considered on a fractional basis, at a CATO or Pre-Approved Program.

Generally, the practical experience requirement under both Regulation 9-2 and the CA Practical Experience Requirements, 2010 is 3 years or 36 months, including leave time for professional education. Section 55 of this Regulation 9-2 provides specific carve outs for study leave, attending training programs, vacation, and leaves of absence. Cumulatively, this translates into a minimum of 30 months of employment with a CATO or Pre-Approved Program.

### *Reconciling the 30- and 36-Month Requirements*

The majority of Legacy CA Students in Ontario typically complete their term of practical experience before 36 months, and only after fulfilling the minimum 30-month requirement. The linkage between 30 and 36 months is the allowable time given to Legacy CA Students relating to the preparation for professional education programs completed outside of work hours (other than that which extends the period of employment) or other interruptions in employment that constitute a break in service.

Virtually all Legacy CA Students are able to complete the prescribed term of practical experience at some point between 30 and 36 months, depending on each Legacy CA Student's individual circumstances. The 36-month benchmark is in place to ensure that CPA Ontario is in compliance with the IES5, while recognizing that temporary breaks in the accrual of a Legacy CA Student's 30 months of practical experience during the legacy CA qualification process are both expected and for which are accounted.

### ***Breaks in Practical Experience Accrual***

The period of prescribed practical experience is calculated based on the 30-month requirement, taking into account all periods of permitted absences and excluding any periods that have been specifically enumerated as an add-in in this policy or that constitute leave time in excess of permitted allowances.

The characterization of a break in the accrual of practical experience as either a permitted allowance or an add-in is used to establish each Legacy CA Student's Completion Date. Legacy CA Students will continue to accrue practical experience for permitted allowances, and any leave time taken thereunder will not impact a Legacy CA Student's Completion Date. By contrast, practical experience does not accrue for leave time that is deemed to be an add-in. Accordingly, any add-ins will result in a corresponding adjustment to the Legacy CA Student's Completion Date by adding the amount of leave time to a Legacy CA Student's Completion Date.

#### **A. Permitted Allowances - Completion Date Not Affected**

A Legacy CA Student's 30-month period of prescribed practical experience is inclusive of the following permitted allowances during which time practical experience will continue to accrue:

- attending CPA Ontario's staff training program or an approved in-firm program, and attending other job training programs required by the designated office where the Legacy CA Student is employed, to a maximum of 5 weeks;
- leaves taken for illness or compassionate reasons, to a maximum of 5 weeks; and
- vacation or leaves of absence taken in lieu of vacation, to a maximum of 8 weeks.

Leave time that is not specifically enumerated above, but that is treated in the same manner as a permitted allowance includes the following:

- overtime hours or lieu time, that cannot be used to reduce the prescribed period of practical experience or establish an earlier Completion Date;
- total leaves of absence for each type of permitted absence set out above provided:
  - o the total leave does not exceed the maximum permitted leave; and
  - o the Legacy CA Student remains an employee of the approved CATO or Pre-Approved Program during unpaid leave and returns to active paid employment with the approved CATO or Pre-Approved Program for a reasonable period of time after the leave expires; or
  - o the Legacy CA Student remains an employee of the approved CATO or Pre-Approved Program and is paid during the leave.

#### **B. Add-ins - Completion Date Affected**

A Legacy CA Student's 30-month period of prescribed practical experience is exclusive of the following add-ins during which time practical experience will not accrue:

- any vacation or leave of absence taken in excess of the maximum amounts that qualify as permitted absences;
- any period of time during which the Legacy CA Student is or was not employed with an approved CATO or Pre-Approved Program;
- time spent attending the School of Accountancy (the “SOA”);
- time spent writing or rewriting the UFE or CFE;
- time spent attending university, other than part-time attendance of the purpose of acquiring required credit-hours while being employed with an approved CATO or Pre-Approved Program; and
- any interruption of employment resulting from a change from one approved CATO or Pre-Approved Program to another that constitutes a break in service.

### C. Maternity Leave

Maternity and parental leave not exceeding the maximum number of weeks provided by statute will not affect a Legacy CA Student’s registration and eligibility to attend the SOA or write the UFE/CFE if the Student is otherwise eligible.

### ***Summer Students Employed in CATO Before September 1, 2011***

Before this Regulation 9-2 coming into force on July 16, 2011, Legacy CA Students were granted retroactive recognition of up to 8 months of summer employment that was acquired before the Legacy CA Student’s Day of registration. Under the new Regulation 9-2, section 6.2.2, a maximum of only 3 months of summer or other part-time experience acquired before the Day of registration may be counted towards a Legacy CA Student’s practical experience requirement. However, this provision should be read in light of sections 54 and 63 of this Regulation 9-2, that confers discretion on the Registrar to accept a period(s) of pre-registration employment experience and make a corresponding adjustment to the Legacy CA Student’s practical experience requirement.

Section 54 provides that “[e]very Legacy CA Student shall complete a period of three years of practical experience, less any period determined by the Registrar to have been completed before registration.” Section 63 further provides that “...the Registrar may, in exceptional circumstances, recognize a greater amount of pre-registration employment as part of the Practical Experience Requirement, but in no circumstances shall more than eight months be recognized.”

Taken together, sections 54 and 63 form the basis of the discretion of the Registrar to determine whether current or prospective Students who were hired for summer or other part-time employment by CATOs before September 1, 2011 qualify as an “exceptional and unique circumstance” under section 63. These Legacy CA Students are eligible to receive retroactive recognition for up to 8 months of practical experience acquired before the Day of registration. This transitional accommodation is intended to ensure that affected Legacy CA Students are not disadvantaged by the change in employment and experience requirements set out in the new Regulation 9-2.

Any Legacy CA Students or prospective Legacy CA Students who were hired or will be hired by CATOs or Pre-Approved Programs on or after September 1, 2011 will continue to be governed by this Regulation 9-2, section 6.2.2 and will receive recognition for up to 3 months of pre-registration experience. Legacy CA Students wishing to receive recognition for additional pre-registration experience will be granted exemptions on a case-by-case basis in accordance with the exceptional and unique circumstances criteria set out in section 63.

**APPENDIX A**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**ACADEMIC CODE OF CONDUCT**

Provided under separate cover

**APPENDIX B**

**CPA ONTARIO PRACTICAL EXPERIENCE REQUIREMENTS**

Provided under separate cover



**APPENDIX C1**

**CPA HARMONIZED EDUCATION POLICIES  
VOLUME 1**

Provided under separate cover

**APPENDIX C2**

**CPA HARMONIZED EDUCATION POLICIES  
VOLUME 3**

Provided under separate cover

**APPENDIX D**

**CPA ONTARIO STUDENT CODE OF CONDUCT**

Provided under separate cover

**APPENDIX E**

**TRANSCRIPT ASSESSMENT POLICY**

Provided under separate cover

**APPENDIX E**

**TRANSFER CREDIT POLICY**

Provided under separate cover

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 10-1**

**FIRMS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018 and amended on September 25, 2019.**

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**REGULATION 10-1  
FIRMS**

**Application**

This Regulation applies to Firms. Members who engage in the Practice of Public Accounting or Provide Accounting Services to the Public must do so only through Firms registered with CPA Ontario. This Regulation sets out additional requirements for Firms.

**Definitions and Interpretation**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “Firm domain name” refers to the URL or web address associated with a Firm’s website.
  - 1.2 “Firm Representative” has the meaning given to it in the By-law, and may also be referred to as Local Senior Officer or LSO by CPA Ontario;
  - 1.3 “partner” refers to a Member or a Member’s Professional Corporation that is a partner of a Firm that is a partnership, including a limited liability partnership; and
  - 1.4 “Related Business or Practice” means a business or practice that refers to, or is referred to by, a Practice of Public Accounting or Providing Accounting Services to the Public in its material (including any use of any name, word, design, feature, or characteristic of presentation or communication) which, in a reasonable person’s view, would imply that the Practice of Public Accounting or Providing Accounting Services to the Public, or any of its proprietors, has a proprietary interest or management influence in the other business or practice, or has any other ongoing economic association or relationship with the other business or practice.
2. For the purposes of this Regulation, a reference to the registration of a Firm means the registration of each office of the Firm through which a Member engages in the Practice of Public Accounting or Provides Accounting Services to the Public.

**Registration**

3. The Registrar shall register as a Firm any partnership, Professional Corporation, or sole proprietorship Providing Accounting Services to the Public or engaged in the Practice of Public Accounting that otherwise meets all of the requirements of the Act, by-laws, and this Regulation and that, to the satisfaction of the Registrar:
  - 3.1 makes an application for registration in the prescribed form and pays the prescribed fee;

- 3.2 discloses all Related Businesses or Practices, if any;
  - 3.3 discloses whether any of its partners or shareholders is the subject of an investigation, or is or has been the subject of disciplinary proceedings by CPA Ontario or any other Regulatory Body, whether or not they are a member of that Regulatory Body, and provides the consent(s) of the partner(s) or shareholder(s) permitting the Registrar to access information about the investigation or disciplinary proceedings from that Regulatory Body; and
  - 3.4 provides all other information, documents, and materials requested by the Registrar.
4. The Registrar may defer consideration of an application for registration until such time as any disclosed investigation or discipline proceeding has been concluded.
5. The Registrar shall not register a Firm, and shall not issue a Registration Certificate to a Firm, that:
- 5.1 fails to make any disclosure or provide any information, document, or other materials required by this Regulation; or
  - 5.2 provides information or a document or materials that the Registrar knows or believes is false or misleading, unless the Registrar is satisfied that the falsehood or misleading information, document, or material is not material and was made inadvertently.
6. Every Firm shall, upon registration, provide the Registrar with:
- 6.1 the name, title, business address, and email address of a Member, who is designated to act as the Firm Representative; and
  - 6.2 the name, business address, telephone number, and website URL, if applicable, of the Firm.
7. No Student may register a Firm.
8. A Related Business or Practice shall not be promoted as a Firm.
9. An application for registration as a Firm after an order deregistering the Firm or permitting the Firm to surrender its registration made by an Adjudicative Committee shall be made by:
- 9.1 fulfilling the qualifications for registration as set out in this Regulation;
  - 9.2 obtaining written confirmation from the Registrar that the Firm otherwise meets the requirements for registration, as provided in the applicable provisions of Regulation 6-2 or 6-3; and



- 9.3 making an application to the Adjudicative Committee that made the deregistration order, under the applicable provisions of Regulation 6-2 or 6-3.
10. A Firm that has been deregistered shall not be permitted to register again except in extraordinary circumstances at the discretion of, and on the restrictions and conditions deemed appropriate by, the Registrar, the Discipline Committee, or the Appeal Committee, as the case may be.

**Firm Name**

11. In accordance with section 13, the Registrar shall be entitled to approve or reject the name, and any change of name, by which the Firm intends to, and does, engage in the Practice of Public Accounting, or in Providing Accounting Services to the Public. The Registrar's decision shall not be subject to review or appeal.
12. A Firm may apply for the Registrar's pre approval of its name by making an application in the prescribed form. The Registrar's pre-approval of a name shall remain valid for a period of 180 Days, but shall remain subject to the Registrar's continuing discretion to approve or reject the name. The Registrar's pre approval of a Firm name does not constitute CPA Ontario's reserving the name.
13. A Firm's name:
- 13.1 shall not be the same or misleadingly similar to a name held by another unrelated Firm, and shall not otherwise be misleading, self-laudatory, contravene professional good taste, or use a Fellow distinction; and
- 13.2 shall comply with the By-law, Code, Business Names Act and, if applicable, the Business Corporations Act and the regulations adopted under that Act.
14. If changes in a Firm's circumstances or practice occur that make the Firm name misleading, the Firm shall immediately apply to the Registrar to change its name.
15. No Firm, and no Member at any Firm, shall engage in the Practice of Public Accounting or Providing Accounting Services to the Public, or hold itself out, in any name other than the approved Firm name.
16. The Registrar may suspend the membership of the Firm Representative of a Firm that engages in the Practice of Public Accounting or in Providing Accounting Services to the Public using a non-compliant name.
17. Only a Firm in good standing may use CPA Ontario's logo or other marks and always in compliance with CPA Ontario's intellectual property licensing requirements.
- 17.1 The CPA designation and initials may be used in the Firm's domain name only if the designation and initials are likewise part of the Firm's registered name.

**Updates**

18. A Firm shall:
- 18.1 disclose to the Registrar if it or any of its partners or shareholders becomes the subject of an investigation or of disciplinary proceedings by another Regulatory Body, whether or not they are members of that Regulatory Body, and provide the consent(s) of the Firm and its partner(s) or shareholder(s) permitting the Registrar to access information regarding the investigation or disciplinary proceedings from that Regulatory Body;
  - 18.2 disclose to the Registrar any changes in the information submitted in its application for registration as a Firm within 30 Days of the change; and
  - 18.3 provide all other information, documents, and materials requested by the Registrar from time to time.
19. Any changes in the information submitted by a Firm in its application for registration as a Firm shall be subject to the Registrar's approval.

**Bankruptcy**

20. A Firm, and any person applying for registration as a Firm, shall disclose to the Registrar immediately upon:
- 20.1 becoming the subject of an application for a bankruptcy order;
  - 20.2 making an assignment for the general benefit of creditors;
  - 20.3 making or becoming the subject of a Division I or Division II proposal; or
  - 20.4 having a business which the Firm controls, directly or indirectly, become subject to a bankruptcy order,
- as set out in the Bankruptcy and Insolvency Act.
21. The disclosure referenced in section 20 shall be in writing, and shall include:
- 21.1 documents about the subject of the disclosure to the satisfaction of the Registrar or, if a document is not yet available, an undertaking to provide the document as soon as it becomes available;
  - 21.2 the pleadings related to the subject of the disclosure or, if the pleadings are not yet filed, an undertaking to provide the pleadings as soon as they become available;
  - 21.3 documents about the financial circumstances of the Firm or person applying for registration as a Firm to the satisfaction of the Registrar, including income tax returns, financial statements, and financial records; and

- 21.4 a consent permitting CPA Ontario to directly access information and documents related to the subject of the disclosure from the trustee, the Superintendent (as defined in the Bankruptcy and Insolvency Act), or the official receiver, as the case may be.
- 22. The person making the disclosure shall also immediately provide any other information and documents requested by or on behalf of the Registrar, unless the person is asserting in good faith and on reasonable grounds the specific information or document requested is subject to legal privilege and that privilege is not waived.
- 23. The Registrar shall, in respect of a person applying for registration as a Firm, consider the disclosure and the information and documents provided under sections 21 and 22, and shall, provided the person otherwise meets the requirements for registration as a Firm:
  - 23.1 register the person as a Firm;
  - 23.2 register the person as a Firm, subject to one or more of the following restrictions and/or conditions:
    - 23.2.1 engaging, for a time specified, an advisor or supervisor;
    - 23.2.2 restricting the practice in a specified manner for a specified period of time;
    - 23.2.3 reporting as specified to the Registrar on the progress of the subject of the disclosure; or
    - 23.2.4 any other restrictions and/or conditions the Registrar deems appropriate; or
  - 23.3 refuse to register the person as a Firm.
- 24. The Registrar shall, in respect of a Firm, consider the disclosure and the information and documents provided under sections 21 and 22, and shall, provided the Firm otherwise meets the requirements for Firms:
  - 24.1 take no further action;
  - 24.2 require the Firm to practise subject to one or more of the following restrictions and/or conditions:
    - 24.2.1 engaging, for a time specified, an advisor or supervisor;
    - 24.2.2 restricting the practice in a specified manner for a specified period of time;
    - 24.2.3 reporting as specified to the Registrar on the progress of the subject of the disclosure; or

- 24.2.4 any other restrictions and/or conditions the Registrar deems appropriate; or
  - 24.3 suspend the registration of the Firm until the fulfillment of the terms and/or conditions imposed by the Registrar.
- 25. The Registrar, in making a decision provided for in sections 23 and 24, shall consider appropriate factors, which may include:
  - 25.1 the circumstances pertaining to the event requiring disclosure under section 20 and to the conduct of the person making the disclosure;
  - 25.2 the extent to which the event requiring disclosure may put at risk the interests of:
    - 25.2.1 any client or employer associated with the person making the disclosure; or
    - 25.2.2 any other party impacted or affected by the event;
  - 25.3 the number and nature of creditors affected;
  - 25.4 whether any potential civil or criminal liability has arisen as a result of the event requiring disclosure;
  - 25.5 the current financial circumstances of the person making the disclosure;
  - 25.6 the anticipated Day of release from insolvency; and
  - 25.7 whether the person making the disclosure can perform, without impairment, the essential duties of any current or anticipated business or practice.

### **Registration Certificates**

- 26. Upon registration, a Firm is entitled to receive one Registration Certificate.
- 27. The Registration Certificate is the property of CPA Ontario, and shall be immediately destroyed upon request of the Registrar.

### **Voluntary Surrender of Registration**

- 28. A Firm may apply in writing to the Registrar in the prescribed form to surrender its registration.
- 29. The Registrar shall not accept an application made under section 28 if the Firm:
  - 29.1 is all or part of a practising unit that is the subject of a practice inspection or a practice reinspection;

- 29.2 is the subject of a complaint, including any review, investigation, proposed settlement agreement, or Allegations by the Professional Conduct Committee;
  - 29.3 has not fully complied with a settlement agreement or order of a Committee of CPA Ontario;
  - 29.4 has not demonstrated that it will maintain discovery insurance for a period of six years as required under section 9 of Regulation 14-1: Professional Liability Insurance; and/or
  - 29.5 owes any Dues to CPA Ontario.
30. The Registrar may require a Firm to fulfill such conditions as, in the discretion of the Registrar, are necessary to protect the public interest and the reputation of the Profession before accepting the application for surrender.

**Administrative Suspension, Reinstatement, and Deregistration**

31. The Registrar may suspend the registration of any Firm for the failure to maintain professional liability insurance in accordance with the By-law.
32. The Registrar may suspend the Firm Representative upon the breach by the Firm of the obligations listed in section 10.7.2 of the By-law.
33. The Registrar shall reinstate the Firm or Firm Representative once:
- 33.1 the obligations listed in section 10.7.2 of the By-law are satisfied, to the satisfaction of the Registrar;
  - 33.2 the Firm or Firm Representative files for reinstatement in the prescribed form; and
  - 33.3 the Firm or Firm Representative pays the reinstatement fee,
- unless otherwise provided in the by-laws or Regulations.
34. The Registrar shall deregister any Firm as provided in section 10.8 of the By-law.
35. The Registrar shall revoke the membership of any Firm Representative as provided in section 7.7 of the By-law, unless:
- 35.1 otherwise provided in the by-laws or Regulations; or
  - 35.2 that Firm Representative is the subject of a practice inspection, or an investigation, proposed settlement agreement, referral, or Allegation by the Professional Conduct Committee or the Registrar, or is subject to an order of the Capacity Committee.

**Appeal of Registrar's Decisions**

36. A person who is refused registration as a Firm, or who is registered as a Firm subject to restrictions and/or conditions on practice, and a Firm that becomes subject to restrictions and/or conditions on practice, is suspended, or is deregistered, may appeal the Registrar's decision to the Admission and Registration Committee.
37. The parties to an appeal are the person appealing and the Registrar.
38. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-1.
39. On hearing the appeal, the Admission and Registration Committee may confirm or vary the decision being appealed, or may substitute its own decision for that of the Registrar.
40. The Admission and Registration Committee's decision is final.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 11-1**

**DUES AND FEES**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018 and amended to March 31, 2020**

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**REGULATION 11-1  
DUES AND FEES**

**Application**

This Regulation sets out requirements for Members, Students, and Firms to pay Dues, and provides information on the payment of Fees.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “CPA Canada Dues” means the annual amount collected by CPA Ontario for CPA Canada for the Member;
  - 1.2 “Fees” means the fees set and charged by CPA Ontario to any person for the processing of an application, providing a service, or any administrative matter, but does not include any Dues;
  - 1.3 “Recognized Professional Accounting Body” has the same meaning as in Regulation 7-2;
  - 1.4 “Related Business or Practice” has the same meaning as in Regulation 10-1; and
  - 1.5 “Schedule of Dues” means the schedule of all Dues, including their description, amount, dates owing, and late payment amounts, as approved by the Council from time to time.

**General Obligation**

2. Every Member, Student, and Firm shall pay Dues to CPA Ontario as required by the By-law and this Regulation by the dates and in the amounts set out in the Schedule of Dues.
  - 2.1 For purposes of Dues payable by Members, Students and Firms in 2020, the President and Chief Executive Officer may extend any one or more of the dates set out in the Schedule of Dues by up to 90 days, as may be deemed appropriate in each case.
3. The Dues shall include all applicable taxes.

**Membership Dues**

4. Every Member shall pay the following Dues:



- 4.1 annual dues;
  - 4.2 CPA Canada Dues;
  - 4.3 any special purpose assessment levied by the Council;
  - 4.4 any amount assessed for the failure to pay any Dues or complete any obligation or declaration within the time required; and
  - 4.5 a practice inspection due for an inspection of the Member, if any.
5. The Registrar shall suspend a Member for the failure to pay any Dues as required.

**Student Dues**

6. Every Student shall pay the following Dues:
- 6.1 annual dues; and
  - 6.2 any amount assessed for the failure to pay any Dues or complete any obligation or declaration within the time required.
7. The Registrar shall suspend a Student for the failure to pay any Dues as required.

**Firm Dues**

8. Every Firm engaged in the Practice of Public Accounting or Providing Accounting Services to the Public shall pay the following Dues:
- 8.1 an annual practitioner due for each Member residing or practising in Ontario, who, as of the date set by the Registrar:
    - 8.1.1 is a proprietor, partner, shareholder, or employee of the Firm; or
    - 8.1.2 engages in the Practice of Public Accounting or Providing Accounting Services to the Public through the Firm; or
    - 8.1.3 otherwise receives any income, excluding pension or retirement investment income, from the Firm, including, for the 2018/19 Dues year for annual practitioner dues, through the engagement by or employment with a Related Business or Practice,
- provided that only one practitioner due shall be payable for a Member annually;
- 8.2 a practice inspection due for an inspection of the Firm, if any; and
  - 8.3 any amount assessed for the failure to pay any Dues or complete any obligation or declaration within the time required.

**Exemptions – Annual Membership Dues**

9. The following Members shall be exempt from the payment of the annual dues and the CPA Canada Dues:
- 9.1 Members who, on April 1 of the year the Due is due, are 65 or more years of age, and who have been granted retired member status in another Provincial Body or a Recognized Professional Accounting Body, and have been a Member In Good Standing for at least one year.
- 9.2 Members who, on April 1 of the year the Due is due, are 55 or more years of age and whose:
- 9.2.1 gross income from all employment, director's fees, and net income from self-employment (excluding employment insurance, pension income, investment income, support payments, and disability income) is not greater than CDN\$25,000; and
- 9.2.2 age and the total number of years of continuous membership in good standing in CPA Ontario and one or more Provincial Bodies or a Recognized Professional Accounting Body equals or exceeds the sum 70.
- 9.3 Members who have retired member status in another Provincial Body or a Recognized Professional Accounting Body and who have been a Member in Good Standing for 15 continuous years.
- 9.4 Members who have been granted retired member status with CPA Ontario before July 2, 2014.
- 9.5 Life Members.

**Additional Exemption for Life Members**

10. In addition to the exemption in section 9, every Life Member shall be exempt from the payment of any special purpose assessment levied by the Council.

**Reductions of Member Dues**

11. The annual dues of a Member for a particular year shall be reduced to 50% of the amount set out in the Schedule of Dues for that year if CPA Ontario receives a Member's application to resign before June 30 in any given year, and the Member is permitted to resign.
12. The Registrar:

- 12.1 may upon a Member's declaration of meeting the applicable criteria set out in Appendix A, reduce the annual dues and CPA Canada Dues of the Member for the current year:
- 12.1.1 to zero, in the case of:
    - 12.1.1.1 financial hardship, provided the Member has previously received no more than two reductions by reason of financial hardship;
    - 12.1.1.2 humanitarian, community, or religious volunteer service;
    - 12.1.1.3 religious employment;
    - 12.1.1.4 medical circumstances; or
    - 12.1.1.5 full time enrollment in a PhD accounting program; and
  - 12.1.2 to 50% of the amount set out in the Schedule of Dues in the case of:
    - 12.1.2.1 full time university attendance; or
    - 12.1.2.2 parental or family care leave; and
- 12.2 may, in circumstances other than those referred to in section 12.1, reduce a Member's payment of any Dues in extraordinary circumstances where there is a demonstrated inability to pay.

### **Deferral of Student Dues**

13. The Registrar may defer a Student's payment of any Dues or portion of Dues in extraordinary circumstances as set out in Appendix B.

### **Documentation**

#### ***Retention***

14. Every Member shall retain documents, records, and other evidence of meeting the criteria for any reduction or exemption from Dues satisfactory to CPA Ontario, for the previous three years.

#### ***Production***

15. A Member shall, upon request, produce any document, record, declaration, evidence, or other item relating to any reduction or exemption from Dues.

**Compliance Audit**

16. The Registrar shall select Members to be audited for compliance with this Regulation.
17. The Registrar shall advise Members selected for audit of the information, documents, and materials required from the Member and the format in which the information, documents, and materials are to be provided.
18. A Member shall comply with the requirements of the notice provided under section 17 within 30 Days of the date of that notice.
19. The Registrar shall review the information, documents, and materials provided under section 18, and may:
  - 19.1 require the Member to provide further information, documents, and materials relating to, or in support of, the information, documents, and materials provided by the Member;
  - 19.2 require the Member to pay Dues in the amount set by the Registrar, not exceeding the amounts in the Schedule of Dues;
  - 19.3 take no further action; or
  - 19.4 suspend the Member.

**Fees**

20. All Fees charged by CPA Ontario shall be posted in a publicly accessible location on its website.
21. CPA Ontario shall periodically review all Fees and may amend any Fee to satisfy itself the Fee remains reasonable relative to the cost to CPA Ontario, including the following without duplication:
  - 21.1 the direct cost;
  - 21.2 the amount charged or set by a third party;
  - 21.3 development and marketing costs; and
  - 21.4 CPA Ontario's costs of overhead and operations.
22. Any Fees not received by the due date set by CPA Ontario may result in a late payment fee and/or CPA Ontario's refusal to:
  - 22.1 accept an application;

## REGULATIONS

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- 22.2 provide enrollment in a course or program, continue enrollment in a course or program, or accept the completion of a course or program or a component of a course or program; and/or
- 22.3 provide goods or services.
- 23. CPA Ontario may retain all or a portion of a Fee paid, in accordance with its policies, in circumstances in which the purpose for which the Fee is paid is not complete by reason of action or inaction of the person paying the Fee, or on whose behalf the Fee is paid.

**SCHEDULE OF DUES**

Dues listed are in Canadian dollars and do not include applicable taxes

***Member Dues***

<b>Due</b>	<b>Description</b>	<b>Amount</b>	<b>Due date</b>	<b>Date late due added</b>	<b>Date suspension will be imposed for non-payment</b>
<b>Annual Membership Due (“AMD”) – Full</b>	Regular amount for the annual due (section 4.1)	\$580	April 1	June 2	July 2
<b>AMD – Other Provincial Body</b>	Annual due amount for Members paying full membership dues to another Provincial Body	\$290	April 1	June 2	July 2
<b>AMD – Prior year admission</b>	Prior year admissions January 1 to March 31 for those who were previously Students	\$130	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission</b>	Current year admissions April 1 to September 30 for those who were previously Students	\$280	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission</b>	Current year admissions October 1 to December 31 for those who were previously Students	\$290	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission</b>	Current year admissions April 1 to September 30 for those who were not previously Students	\$580	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission (Other Provincial Body)</b>	Current year admission April 1 to September 30 if full dues paid in other Provincial Body	\$290	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission</b>	Current year admissions October 1 to March 31 for those who were not previously Students	\$290	On admission	60 Days after due date	90 Days after due date
<b>AMD – Current year admission (Other Provincial Body)</b>	Current year admissions October 1 to March 31 if full dues paid in other Provincial Body	\$145	On admission	60 Days after due date	90 Days after due date

## REGULATIONS

<b>Due</b>	<b>Description</b>	<b>Amount</b>	<b>Due date</b>	<b>Date late due added</b>	<b>Date suspension will be imposed for non-payment</b>
<b>AMD – Outside Canada</b>	Annual due for those Members residing outside Canada or Bermuda and not providing accounting services in Ontario	\$290	April 1	June 2	July 2
<b>CPA Canada Due – Full</b>	Regular amount for the CPA Canada Due (section 4.2)	\$400	April 1	June 2	July 2
<b>CPA Canada Due – Outside Canada</b>	CPA Canada Due for those Members residing outside Canada or Bermuda and not providing accounting services in Ontario	\$325	April 1	June 2	July 2
<b>CPA Canada Due – Current year admission</b>	Current year admissions October 1 to December 31 for those who were previously Students	\$200	On admission	60 Days after due date	90 Days after due date
<b>CPA Canada Due – Exempt – Current year admission</b>	Current year admissions January 1 to March 31 for those who were previously a Students	\$0	-	-	-
<b>CPA Canada Due – Exempt – Other Provincial Body</b>	Members paying full CPA Canada Due through a Provincial Body	\$0	-	-	-
<b>CPA Canada Due – Current year admission</b>	Current year admission April 1 to September 30 for those who were not previously Students	\$400	On admission	60 Days after due date	90 Days after due date
<b>CPA Canada Due – Current year admission (Other Provincial Body)</b>	Current year admission April 1 to September 30 for those who paid full CPA Canada Due through a Provincial Body	\$0	-	-	-
<b>CPA Canada Due – Current year admission</b>	Current year admissions October 1 to March 31 for those who were not previously Students	\$200	On admission	60 Days after due date	90 Days after due date
<b>CPA Canada Due – Current year admission (Other Provincial Body)</b>	Current year admission October 1 to March 31 for those who paid full CPA Canada Due through a Provincial Body	\$0	-	-	-

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### ***Student Dues***

<b>Due</b>	<b>Description</b>	<b>Amount</b>	<b>Due date</b>	<b>Date late Due added</b>	<b>Date suspension will be imposed for non-payment</b>
<b>Annual Student Due ("ASD") – Full</b>	Regular amount for the annual Student Due (section 6.1)	\$600	January 1	March 1	April 1
<b>ASD – Partial</b>	Current year registrations July 1 to October 31	\$300	On registration	N/A	N/A
<b>ASD – Partial</b>	Current year registrations November 1 to December 31	\$600 (to be applied to next year ASD)	On registration	N/A	N/A
<b>ASD – Undergraduate Student</b>	Annual Student Due charged to Students who are currently enrolled full-time in their undergraduate program	\$300	January 1	March 1	April 1
<b>ASD – Undergraduate Student – Partial</b>	Current year registrations November 1 to December 31	\$300 (to be applied to next year ASD)	On registration	N/A	N/A

### ***Firm Dues***

<b>Due</b>	<b>Description</b>	<b>Amount</b>	<b>Due date</b>	<b>Date late Due added</b>	<b>Date suspension will be imposed for non-payment</b>
<b>Annual practitioner due</b>	Due assessed per Member (section 8.1)	\$260	September 30	October 2	November 1
<b>Practice inspection due</b>	Amount charged to a Firm for a practice inspection (section 8.2)	\$205/hour	Upon receipt of an invoice for the amount	30 Days after due date	60 Days after due date



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## REGULATIONS

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### ***Late Dues***

<b>Due</b>	<b>Description</b>	<b>Amount</b>
<b>Late Due (\$500 or more)</b>	Amount charged by CPA Ontario to a Member, Student, or Firm for the failure to pay any Due by its due date and the amount outstanding is equal to or greater than \$500 (sections 4.4, 6.2 and 8.3)	\$100
<b>Late Due (under \$500)</b>	Amount charged by CPA Ontario to a Member, Student, or Firm for the failure to pay any Due by its due date and the amount outstanding is between \$100 and \$499 (sections 4.4, 6.2 and 8.3)	\$45
<b>Late Due (CPD)</b>	Amount charged by CPA Ontario for failure to comply with the CPD obligation (section 9 of Regulation 7-2)	\$25

**APPENDIX A**

**REDUCTION OF MEMBER DUES**

A Member may be granted a reduction of Dues, as set out below and in this Regulation.

***Income and Equity Tests***

The income test referred to below is based on Statistics Canada's *Low-Income Lines, 2010 to 2011 Table 2: Low Income Cut offs (1992 base) Before Tax*. The amount is adjusted annually and published on the CPA Ontario website.

The equity test is based on the Member's equity. If the Member shares equity with others, they must meet the equity test based on their share of the equity.

***Financial Hardship/Unemployment***

Available to a Member who declares that their projected business and employment gross earnings (excluding investments, pension, disability, employment insurance, etc.) for the current calendar year will be less than the income test amount and net equity is less than \$200,000.

A financial hardship/unemployment reduction may only be granted a maximum of three times in a Member's lifetime.

The Member must provide, on request, proof of meeting the criteria for this reduction.

***Humanitarian, Community, or Religious Volunteer Service***

Available to a Member who declares that they have left full time employment for the purpose of volunteering with a humanitarian, community service, or religious organization, and whose gross income from all sources for the current calendar year will be less than the income test amount.

The Member must provide, on request, a letter from the organization confirming the Member is a volunteer, and any other proof of meeting the criteria for this reduction requested by CPA Ontario.

***Religious Employment***

Available to a Member who declares that they are employed full time in a religious service (e.g. clergy).

The Member must provide, on request, a letter from the organization confirming full time employment in the organization and any other proof of meeting the criteria for this reduction requested by CPA Ontario.

***Medical Circumstances***

Available to a Member who declares that they are unable to sustain employment due to illness or injury. As long as the criteria are met each year, there is no limit to the number of reductions granted to a Member.

The Member must provide, on request, a physician's letter confirming the diagnosis and that the Member is unable to sustain employment due to illness or injury and any other proof of meeting the criteria for this reduction requested by CPA Ontario.

***Full Time University Enrollment in a PhD Accounting Program***

Available to a Member who declares that they are enrolled in a full-time accounting PhD program at a recognized university for at least seven months in a single 12-month period. As long as the criteria are met each year, there is no limit to the number of reductions granted to a Member.

The Member must provide, on request, a letter from the university confirming full time enrollment in a program for at least seven months in a single 12-month period and any other proof of meeting the criteria for this reduction requested by CPA Ontario.

***Full Time University Attendance***

Available to a Member who declares that they are attending a recognized university on a full- time basis in any program offered by the university. So long as the criteria are met each year, there is no limit to the number of reductions granted to a Member. Where the dates of university attendance overlap with the dates marking the end of one CPA Ontario fiscal year and the beginning of the next, a Dues reduction will apply only to one year's annual dues.

The Member must provide, on request, a letter from the university confirming full time enrolment in a program for at least seven months in a single 12-month period and any other proof of meeting the criteria for this reduction requested by CPA Ontario.

***Parenting/Family Care***

Available to a Member who declares that they are leaving full time employment for the purpose of parenting or providing full time care to a family member if the Member's:

- net equity is less than \$200,000;
- gross income from all sources (including employment insurance benefits, investments, etc.) is less than the income test amount; and
- full time care is being provided to a child who is six years of age or less as of April 1, or who is over six and has a disability or illness; or full-time care is being provided for a family member who is unable to care for themselves.

The Member must provide, on request, proof of meeting the criteria for this reduction.

A Member receiving a reduction of Dues may be subject to a compliance audit as set out in this Regulation.

**APPENDIX B**

**DEFERRAL OF ANNUAL STUDENT DUES**

A Student may be granted a deferral of annual dues, as set out below and in this Regulation.

***Income Test***

The income test referred to below is based on Statistics Canada's *Low-Income Lines, 2010 to 2011 Table 2: Low Income Cut-offs (1992 base) Before Tax*. The amount is adjusted annually and published on the CPA Ontario website.

***Deferral***

In exceptional circumstances, the Registrar may grant a deferral of a Student's annual dues.

The exceptional circumstances must result in a demonstrated inability to pay the annual dues for one of the following reasons:

1. Financial Hardship: if the Student's projected business and employment gross earnings for the current calendar year will be less than the income test amount; or
2. Medical Grounds: if the Student is unable to sustain employment during the current calendar year due to illness or injury.

The Student shall provide all the information, documents, and materials necessary to support the request to the Registrar. The Student shall obtain any of the information, documents, and materials, and produce it as requested by the Registrar.

Unless otherwise approved by the Registrar, any deferred annual dues shall be paid in three equal installments.

Payments shall be made on or before the Days specified by CPA Ontario and payment in full shall be made within the current calendar year.

A failure to pay any Due as specified shall result in the suspension of the Student's registration and, as provided in the By-law and Regulations, may result in a Student's deregistration.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 12-1**

**DESIGNATIONS AND DISTINCTIONS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018 and amended on September 25, 2019.**

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**REGULATION 12-1  
DESIGNATIONS AND DISTINCTIONS**

**Application**

This Regulation applies to Members and Firms, and provides for the use of protected designations and distinctions.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and:
  - 1.1 “Legacy Designation” means any of the CA Designation, CGA Designation, and CMA Designation.

**Admission**

2. The Registrar shall grant the CPA Designation to every Member on admission.
3. The Registrar shall grant the CA Designation, on admission, to every Member who fulfills the requirements for admission in Regulation 9-2.
4. The Registrar shall grant the CGA Designation, on admission, to every Member who fulfills the requirements for admission of a Legacy CGA Student in Regulation 9-1.
5. The Registrar shall grant a Legacy Designation, on admission, to every Provincial Transfer Member who had that Legacy Designation granted by the Provincial Body from which the Member is transferring.
6. The Registrar may grant a Legacy Designation, on admission, to an individual admitted pursuant to an agreement with an accounting body being honoured by CPA Ontario, if that agreement specifically provides for that Legacy Designation.

**Members In Good Standing**

7. Only a Member In Good Standing may, in accordance with this Regulation, use the CPA Designation and any Legacy Designation granted by the Registrar.

**Life Members**

8. A Life Member who remains a Member In Good Standing may use the CPA Designation and the distinction “Life Member” in accordance with this Regulation; however, there is no additional designation associated with being a Life Member.

### **Legacy Members**

9. Until November 1, 2022, a Legacy Member may only use the CPA Designation in combination with the applicable Legacy Designation as follows:
  - 9.1 For the CA Designation: “John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CA [or Chartered Accountant or C.A.]”.
  - 9.2 For the CMA Designation: “John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CMA [or Certified Management Accountant or C.M.A.]”.
  - 9.3 For the CGA Designation: “John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CGA [or Certified General Accountant or C.G.A.]”.
10. A Legacy Member who holds more than one Legacy Designation may use the Legacy Designations in combination in any order; provided that the CPA Designation precedes the Legacy Designations. For example:
  - 10.1 John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CA [or Chartered Accountant or C.A.], CMA [or Certified Management Accountant or C.M.A.], CGA [or Certified General Accountant or C.G.A.]
11. After November 1, 2022, a Legacy Member may use the CPA Designation with or without the Legacy Designation(s).

### **Fellows**

12. Only an individual named a Fellow under the By-law may use the distinction “Fellow of CPA Ontario” and may add “F” preceding all designations granted by the Registrar, but only in accordance with this Regulation.
13. The requirement to be a Member In Good Standing under section 7 shall not apply to a former Member, whom the Council named a Fellow posthumously.
14. A Member In Good Standing who has been made a fellow by another Provincial Body may, unless the Council or any Council Committee determines to the contrary, use the distinction “Fellow of” the other Provincial Body, and may add “F” preceding the initials form of all designations granted by the Registrar, but only in accordance with this Regulation.

### **Use of Other Designations**

15. Until December 31, 2018, but not thereafter, a Legacy CA Member, who is a Member In Good Standing may use the specialty of practice designations “IFA” and “IT” if the Member has fulfilled all the requirements for that specialty as at December 31, 2014 and paid all required Dues, by adding such designation immediately following the “CA” or “FCA”, separated by a dot or period.

16. A Member In Good Standing may use the specialist designations Certified Financial Forensics (CFF) and Certified Information Technology Professional (CITP) granted by the American Institute of Certified Public Accountants if the Member has fulfilled all the requirements of that certification and is permitted by that organization to use the designation, by adding the designations following the designations set out in this Regulation, as applicable, separated by a comma.
17. A Member In Good Standing may use a designation granted by an accounting body outside Ontario only if, and so long as:
  - 17.1 the Member is a member in good standing of the accounting body outside Ontario and is permitted by that body to use the designation;
  - 17.2 the designation is followed immediately by the name of the state, province, or country, in parentheses, of that accounting body; and
  - 17.3 where not prohibited by the accounting body outside Ontario, the designation is on a separate and subordinate line to the Member's name and CPA Ontario and any other Ontario designation(s).
18. The French language equivalents of the designations described in this Regulation may be used, as provided in the Act and the By-law, with the designations permitted by this Regulation.

### **Firms**

19. Every Firm registered with ICAO or CMA Ontario on or before March 31, 2014 or with CGA Ontario on or before July 1, 2014 may, until December 31, 2020, continue to use applicable Legacy Designations as part of the Firm name, except if one or more of the partners or shareholders of the Firm (as the case may be) do not hold the Legacy Designation that is part of the Firm name.
20. As of January 1, 2021, every Firm shall only use, following or as part of the registered name, the CPA Designation.
21. Only a Firm registered in good standing with CPA Ontario can use the CPA Designation or any Legacy Designation.



**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 14-1**

**PROFESSIONAL LIABILITY INSURANCE**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 14-1**  
**PROFESSIONAL LIABILITY INSURANCE**

**Application**

This Regulation applies to Firms, and provides details on professional liability insurance requirements for Firms engaged in the Practice of Public Accounting or Providing Accounting Services to the Public.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law.

**Professional Liability Insurance**

2. Every Firm engaged in the Practice of Public Accounting or Providing Accounting Services to the Public shall maintain (or shall ensure that another Firm maintains for it, through umbrella coverage) professional liability insurance in the following minimum amount:
  - 2.1 for a Firm of one Member, \$1 million;
  - 2.2 for a Firm of two or three Members, \$1.5 million; and
  - 2.3 for a Firm of four or more Members, \$2 million.
3. In respect of the deductible, being the amount the Firm must pay out of pocket before an insurance provider will pay any expense:
  - 3.1 any deductible amount shall be reasonable in relation to the total revenue of the Firm and shall not exceed 50% of the required minimum amount of insurance to be maintained; and
  - 3.2 every Firm shall set aside assets that are at least equal in value to the deductible amount of its professional liability insurance policy, which assets are:
    - 3.2.1 in cash (or demand deposits); or
    - 3.2.2 cash equivalents, such as a letter of credit or short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.
4. Every professional liability insurance contract shall require the insurer to immediately notify CPA Ontario of the expiry, cancellation, or termination of the insurance coverage, or the reduction of the insurance coverage below the amount required by section 2.

**Self-insurance**

5. The Registrar may permit a Firm to self-insure if, having made reasonable efforts, the Firm cannot obtain professional liability insurance coverage in the amount required due to the size of the practice of the Firm and its risk exposure.
6. The Registrar's decision on whether to permit a Firm to self-insure is final.
7. A Firm that is permitted to self-insure:
  - 7.1 is exempt from the requirements of sections 2 and 3; and
  - 7.2 shall certify to CPA Ontario that the Firm has self-insured for the amount as would be required by section 2 by setting aside assets at least equal in value to that amount.
8. The requirement to set aside assets shall be fulfilled by an insurance company that is formed directly or indirectly by the Firm, or by an association or global network of firms in which the Firm is a member, which insurance company provides professional liability insurance coverage for the Firm.

**Duration of Coverage**

9. Subject to section 10, every Firm shall continue to maintain professional liability insurance in an un-reduced amount for a period of at least six years following (as applicable):
  - 9.1 the withdrawal of a partner, shareholder or Member employee of a Firm from engaging in the Practice of Public Accounting or Providing Accounting Services to the Public, whether or not that partner, shareholder or employee continues to carry on engaging in the Practice of Public Accounting or Providing Accounting Services to the Public elsewhere;
  - 9.2 the merger, dissolution or cessation of practice of a Firm;
  - 9.3 the suspension and/or deregistration of a Firm;to cover acts or omissions occurring before the above-noted events.
10. The requirements of section 9 shall not apply to a Firm that has never had a client.

**Proof of Coverage**

11. Every Firm shall provide CPA Ontario with satisfactory proof of the maintenance of professional liability insurance coverage or certification of self-insurance, as applicable, as required by this Regulation in the prescribed form:
  - 11.1 before engaging in the Practice of Public Accounting or Providing Accounting Services to the Public;

- 11.2 on an annual basis thereafter on the anniversary date of the insurance policy;  
and
- 11.3 within five Business Days of the expiry of its policy.
- 12. CPA Ontario may perform periodic reviews of a Firm's maintenance of the required professional liability insurance coverage. If a Firm is selected for review, CPA Ontario may contact the Firm's insurance company to confirm coverage, and any expiry, cancellation, or termination of the policy.

**Failure to Comply**

- 13. Failure by a Firm to provide the proof required by section 11 may result in a late fee.
- 14. If a Firm fails to provide the proof required by section 11.3, the Registrar shall:
  - 14.1 suspend the Firm and its Firm Representative; and
  - 14.2 deregister the Firm and revoke the Firm Representative's membership 30 Days after the imposition of a suspension under section 14.1 unless, before that date, the Firm provides the required proof, and the Registrar has reinstated the Firm and the Firm Representative.

**Exception – Quality Control Services**

- 15. A Member solely providing quality control services for Firms that perform audits and reviews of financial statements and other assurance engagements may, instead of filing the prescribed proof of coverage form, file a listing of every Firm for which the Member provides services and a declaration, in the prescribed form, that each Firm is insured as required by this Regulation.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 15-1**

**COMPLAINTS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and as amended to March 6, 2020.**

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**REGULATION 15-1  
COMPLAINTS**

**Application**

This Regulation governs the process for the review and investigation of Complaints and applies to Members, Students, and Firms.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law and for the purpose of this Regulation:
  - 1.1 “Complainant” means a person:
    - 1.1.1 making an External Complaint to the Professional Conduct Committee on the conduct of a Member, Student, or Firm, and a person acting on their behalf; or
    - 1.1.2 designated as a Complainant under section 7.2,but does not include any other person, regardless of interest;
  - 1.2 “Complaint” means any matter set out in an External Complaint or Internal Complaint, and matters related to it, but does not include any other matter or complaint;
  - 1.3 “Director, Investigations and Prosecutions” means the employee of CPA Ontario with that title and includes anyone authorized to act on their behalf;
  - 1.4 “Director, Standards Enforcement” means the employee of CPA Ontario with that title and includes anyone authorized to act on their behalf;
  - 1.5 “Employee” means a person acting in their capacity as an employee of CPA Ontario;
  - 1.6 “External Complaint” means a Complaint by a Complainant other than a Complaint by:
    - 1.6.1 an Employee; or
    - 1.6.2 a Regulatory Committee;
  - 1.7 “Internal Complaint” means a Complaint that is initiated from within CPA Ontario in the manner described in section 6;
  - 1.8 “Personal Interest” includes an actual or potential advantage or disadvantage to an individual, their spouse, parents, children, or grandchildren, a Firm with which the individual is associated as an employee or partner, or a business in

which the individual has an ownership interest, that arises or could reasonably arise from a determination involving the individual;

- 1.9 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated; and
- 1.10 “Reporting Issuer” means reporting issuer as defined in the applicable Canadian provincial or territorial securities legislation.

### **External Complaints**

- 2. An External Complaint received from any person shall be in writing and shall include:
  - 2.1 contact information of the Complainant, including, if the Complainant is not an individual, the name of a contact individual;
  - 2.2 the name and contact information of the Member, Student, or Firm complained of, if known;
  - 2.3 a summary of the matter complained of;
  - 2.4 any information and copies of any documents or materials in the possession or control of the Complainant that support the External Complaint; and
  - 2.5 the name and contact information of any person known to the Complainant likely to possess or control any information, documents or materials relevant to the External Complaint.
- 3. An External Complaint may be in the prescribed form.
- 4. Once an External Complaint is made, it cannot be withdrawn by the Complainant.
- 5. The Professional Conduct Committee or the Director, Standards Enforcement may, at any time, request further information, documents, or materials from the Complainant or any other person.

### **Internal Complaints**

- 6. The Professional Conduct Committee or the Director, Standards Enforcement may take notice of any information that comes to their attention from any source, including from an Employee or Regulatory Committee, and may consider the information as an Internal Complaint.
- 7. For Internal Complaints:
  - 7.1 there need not be a Complainant;

- 7.2 the Professional Conduct Committee or Director, Standards Enforcement may, but is not required to, designate an Employee or Regulatory Committee as the Complainant;
- 7.3 the requirements of section 2 do not apply; and
- 7.4 if the source of the information referred to in the Internal Complaint is an Employee or Regulatory Committee, the committee or Employee, as the case may be, shall provide to the Director, Standards Enforcement:
  - 7.4.1 a written summary of the matter; and
  - 7.4.2 any information and copies of any documents or materials in the possession of the Employee or Regulatory Committee that support the Internal Complaint.

### **Jurisdiction**

- 8. The Professional Conduct Committee has jurisdiction over:
  - 8.1 Students, for matters arising in any period during which they are registered as a Student, except that the Professional Conduct Committee does not have jurisdiction over a Student who resigns and provides an undertaking in conformity with section 41.1 of Regulation 9-1 or section 15.1 of Regulation 9-2;
  - 8.2 Firms, for matters arising in any period during which they are registered, whether or not the registration was suspended, as a Firm;
  - 8.3 Members, for matters arising in any period:
    - 8.3.1 during which they are a Member, whether or not a Member In Good Standing; and
    - 8.3.2 between the time that the Member applied for membership and was admitted as a Member; and
  - 8.4 former Members, for matters arising during any period of membership, whether or not while a Member In Good Standing, if the matter comes to the attention of CPA Ontario on or before the sixth anniversary of the date the former Member ceased to be a Member.
- 9. The Professional Conduct Committee has jurisdiction over Complaints regardless of:
  - 9.1 the territorial jurisdiction in which the matter arose or took place;
  - 9.2 subject to section 8, the time when the matter arose or took place; and
  - 9.3 whether or not the conduct complained of was in the course of the subject's activities as a chartered professional accountant or Student.



10. Despite sections 8 and 9, in exercising its jurisdiction, the Professional Conduct Committee shall consider the time when the events giving rise to the Complaint occurred, including the impact of the passage of time on the ability of the Member, former Member, Student, or Firm to respond to the Complaint. The Professional Conduct Committee shall not consider External Complaints that raise matters that occurred more than six years before the time that the facts giving rise to the Complaint could reasonably have been discovered by the Complainant, unless there are exceptional circumstances.

### **Review**

11. All Complaints shall initially be reviewed by the Director, Standards Enforcement to determine if the Complaint should:

- 11.1 proceed to review by the Professional Conduct Committee in accordance with sections 12 and 13; or
- 11.2 be reviewed by the Director, Standards Enforcement in accordance with section 14 and 15.

All Complaints to which section 53 applies shall be referred to the Professional Conduct Committee under section 11.1.

12. The Professional Conduct Committee shall review every Complaint referred to in section 11.1 and determine:

- 12.1 if it has jurisdiction as set out in sections 8, 9, and 10; and, if so
- 12.2 if, on the information, documents and materials provided, it appears the subject of the Complaint may have breached a rule in the Code or the Student Code.

13. At the conclusion of its review, the Professional Conduct Committee shall:

- 13.1 take no further action;
- 13.2 provide guidance and advice to, or admonish, the subjects of the Complaint, in which case the review shall be deemed to have been an investigation;
- 13.3 refer the matter, in whole or in part, directly to the Discipline Committee, in which case the review shall be deemed to have been an investigation;
- 13.4 refer the Complaint to the Registrar or elsewhere in CPA Ontario as a matter within their jurisdiction; or
- 13.5 investigate the Complaint.

14. The Director, Standards Enforcement shall review every Complaint referred to in section 11.2 and determine if:

- 14.1 the Complaint comes within the jurisdiction set out in sections 8, 9, and 10; and if so
  - 14.2 on the information, documents, and materials provided, it appears the subject of the Complaint may have breached a rule in the Code or Student Code of Conduct.
  - 15. At the conclusion of its review the Director, Standards Enforcement, shall:
    - 15.1 take no further action;
    - 15.2 review the matters raised in the Complaint with the subjects of the Complaint;
    - 15.3 refer the Complaint to the Professional Conduct Committee with a recommendation that the Professional Conduct Committee provide guidance and advice to, or admonish, the subjects of the Complaint, in which case the Director, Standards Enforcement's review shall be deemed to have been an investigation;
    - 15.4 refer the Complaint to the Registrar or elsewhere in CPA Ontario as a matter within their jurisdiction; or
    - 15.5 direct the Director, Investigations and Prosecutions to appoint an Investigator to investigate the Complaint.
- The Director, Standards Enforcement shall provide a written summary of the review and the action taken under this section to the Professional Conduct Committee.
16. The Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, shall provide the Complainant and the subjects of the Complaint with:
  - 16.1 notice of the determination made under section 13 or section 15;
  - 16.2 an explanation of any determination made under section 13.1 or 13.2, or section 15.1 or 15.2; and
  - 16.3 in the case of an External Complaint, notification to the Complainant of the right of review by the Reviewer of Complaints, as provided in Regulation 15-2,

within 30 Days of the determination being made.

### **Investigation**

17. The Professional Conduct Committee, or its delegates, the Director, Investigations and Prosecutions or the Director, Standards Enforcement, may appoint an Investigator to investigate a Complaint.
18. An Investigator:
  - 18.1 need not be a Member;

- 18.2 shall be provided with, and produce on request, written confirmation of the appointment;
  - 18.3 shall have all the powers of an investigator under the Act;
  - 18.4 shall have the authority to investigate all matters and persons subject to the authority of CPA Ontario as disclosed by the Complaint or by the investigation itself, unless instructed otherwise by the Professional Conduct Committee;
  - 18.5 shall have the authority to require any person subject to the authority of CPA Ontario to provide information in writing, produce documents and materials, and, upon reasonable notice, meet in person with the Investigator to answer questions and produce documents and materials at a location and upon such terms, including that any interview may be recorded, determined by the Investigator; and
  - 18.6 shall report to the Professional Conduct Committee at the conclusion of the investigation and, as instructed by the person appointing the Investigator, on an interim basis.
19. The subjects of the investigation and, if applicable, their Firms shall be notified in writing of the investigation and of the matters being investigated, and shall also be notified of any expansion or alteration of the matters investigated. The notices shall:
- 19.1 include a reminder of the subjects' and, if applicable, their Firms', professional responsibility to cooperate in the investigation;
  - 19.2 include a reminder of the possibility that some client documents in their possession may be subject to legal privilege; and
  - 19.3 caution the subjects of the investigation and, if applicable, their Firms that the failure to produce a document that is not privileged may be a breach of their professional responsibilities.
20. The Firm Representative shall receive the notice referred to in sections 19 and 30 on behalf of a Firm.
21. As part of the review or investigation process, the Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, may request any person to attend before it to answer questions and provide information, documents, and materials for consideration in the review or investigation, and may impose reasonable limits and conditions on that attendance.
22. As part of the investigation process, the Professional Conduct Committee may require that the subjects of the investigation attend before it and, subject to section 32, answer questions and provide information, documents, and materials for its consideration in the investigation.

**Preliminary Suspension**

23. The Professional Conduct Committee may, at any time during or following an investigation, apply to the Discipline Committee for an order suspending or placing restrictions or conditions on the membership of a Member or registration of a Firm, in accordance with the Rules adopted by the Discipline Committee.
24. The Professional Conduct Committee shall only apply for an order under section 23 if there are reasonable grounds to believe there is a significant risk of harm to members of the public or to the public interest, and an order would likely reduce that risk.
25. The Professional Conduct Committee shall, if the application under section 23 results in an order, ensure any investigation of the subjects of the order is completed and the matter is referred to the Discipline Committee.

**Determination**

26. The Professional Conduct Committee shall consider any report made under subsection 18.6, and all relevant information, documents, and materials that have been provided to it, and may, if satisfied the investigation is complete:
  - 26.1 take no further action;
  - 26.2 provide guidance and advice to or admonish the subjects of the investigation;
  - 26.3 refer the matter to the Registrar or elsewhere in CPA Ontario as a matter within their jurisdiction;
  - 26.4 negotiate a settlement agreement with the subjects of the investigation and refer the agreement to the Discipline Committee for final approval;
  - 26.5 refer the matter, in whole or part, to the Discipline Committee;
  - 26.6 adjourn the matter, with or without terms and conditions; or
  - 26.7 take any remedial action that it considers appropriate in the circumstances that is not inconsistent with the Act, the by-laws or the Regulations.
27. Where the Professional Conduct Committee exercises the powers set out in section 13.2 or 26.2, the decision to do so shall not be raised in any future discipline process against the subjects of the Complaint, except where it is relevant to the issue of the sanction to be imposed in the future discipline process.
28. In making a determination under section 26 about a Firm, the Professional Conduct Committee may consider, among other factors, if:
  - 28.1 the Firm has policies or procedures that are inconsistent with the Code;

- 28.2 the apparent breach of the Code or Student Code by an individual associated with the Firm is related to the absence or inadequacy of appropriate quality control procedures;
  - 28.3 the Firm is identified with conduct or the provision of professional services that appear to breach the Code;
  - 28.4 the conduct that appears to breach the Code or Student Code was authorized, initiated, implemented, condoned, or concealed by the Firm or any Member associated with the Firm;
  - 28.5 the Firm failed to take appropriate action upon becoming aware of conduct that appears to breach the Code or Student Code; and
  - 28.6 there have been repeated Complaints alleging breaches of the Code or Student Code against individuals associated with the Firm.
29. The Professional Conduct Committee shall refer a matter to the Discipline Committee in all cases where a public inquiry or commission established by any government or public authority has found that any persons subject to the authority of CPA Ontario has engaged in conduct that appears to breach the Code or Student Code, as long as the persons, before the finding, were given the opportunity to make full answer to the allegations.
30. The Professional Conduct Committee shall provide, in writing, its determination made under section 26 and an explanation of any determination made under subsection 26.1, 26.2, or 26.3 to:
- 30.1 the Complainant;
  - 30.2 in the case of an Internal Complaint, the employee or Regulatory Committee, if any, referred to in section 7.4;
  - 30.3 the subjects of the investigation; and
  - 30.4 if applicable, the Firm Representative,
- within 30 Days of making the determination.
31. In the case of an External Complaint, if the Professional Conduct Committee determines to take no further action under section 26.1 or to provide guidance, advice or to admonish under section 26.2, it shall also advise the Complainant in writing of the right of review by the Reviewer of Complaints, as provided in Regulation 15-2.
32. The Professional Conduct Committee shall not compel production of a document subject to a valid claim of legal privilege that has not been waived, and shall not refer a matter to the Discipline Committee solely on the failure to produce the document.
33. The Professional Conduct Committee shall ensure:

- 33.1 the Complainant;
  - 33.2 in the case of an Internal Complaint, the employee or Committee, if any, referred to in section 7.4;
  - 33.3 the subjects of the investigation; and
  - 33.4 the person, if any, designated under section 20,
- are informed in writing of the disposition of any matter referred to the Discipline Committee, including any appeal from the Discipline Committee.

### **Reconsideration**

- 34. The Professional Conduct Committee may, at any time after a determination has been made under sections 13, 15, or 26, reconsider its determination and make a new determination upon receipt and consideration of new information, documents, or materials that have a material bearing on the determination.
- 35. The Professional Conduct Committee shall reconsider a determination made under sections 13.1, 13.2, 15.1, 15.2, 26.1, or 26.2 if and as required by the Reviewer of Complaints under Regulation 15-2.

### **Parties in Matters Referred to the Discipline Committee**

- 36. The Parties in matters referred to the Discipline Committee under sections 23 and 26, and in any appeal of those matters to the Appeal Committee, shall be the Professional Conduct Committee and the Member, former Member, Student, or Firm that is the subject of the Complaint.

### **Referral to the Registrar as a Matter of Capacity**

- 37. The Professional Conduct Committee and the Director, Standards Enforcement may, at any time during the performance of their duties under this Regulation, refer a matter to the Registrar for consideration as a Potential Capacity Application as provided in Regulation 16-1.
- 38. Where a matter is referred under section 37, the Complaint from which the Potential Capacity Application arises shall continue to proceed through the process provided in this Regulation.
- 39. The Professional Conduct Committee or the Director, Standards Enforcement may take all information, arising from their respective reviews or the investigation of the Complaint that caused them to make the referral under section 37, into account in arriving at their respective determinations under sections 13, 15, and 26 and, if the information has an impact on their respective determinations, shall disclose this in the reporting referred to in sections 16 and 30.

40. Where a matter has been referred under section 37 and the Professional Conduct Committee subsequently makes a determination under section 26.4 or 26.5 on the Complaint from which the Potential Capacity Application arises, the Professional Conduct Committee shall notify the Discipline Committee of the section 37 referral:
- 40.1 in the case of a determination under section 26.4, at the time that the settlement agreement is referred; and
- 40.2 in the case of a determination under section 26.5, at the time that an originating process is filed.
41. If the Professional Conduct Committee determines that a matter should be referred to the Registrar for consideration as a Potential Capacity Application during a hearing before the Discipline Committee, or any appeal from the Discipline Committee, the Professional Conduct Committee shall inform the Discipline Committee or the Appeal Committee, as the case may be, of the referral at the time that it is made.

**Professional Conduct Committee**

42. The Professional Conduct Committee has all the powers and duties of the “complaints committee” specified in the Act, and the powers and duties specified in the by-laws and Regulations and shall exercise its powers and perform its duties in accordance with the Act, by-laws, Regulations, and PAC Standards.
43. The Professional Conduct Committee shall consist of between 20 and 40 members, including a Chair and at least six Deputy Chairs, and between three and five public representatives. The Professional Conduct Committee members shall generally be representative of CPA Ontario’s membership by occupation and geographic location, and shall include public accounting licensees or those who held public accounting licences within the three year period prior to their appointment to the Professional Conduct Committee.
44. The Professional Conduct Committee members shall be appointed for an initial one-year term and shall be eligible for reappointment for a maximum of three additional three-year terms. The Council may extend the maximum term of a Professional Conduct Committee member in extraordinary circumstances.
45. If a Professional Conduct Committee member’s term expires before a matter in which that member has been involved has concluded, the member may remain a member of the Professional Conduct Committee until the conclusion of the matter.
46. The Chair and Deputy Chairs of the Professional Conduct Committee shall be appointed from among the Professional Conduct Committee members for a two-year term, and shall be eligible for reappointment for a maximum of three additional two-year terms. The Council may extend the maximum term of the Chair or a Deputy Chair in extraordinary circumstances.
47. The quorum for any meeting of the Professional Conduct Committee shall be five members and shall include a public representative and, if a subject of the Complaint

holds a Public Accounting Licence, at least one public accounting licensee or a person who held a public accounting licence within the three year period prior to their appointment to the Professional Conduct Committee.

48. A Professional Conduct Committee member participating in a determination shall not have a Personal Interest in the matter being considered.
49. Every Professional Conduct Committee member participating in a determination shall have one vote and the Chair may vote only to create a tie and so defeat a motion, or break a tie and so pass a motion.
50. The Professional Conduct Committee may, in a specific matter, seek the expertise and advice of one or more Members with expertise in an area of chartered professional or public accounting, if the Professional Conduct Committee members do not possess this expertise. The experts shall not have a Personal Interest in the matter or the persons involved in the matter.
51. The Professional Conduct Committee may also seek and rely on the advice of CPA Ontario staff and legal counsel, but, subject to sections 11, 14, and 15, only Professional Conduct Committee members shall make the determinations required of the Professional Conduct Committee in this Regulation.
52. The Professional Conduct Committee shall report to the Council annually or as required by the Council, and the reporting shall include statistics and an analysis of the number of matters considered by the Professional Conduct Committee and the manner in which they were determined or disposed of.

#### **Canadian Public Accountability Board**

53. Where the subject of a Complaint is Member or Firm that is registered with the CPAB and the conduct being investigated relates to an audit of the financial statements of a Reporting Issuer, the Professional Conduct Committee shall, in a timely manner:
  - 53.1 notify CPAB of any determination made under sections 13.2, 13.3, 13.5, or 26;
  - 53.2 provide CPAB with a written explanation of the determinations referred to in section 53.1;
  - 53.3 in the case of any matter referred to the Discipline Committee, notify CPAB in writing of the disposition of the matter including any appeal from the Discipline Committee; and
  - 53.4 provide CPAB with the information, documents or materials requested by CPAB under s. 11 of the Canadian Public Accountability Board Act.



**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 15-2**

**REVIEWER OF COMPLAINTS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018 and amended on September 25, 2019.**

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**REGULATION 15-2  
REVIEWER OF COMPLAINTS**

**Application**

This Regulation governs the process for reviewing certain determinations of the Professional Conduct Committee and Director, Standards Enforcement on the review and investigation of complaints, and applies to Members, Students, Firms, and Complainants.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and By-law, and for the purpose of this Regulation:
  - 1.1 “Complainant” means a person making an External Complaint to the Professional Conduct Committee on the conduct of a Member, Student, or Firm, and a person acting on their behalf, but does not include any other person, regardless of interest;
  - 1.2 “Complaint” means any matter set out in an External Complaint, and matters related to it, but does not include any other matter or Complaint;
  - 1.3 “Director, Standards Enforcement” means the employee of CPA Ontario with that title and includes anyone authorized to act on their behalf;
  - 1.4 “Employee” means a person acting in their capacity as an employee of CPA Ontario;
  - 1.5 “External Complaint” means a Complaint by a Complainant other than a Complaint by:
    - 1.5.1 an Employee; or
    - 1.5.2 a Regulatory Committee; and
  - 1.6 “Personal Interest” includes an actual or potential advantage or disadvantage to an individual, their spouse, parents, children, or grandchildren, a Firm with which the individual is associated as an employee or partner, or a business in which the individual has an ownership interest, that arises or could reasonably arise from a determination involving the individual.

**Request for Review**

2. A Complainant who has made an External Complaint may request a review of the following determinations by the Professional Conduct Committee or the Director, Standards Enforcement on the Complaint:

- 2.1 determinations made by the Professional Conduct Committee under sections 13.1, 13.2, 26.1, or 26.2 of Regulation 15-1; and
  - 2.2 determinations made by the Director, Standards Enforcement under sections 15.1 or 15.2 of Regulation 15-1.
- 3. The Complainant shall make a request for review within 30 Days of being notified of the determination of the Professional Conduct Committee or the Director, Standards Enforcement, and the request shall be:
  - 3.1 addressed to the Office of the General Counsel;
  - 3.2 in writing, setting out a concise statement of the reasons for the review;
  - 3.3 signed by the Complainant; and
  - 3.4 accompanied by the prescribed fee payable for the review, which shall be returned to the Complainant if the Reviewer of Complaints refers a Complaint to the Professional Conduct Committee for reconsideration.
- 4. A request for a review may be in the prescribed form.

**Office of the General Counsel**

- 5. The Office of the General Counsel shall:
  - 5.1 accept every request for review that complies with the requirements of this Regulation: and
  - 5.2 acknowledge in writing the receipt of the request for review, specifying whether the request has been accepted.
- 6. If a request for review is accepted, the Office of the General Counsel shall request, from the Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, a copy of all relevant and non-privileged documents in their files at the time the determination was made on the External Complaint.
- 7. In responding to a request from the Office of the General Counsel, the Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, shall specify those documents or portions of documents that are not to be publicly disclosed in any report prepared by the Reviewer of Complaints.
- 8. Upon receipt of the file, the Office of the General Counsel shall provide the Reviewer of Complaints with:
  - 8.1 the request for review; and
  - 8.2 the file referred to in section 6, together with any specification referred to in section 7.

9. The Reviewer of Complaints shall not accept, either from CPA Ontario or the Complainant, any information, documents, or materials that was not before the Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, at the time that they made their determinations.

### **Powers of the Reviewer**

10. The Reviewer of Complaints shall consider the request for review and refer the External Complaint to the Professional Conduct Committee if the Reviewer determines that one or more of the following circumstances exist:
- 10.1 the procedures for the review and investigation of the External Complaint set out in Regulation 15-1 were not followed;
  - 10.2 there is reason to believe that a Professional Conduct Committee member who participated in the determination being reviewed or the Director, Standards Enforcement, as the case may be, had a Personal Interest in the determination; or
  - 10.3 consideration was not given to all of the evidence that was before the Professional Conduct Committee or the Director, Standards Enforcement, as the case may be, at the time that the original determination was made.
11. If any of the circumstances in section 10 exist, the Reviewer of Complaints may require that a determination originally made by the Professional Conduct Committee be:
- 11.1 reconsidered by the same Professional Conduct Committee members who made the original determination; or
  - 11.2 considered by Professional Conduct Committee members who were not involved in the original determination, as though that original determination had not been made.

### **Assistance for the Reviewer**

12. The Reviewer of Complaints may receive technical and other assistance as considered necessary to review an External Complaint, and shall disclose the fact and nature of this assistance to the Complainant and the Professional Conduct Committee.

### **Reporting by the Reviewer**

13. The Reviewer of Complaints shall prepare a written report setting out the Reviewer of Complaints' decision on the review, together with the reasons for the decision referencing the applicable factors set out in section 10. The Reviewer of Complaints shall deliver the report to:
- 13.1 the Complainant;

- 13.2 the Professional Conduct Committee;
- 13.3 the Director, Standards Enforcement, if the determination being reviewed was originally made by the Director, Standards Enforcement; and
- 13.4 the Office of the General Counsel.
- 14. The report shall not reproduce any portion of the contents of a document specified in section 7.
- 15. If the External Complaint concerns a Member who holds a Public Accounting Licence, the Reviewer of Complaints shall advise the Complainant of the right to request the Public Accountants Council to review CPA Ontario's handling of the Complaint.
- 16. The Reviewer of Complaints shall report to the Council annually on:
  - 16.1 the number of reviews received;
  - 16.2 any matters referred to the Professional Conduct Committee, with the reasons for the referral, but without identifying any person involved; and
  - 16.3 any concerns or recommendations on CPA Ontario's processes and procedures.
- 17. Before making the annual report to the Council, the Reviewer of Complaints may meet with representatives of the management of CPA Ontario to discuss matters arising from the review of Complaints.

#### **Appointment of the Reviewer of Complaints**

- 18. The Council shall appoint the Reviewer of Complaints, and may appoint an alternate, for a term not exceeding three years, and shall fix the remuneration of the Reviewer of Complaints and alternate for that term.
- 19. The Council may re-appoint the Reviewer of Complaints and alternate.
- 20. In any review for which the Reviewer of Complaints has a conflict or is otherwise unavailable to act, the alternate shall act as the Reviewer of Complaints and shall have all the powers and duties of the Reviewer of Complaints.
- 21. The Reviewer of Complaints and alternate shall:
  - 21.1 be lawyers in good standing with the Law Society of Ontario;
  - 21.2 have specific expertise in the areas of administrative law and professional regulation; and
  - 21.3 not be or have been a Member, Student, or an employee of a Firm.

**Reconsideration by the Professional Conduct Committee**

22. If the Reviewer of Complaints decides an External Complaint is to be reconsidered by the Professional Conduct Committee members who made the original determination, those members, in determining whether to refer the Complaint to the Discipline Committee, shall consider:
  - 22.1 the initial consideration and investigation of the External Complaint;
  - 22.2 any further investigation deemed appropriate by the Professional Conduct Committee; and
  - 22.3 the report of the Reviewer of Complaints referred to in section 13.
23. If the Reviewer of Complaints decides an External Complaint is to be considered by different Professional Conduct Committee members than those who made the reviewed determination, the members considering the Complaint shall:
  - 23.1 consider the factors described in sections 22.1 and 22.2 and, in doing so, shall have no communication about the matter that was the subject of the review with the Professional Conduct Committee members who participated in the original determination; and
  - 23.2 before finalizing their determination, shall review and consider the report of the Reviewer of Complaints referred to in section 13.
24. A determination of the Professional Conduct Committee made under sections 22 or 23 not to refer the External Complaint to the Discipline Committee shall be reported in writing, together with reasons, to the Reviewer of Complaints and the Complainant.
25. If the Reviewer of Complaints decides a determination of the Director, Standards Enforcement is to be considered by the Professional Conduct Committee, the Professional Conduct Committee shall:
  - 25.1 consider the factors described in sections 22.1 and 22.2 and, in doing so, shall have no communication about the matter with the Director, Standards Enforcement; and
  - 25.2 before finally determining whether an Investigator should be appointed, shall review and consider the report of the Reviewer of Complaints referred to in section 13.
26. A determination of the Professional Conduct Committee made under section 25 not to appoint an Investigator shall be reported in writing, together with the reasons for the determination, to the Reviewer of Complaints and the Complainant.
27. The Professional Conduct Committee's determination, made under sections 22, 23, or 25, is final, and not subject to further review, except as provided in section 15.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 16-1**

**CAPACITY**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, effective as of November 19, 2018 and as amended to March 6, 2020.**

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**REGULATION 16-1**  
**CAPACITY**

**Application**

This Regulation governs the process by which the Capacity Committee determines that a Member is Incapacitated, and the steps to be taken when the Capacity Committee determines that a Member is Incapacitated. This Regulation applies to Members and Firms.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purposes of this Regulation:
  - 1.1 “Panel” means a panel of the Capacity Committee constituted under section 18;
  - 1.2 “Potential Capacity Application” means a matter where there are reasonable grounds to believe a Member may be Incapacitated; and
  - 1.3 “Professional Conduct Committee” includes the Director, Standards Enforcement exercising the powers delegated to the Director, Standards Enforcement in the By-law and Regulation 15-1.

**Registrar**

2. The Registrar shall investigate any matter referred by the Professional Conduct Committee, the Discipline Committee, the Admission and Registration Committee, the Practice Inspection Committee, or the Appeal Committee as a Potential Capacity Application.
3. The Registrar shall refer any application made by a Member under section 7.9.2 of the By-law to the Capacity Committee and may, before the referral, investigate the matter.
4. The Registrar may take notice of any information, whether published or not, that comes to the Registrar’s attention and may consider the information as a Potential Capacity Application to be investigated.

**Referrals to the Registrar**

5. All referrals under section 2, shall be in writing and shall include:
  - 5.1 a description of why the matter was referred to the Registrar as a Potential Capacity Application; and



- 5.2 all information, documents, and materials in the possession of the referring Committee that the referring Committee considers relevant to the Potential Capacity Application.
- 6. In the case of a referral under section 2, the Registrar may request any additional information and documents that the Registrar believes is relevant to the Potential Capacity Application from the referring Committee.

**Investigation**

- 7. The Registrar may appoint an Investigator to investigate a Potential Capacity Application.
- 8. An Investigator:
  - 8.1 need not be a Member;
  - 8.2 shall be provided with, and produce on request, written confirmation of the appointment;
  - 8.3 shall have all the powers of an investigator under the Act;
  - 8.4 shall have the authority to investigate all matters relevant to the Potential Capacity Application;
  - 8.5 shall have the authority to require any person subject to the authority of CPA Ontario to provide information in writing, produce documents and materials, and, upon reasonable notice, meet in person with the Investigator to answer questions and produce documents and materials at a location and upon such terms, including that any interview may be recorded, as determined by the Investigator; and
  - 8.6 shall report as instructed by the Registrar at the conclusion of the investigation, and on an interim basis, the results, findings and factual determinations in support of the investigation.
- 9. The Member being investigated shall be notified in writing of the investigation at the commencement of the investigation. The notice shall include:
  - 9.1 a description of the matter being investigated;
  - 9.2 the identity of the Investigator;
  - 9.3 a reminder of the Member's professional responsibility to cooperate in the investigation; and
  - 9.4 a reminder of the possibility that some client documents in the Member's possession may be subject to legal privilege.

10. If the Registrar considers it to be necessary to protect the public interest, the Registrar may provide the Member's Firm, if the Member is associated with a Firm, with the notice referred to in section 9.

### **Determination**

11. Subject to section 3, the Registrar shall consider any report made by the investigator under section 8.6, and all relevant information and documents that have been provided to the Registrar, and may, if satisfied the investigation is complete:
- 11.1 take no further action;
  - 11.2 deal with the matter as a matter within the Registrar's jurisdiction;
  - 11.3 refer the matter elsewhere in CPA Ontario as a matter within its jurisdiction; or
  - 11.4 apply to the Capacity Committee to determine if the Member is Incapacitated.
12. The Registrar shall provide a written explanation of any determination made under section 11.1, 11.2, 11.3, or section 23, within ten Days of the determination being made:
- 12.1 to the Member,
  - 12.2 if the Member's Firm was provided with notice under section 10, to the Member's Firm; and
  - 12.3 if the matter was referred to the Registrar under section 2, and if the referring Committee requested notification at the time the referral was made, to the referring Committee.

### **The Capacity Committee**

#### ***Jurisdiction***

13. The Capacity Committee is established under the Act and the By-law and has the powers of a statutory tribunal under the *Statutory Powers Procedure Act*.
14. The Capacity Committee shall:
- 14.1 hear every application brought before it by the Registrar under this Regulation and every application brought by a Member under section 7.9.2 of the By-law; and
  - 14.2 regulate the processes and procedures for the hearings before the Capacity Committee.

### ***Composition***

15. The Capacity Committee shall usually consist of 10 to 15 members, including a Chair and a Deputy Chair, and public representatives. The Capacity Committee members shall generally be representative of CPA Ontario's membership by occupation and geographic location, and should include persons with expertise in the area of mental or physical health or addiction. The Head, Adjudicative Tribunals is an *ex officio* member of the Capacity Committee, and is exempt from the provisions of section 16.
16. The Capacity Committee members shall be appointed for an initial one-year term, and shall be eligible for reappointment for a maximum of three additional three-year terms. The Council may extend the maximum term of a Committee member in extraordinary circumstances.
17. The Chair and Deputy Chair of the Capacity Committee shall be appointed from among the Capacity Committee members for a two-year term, and shall be eligible for reappointment for a maximum of three additional two-year terms. The Council may extend the maximum term of the Chair or a Deputy Chair in extraordinary circumstances.

### ***Panels and Quorum***

18. All hearings before the Capacity Committee shall be heard by a Panel constituted as follows:
  - 18.1 each Panel shall include at least three Capacity Committee members and should include a public representative;
  - 18.2 each Panel shall usually be chaired by the Capacity Committee Chair or a Deputy Chair, but may be chaired by another Capacity Committee member in exceptional circumstances, at the discretion and direction of the Capacity Committee Chair; and
  - 18.3 the Head, Adjudicative Tribunals shall not sit on a Panel considering the merits of a hearing.
19. The Chair and Deputy Chair of the Capacity Committee and the Head, Adjudicative Tribunals are empowered to decide all matters referred to in section 14.2, including the adoption of Rules.

### **Hearings**

20. All hearings before the Capacity Committee shall be conducted in accordance with the Rules.
21. The hearings before the Capacity Committee shall not be open to the public.
22. The parties to hearings before the Capacity Committee shall be the Registrar and the Member who is the subject of the capacity application.

23. The Registrar may, at any time before the Capacity Committee makes a finding, on receiving credible information indicating the Member is not Incapacitated, withdraw an application brought by the Registrar from consideration by the Panel, and afterwards shall only withdraw the matter with the consent of all parties and with leave of the Panel hearing the application.
24. The Panel may order the Member to undergo a medical or psychological examination if it determines it is necessary to obtain the opinion of a physician or psychologist to assist in deciding whether the Member is Incapacitated.
25. The Panel may suspend a Member who fails to comply with an order made under section 24, until such time as the Member complies.
26. The report of a physician or psychologist, or their testimony, made under an order under section 24 is admissible in evidence in a proceeding to determine capacity, including any appeals, but not for any other purpose, and shall be sealed by the Panel.
27. A Panel may, at any time, seek the advice of independent counsel. The Head, Adjudicative Tribunals may act as independent counsel. Any advice from independent counsel on an issue before the Panel during the course of a hearing shall be given on the record. All parties shall have the opportunity to make submissions on that advice. The Panel is not bound by the advice.
28. A Panel shall consider the evidence and determine if, on the evidence, the Member is Incapacitated. On applications:
  - 28.1 arising under section 2 or section 4, the Registrar bears the onus of establishing that the Member is Incapacitated; and
  - 28.2 arising under section 3, the Member referring the application bears the onus of establishing that the Member is not Incapacitated,on a balance of probabilities.
29. Only Panel members hearing an application shall participate in deliberations and make any decision and order on the matter.

### **Reconsiderations**

30. The Capacity Committee may reconsider a decision or order made by a Panel of the Capacity Committee:
  - 30.1 at any time after the fifth anniversary of the decision or order becoming final, if:
    - 30.1.1 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, unnecessary;

- 30.1.2 there has been a material change in circumstances that obstructs or impedes the purpose and intent of the decision or order, or a part of the decision or order;
  - 30.1.3 there has been a material change in circumstances that makes the decision or order, or a part of the decision or order, incapable of being reasonably complied with or fulfilled; or
  - 30.1.4 the decision or order, or a part of the decision or order, is no longer legally valid or enforceable; and
- 30.2 at any time, if:
  - 30.2.1 one or more of the conditions set out in sections 30.1.2, 30.1.3, or 30.1.4 exist; and
  - 30.2.2 the decision or order, or a part of the decision or order, will result in a miscarriage of justice that may be prevented by the reconsideration.
- 31. The Panel hearing a motion for reconsideration may include Panel members who did not participate in the decision or order being reconsidered.
- 32. The responding party to a motion under section 30 shall be the Registrar.
- 33. The party bringing the motion under section 30 bears the onus of establishing, on a balance of probabilities, that the reconsideration should be granted.
- 34. After hearing the motion for reconsideration, the Panel may:
  - 34.1 confirm the decision or order in whole or in part;
  - 34.2 strike the decision or order in whole or in part; or
  - 34.3 vary the decision or order in whole or in part, on terms and conditions and with such restrictions as the Panel considers appropriate.
- 35. A party may appeal the Panel's decision under section 34 to the Appeal Committee.

### **Orders**

- 36. If the Panel finds the Member is Incapacitated, the Panel may make one or more of the following orders:
  - 36.1 an order suspending the Member:
    - 36.1.1 for a definite period,
    - 36.1.2 until terms, conditions, and/or restrictions specified by the Panel are met to the satisfaction of the Registrar, or

## REGULATIONS

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- 36.1.3 for a definite period and, after that, until terms, conditions, and/or restrictions specified by the Panel are met to the satisfaction of the Registrar;
  - 36.2 an order that the Member obtain or continue treatment or counselling, including testing and treatment for addiction to or excessive use of alcohol or drugs, or participate in other programs to improve the Member's health;
  - 36.3 an order restricting the areas in which the Member may practise or in which the Member may provide services;
  - 36.4 an order restricting the services the Member may provide;
  - 36.5 an order that the Member only practise or provide services:
    - 36.5.1 as an employee of a person approved by the Registrar;
    - 36.5.2 as an employee or partner, and under the supervision, of a Member approved by the Registrar; or
    - 36.5.3 under the supervision of a Member approved by the Registrar;
  - 36.6 an order that the Member report to the Registrar on the Member's compliance with any order made under this section, and that others involved with the Member's treatment or supervision be authorized to report to the Registrar on them;
  - 36.7 an order establishing or varying the notice requirements set out in sections 43 and 45; and
  - 36.8 any other order, other than revoking the Member's membership, the Panel considers necessary to protect the public interest.
37. The order may provide for suspension of the Member for non-compliance with the terms, conditions, and/or restrictions of the order.
38. Despite section 36, the Panel may decline to find a Member is Incapacitated if the Panel concludes that, through demonstrated compliance with a continuing course of treatment or the continuing use of an assistive device, the Member is capable of meeting the Member's obligations under the Act. If the Panel declines to find a Member is Incapacitated under this section, it shall note in its order and reasons:
- 38.1 that the Panel's findings are based on and dependent on the Member's compliance with the continuing course of treatment or continuing use of an assistive device;
  - 38.2 if the Registrar becomes aware of a failure by the Member to abide by the treatment or device use, the Registrar shall investigate the matter under

section 4 and may suspend the Member for failure to adhere to the terms of the Capacity Committee's order; and

- 38.3 if the Registrar suspends the Member under section 38.2, the Registrar shall refer the matter to the Capacity Committee under section 11.4, and the Members' suspension shall remain in effect until the matter is considered by the Capacity Committee.

39. The Panel shall provide its order and reasons, in writing to:

39.1 the parties,

39.2 if the Member's Firm was provided with notice under section 12, the Member's Firm; and

39.3 if the matter was referred to the Registrar under section 2, and if the referring Committee requested notification at the time the referral was made, to the Capacity Committee,

along with notice of the right of the parties to appeal that order.

### **Appeals**

40. A party may appeal a decision or order, including a refusal to make an order under section 36, made by the Capacity Committee to the Appeal Committee.
41. The parties to the appeal shall be the Registrar and the subject of the capacity application.

### **Notice**

42. Notice of the time, date, and place of all capacity applications and appeals shall be posted on CPA Ontario's website, along with a notice that capacity applications are not open to the public.
43. The decision, order, and written reasons of the Capacity Committee on any finding a Member is Incapacitated or decision made under section 38, with the name and other identifying information of the Member removed, shall be posted on a publicly accessible area of CPA Ontario's website, and shall be given to all Members, and any other person on request.
44. Despite section 43, the Panel may order that the full decision, order, and reasons of the Capacity Committee be posted if it considers it to be in the public interest.
45. If a finding a Member is Incapacitated for which notice has been given under section 43 or section 44 is reversed on appeal, CPA Ontario shall give notice of the reversal in the same manner referred to in section 43 or section 44, as the case may be.

46. If the Panel considers it necessary to protect the public interest, the Panel may order that notice of its order, or portions thereof, including the name of the Member, shall be given in a newspaper or newspapers distributed in the geographic area where the Member practised, if applicable, and in any other area ordered by the Panel, or in any form or media it considers appropriate, and CPA Ontario shall pay for the cost of publication.
47. If the finding a Member is Incapacitated for which notice has been given under section 40 is reversed on appeal, CPA Ontario shall give notice of the reversal in the same manner referred to in section 40.



**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 17-1**

**PUBLIC ACCOUNTING LICENSING**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 17-1  
PUBLIC ACCOUNTING LICENSING**

**Application**

This Regulation deals with the powers and role of the Public Accounting Licensing Board in the regulation of Members and Firms engaged in the Practice of Public Accounting.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law and, for the purpose of this Regulation:
  - 1.1 “Board” means the Public Accounting Licensing Board;
  - 1.2 “Chargeable Hours” means hours normally chargeable to clients of a public accounting practice; however, work of a routine clerical nature shall not be included in the computation of Chargeable Hours;
  - 1.3 “Continuing Professional Development Requirement” means for each Member completing the mandatory continuing professional development requirements set out in Regulation 7-2;
  - 1.4 “Designated Services” means the following services that require competencies complementary to those required to engage in the Practice of Public Accounting:
    - 1.4.1 taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
    - 1.4.2 performance measurement relating to the evaluation, development, and interpretation of an entity’s financial and nonfinancial information that measures and enhances an entity’s organizational performance;
    - 1.4.3 forensic accounting;
    - 1.4.4 research on the interpretation or application of the accounting and assurance standards set out in the *CPA Canada Handbook – Accounting* and *CPA Canada Handbook – Assurance*, or on professional standards;
    - 1.4.5 financial reporting involving the review of accounting principles and financial statement disclosure, and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;
    - 1.4.6 corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial

- institution, and assisting a client in analyzing the accounting effects of certain transactions;
- 1.4.7 research conducted for, or advice given to, assurance clients on matters related to assurance engagements;
- 1.4.8 training of other accountants or staff of the practice or Firm in respect of the performance of assurance services where the training is an ongoing responsibility of the Member;
- 1.5 “disciplinary proceeding” includes any complaint, investigation, proceeding, finding, order, or settlement in any jurisdiction relating to the competence, conduct, or character of a Member or Firm, and may include criminal proceedings where the subject of the criminal proceeding relates to the competence, conduct, or character of a Member or Firm;
- 1.6 “Documented Hours” are hours acquired in a public accounting practice, through engagement in the Practice of Public Accounting, described in section 1.9.1, 1.9.2, or 1.9.4 and that have not been charged to clients;
- 1.7 “Eligible Hours” are:
- 1.7.1 Chargeable Hours and, for the purposes of section 4 only, Documented Hours acquired as a result of participating in a recognized capacity in the Practice of Public Accounting; and
- 1.7.2 other hours acquired in Designated Services;
- 1.8 “PAL Eligibility Criteria” means the criteria in Appendix A adopted by the Council and approved by The Public Accountants Council;
- 1.9 “participated in a recognized capacity in the Practice of Public Accounting” means one or more of the following:
- 1.9.1 each Member of a Firm or Practising Office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
- 1.9.2 each Member of a Firm or Practising Office who can directly influence the outcome of a public accounting engagement, such as Members who provide:
- 1.9.2.1 consultation regarding professional standards;
- 1.9.2.2 consultation or opinions regarding taxation provisions or other technical or industry specific issues, transactions, or events;
- 1.9.2.3 quality control reviews;

- 1.9.3 a practice inspector appointed by CPA Ontario or by CPAB to conduct practice inspections of Licensees, Firms, and Practising Offices; and
- 1.9.4 for the purposes of licence renewal only, each Member of a Firm or Practising Office who has responsibility for the entire public accounting engagement, who has direct supervision, management or oversight of the leadership of the engagement teams, or completes a second partner review;
- 1.10 “Personal Interest” includes an actual or potential advantage or disadvantage to an individual, their spouse, parents, children, or grandchildren, a Firm with which the individual is associated as an employee or partner, or a business in which the individual has an ownership interest, that arises or could reasonably arise from a determination involving the individual;
- 1.11 “Post Designation Public Accounting Program” or “PDPA” means the prescribed education and examination requirements developed by CPA Canada;
- 1.12 “Practice Inspection Requirement” is fulfilled if the Member, within the immediate past five years:
  - 1.12.1 participated in a recognized capacity in the Practice of Public Accounting in a Practising Office that has successfully completed a practice inspection to assess that its quality control system, its current engagement files, and related financial statements adhere to professional standards;
  - 1.12.2 participated in a recognized capacity in the Practice of Public Accounting in a Practising Office located outside of Ontario that has been the subject of a practice inspection satisfactory to CPA Ontario;
  - 1.12.3 is or will be participating in a recognized capacity in public accounting engagements of a newly established Practising Office including a Practising Office that will be established shortly following the date of a successful application for licensure, if it is a condition of the granting of a licence to the Member that the Practising Office is subject to a practice inspection within 12 months following the date of the issuance of the Member’s licence that results in a determination by CPA Ontario that the Practising Office has maintained an appropriate level of professional standards; or
  - 1.12.4 is a practice inspector appointed by CPA Ontario or by CPAB to conduct practice inspections of Members who have a Public Accounting Licence, Firms, and Practising Offices;

- 1.13 “Practice of Public Accounting” has the same meaning as in the By-law and, for the purpose of Public Accounting Licence renewals only, also includes compilation services, whether or not the compilations or associated materials contain the notice in the prescribed form referred to in section 2(3) of the *Public Accounting Act, 2004*;
- 1.14 “Practising Office” includes the national or head office in Canada of a public accounting firm that has been accepted by the CPAB as a participating audit firm in its oversight program, whether or not the office has been the subject of a practice inspection;
- 1.15 “Professional Experience Requirement” means that a Member participated in a recognized capacity in the Practice of Public Accounting and, in the immediate past five years obtained a minimum of 2,500 hours consisting of:
- 1.15.1 a minimum of 1,250 Eligible Hours in the Practice of Public Accounting, excluding any hours for which a Public Accounting Licence was required but not held; and
  - 1.15.2 up to 1,250 Eligible Hours in Designated Services;
- 1.16 “Qualifying Experience Requirement” means the successful completion of 30 months of practical experience, in an Approved Training Office as defined in Regulation 9-2 or in an External Audit Pre-Approved Program under the CPA Ontario Practical Experience Requirements and shall include:
- 1.16.1 a minimum of 2,500 Chargeable Hours in the Practice of Public Accounting and other accounting services including:
    - 1.16.1.1 1,250 Chargeable Hours in assurance services, of which at least 625 Chargeable Hours shall be in the audit of historical financial information and 100 Chargeable Hours of review procedures in review and other assurance engagements;
    - 1.16.1.2 100 Chargeable Hours in Canadian taxation services; and
    - 1.16.1.3 1,150 Eligible Hours in either the Practice of Public Accounting or Designated Services;
  - 1.16.2 a minimum of two years’ experience in the Practice of Public Accounting under the supervision of a Member who holds a valid and current Public Accounting Licence
  - 1.16.3 a limit of six months spent on secondment assignments; and
  - 1.16.4 completion of all chargeable hour and competency requirements not more than five years before the External Audit Pre-Approved Program completion date;

- 1.17 “Reporting Issuer” means reporting issuer as defined in the *Securities Act*;

**New Licence**

2. A Member in Good Standing who has never held a Public Accounting Licence, or whose licence has lapsed or expired, is eligible to be issued a Public Accounting Licence, upon:
- 2.1 making an application in the form prescribed for a Public Accounting Licence and paying the prescribed fee;
  - 2.2 satisfying the Board of good character in accordance with this Regulation;
  - 2.3 unless applying under section 2.6, completing the:
    - 2.3.1 Continuing Professional Development Requirement;
    - 2.3.2 Practice Inspection Requirement; and
    - 2.3.3 Professional Experience Requirement;
  - 2.4 if the Member became a Member of CPA Ontario after October 31, 2006 and became a Member under section 10.1, 10.2, or 10.3 of Regulation 7-1, and:
    - 2.4.1 if the registration as a Student was in the Accounting Body Outside Canada – Specified category:
      - 2.4.1.1 having successfully completed the Assurance and Taxation electives modules in the CPA Professional Education Program or its predecessor and having demonstrated in the Common Final Examination, depth of competency development in both Financial Reporting and Assurance, in addition to demonstrating breadth of competency development as defined in *The Chartered Professional Accountant Competency Map* or any successor document approved by Council; or
      - 2.4.1.2 having successfully completed the PDPA with a maximum of three attempts in the preceding five years and an approved Canadian Business Law course that would satisfy the requirements of section 66.2.1 of Regulation 9-1; and
      - 2.4.1.3 having completed a period, of not less than two years, engaged in services included in the Practice of Public Accounting;
    - 2.4.2 in all other cases, completing, or having completed the Qualifying Experience Requirement; and
      - 2.4.2.1 having successfully completed the Assurance and Taxation elective modules in the CPA Professional Education Program or the

predecessor requirements and demonstrated in the Common Final Examination, depth of competency development in both Financial Reporting and Assurance, in addition to demonstrating breadth of competency development as defined in *The Chartered Professional Accountant Competency Map* or any successor document approved by Council; or

- 2.4.2.2 having successfully completed the PDPA with a maximum of three attempts in the preceding five years;
- 2.5 if the Member became a Member of CPA Ontario under section 11 of Regulation 7-1 or its predecessor and, unless otherwise prohibited by Regulation 7-1, having successfully completed before applying for a Public Accounting Licence, in no more than three attempts in a five-year period, the CPA Reciprocity Education and Examination Program;
- 2.6 if the Member is a member of a Provincial Body, and has never held a licence issued under this section but has practised public accounting in the jurisdiction of the Provincial Body within the immediate past five years, providing proof satisfactory to the Board of:
  - 2.6.1 continued membership in good standing in that Provincial Body up to the time that an application for a licence is made;
  - 2.6.2 licensing, certification, or authorization to practise public accounting in good standing without limitation or restriction in that jurisdiction;
  - 2.6.3 currently not being the subject of any disciplinary proceeding; and
  - 2.6.4 having practised public accounting in the immediate past five years;
- 2.7 if the Member, before becoming a Member of CPA Ontario was a member in CGA Ontario or CMA Ontario, unless otherwise specified in the PAC Standards, having successfully completed the:
  - 2.7.1 PDPA with a maximum of three attempts in the preceding five years; and
  - 2.7.2 Qualifying Experience Requirement.
- 3. Despite any other provision in this Regulation a Member who was admitted to membership:
  - 3.1 upon completing a qualification program for faculty, instructors, or facilitators associated with an academic institution, as described in Appendices C1 and C2 to Regulation 9-1; or

- 3.2 through the CMA Combined Master's Program, CMA Accelerated Program, CMA Executive Program, or received Professional Advanced Standing in the CMA Program; or
- 3.3 through the Evaluation of Experience category; or
- 3.4 other than as set out in the PAL Eligibility Criteria, after having completed any of the CPA Preparatory Courses (PREP) as part of the academic prerequisites before January 1, 2018, and has not at any point subsequently retaken the applicable academic prerequisites at an academic institution as described in Appendices C1 and C2 to Regulation 9-1,

is not eligible for a Public Accounting Licence.

#### **Licence Renewal**

- 4. A Member in Good Standing who holds a Public Accounting Licence is eligible to renew that licence upon:
  - 4.1 making an application in the prescribed form for a licence renewal and paying the prescribed fee;
  - 4.2 completing the Continuing Professional Development Requirement;
  - 4.3 completing the Practice Inspection Requirement; and
  - 4.4 completing the Professional Experience Requirement or, if the licence was issued under section 2.6, completing the Professional Experience Requirement by the fifth anniversary of the date of original issuance of that licence.
- 5. Despite section 4,
  - 5.1 a Member shall not be eligible to renew a licence if:
    - 5.1.1 the Member fails to submit a complete application to renew a licence in the manner provided in this Regulation, at least 30 Days before their current licence expires;
    - 5.1.2 the Public Accounting Licence is suspended or has been revoked; or
    - 5.1.3 the Member had a licence, certification, or authorization issued by a Provincial Body to practise public accounting, and the licence, certificate, or authorization was suspended or revoked, and has not been reinstated; and
  - 5.2 the Public Accounting Licence of a Member shall not expire on the date of expiry if the Member has met the requirements of section 5.1 and the Board has not, by the date of expiry of the licence, made a decision on renewal of the



licence; and the licence shall continue in effect until the Board makes a decision on renewal of the licence.

### **Required Information Documents and Materials**

6. The application for a Public Accounting Licence and the application for a licence renewal shall not be considered, and consideration of the application will stop, unless the Member has provided all the information, documents and materials required to prove compliance with section 2 or 4, as the case may be, or that may be requested by the Registrar in connection with the application within 30 Days of making the application or any request by the Registrar.

### **Tracking and Reporting of Eligible Hours**

7. A Member shall:
  - 7.1 track on an annual basis, and keep detailed records of Eligible Hours that contribute to the Professional Experience Requirement that must be fulfilled for the issuance or renewal of a Public Accounting Licence;
  - 7.2 provide the records to CPA Ontario when:
    - 7.2.1 reporting on the application for the issuance or renewal of a Public Accounting Licence any deficiency in the Eligible Hours required to fulfil the Professional Experience Requirement; or
    - 7.2.2 requested by a practice inspector, the Director of Practice Inspection, or the Registrar.
8. A member who charges or bills clients for services on a value billing or fixed amount basis is required to track and report as Eligible Hours the actual hours that the Member spent on the engagements when the hours were not Chargeable Hours.

### **Registration with the CPAB**

9. A Member or Firm shall register with the CPAB in the circumstances set out in section 17.11 of the By-law.

### **Discretion of the Public Accounting Licensing Board**

10. Except as provided in sections 11 to 14, the Board shall not issue or renew a Public Accounting Licence unless the Member meets the requirements of sections 2 to 5.
11. As set out in section 3.4, the Board may issue a Public Accounting Licence to a Member who was admitted to membership after having completed any of the CPA Preparatory Courses (PREP) as part of the academic prerequisites before January 1, 2018 and not at any point subsequently retaken the applicable academic prerequisites at an academic

institution as described in Appendices C1 and C2 to Regulation 9-1, if the Member otherwise meets the requirements of sections 2 and 3 and the PAL Eligibility Criteria.

12. In exceptional circumstances, and only if it is satisfied the exceptional circumstances of the Member will not continue beyond a total period of two years from the date of the application for a licence or renewal, the Board may issue or renew a Public Accounting Licence to a Member who:
  - 12.1 has met all the relevant requirements of this Regulation with the exception of the Professional Experience Requirement; and
  - 12.2 has demonstrated the required capabilities, competence and current skills to engage in the Practice of Public Accounting.
13. Despite sections 10 and 12, the Board may renew a Public Accounting Licence to a Member who:
  - 13.1 has met all the relevant requirements of this Regulation with the exception of the Professional Experience Requirement;
  - 13.2 has demonstrated the required capabilities, competence and current skills to engage in the Practice of Public Accounting; and
  - 13.3 has a practice comprised substantially of one or more of the following:
    - 13.3.1 responsibility for the entire public accounting engagement of a Firm or Practising Office;
    - 13.3.2 completion of second partner reviews; and
    - 13.3.3 responsibility for the direct supervision, management, or oversight of the leadership of the engagement teams involving such functions as: review of assurance files of major clients or high risk clients; interpretation or application of generally accepted accounting principles, generally accepted assurance standards and/or professional standards; or advice given to assurance clients on matters related to assurance engagements, but not including supervisory functions that are primarily administrative in nature.
14. Despite sections 10, 12 and 13, the Board may renew the Public Accounting Licence of a Member who has not complied with the requirements of section 4.2 due to a documented absence from the Practice of Public Accounting as a result of parental leave, medical or compassionate circumstances, if the Board is satisfied that the Member otherwise has the required capabilities, competence and current skills to engage in the Practice of Public Accounting.

15. The Board shall record in writing its reasons for issuing or renewing any licence under sections 11 to 14, and shall report as required to The Public Accountants Council for the Province of Ontario.

**Certificates of Authorization**

16. A Professional Corporation is eligible to be issued a Certificate of Authorization, under the Regulations, if it:
- 16.1 is registered in good standing with CPA Ontario;
  - 16.2 makes an application for a Certificate of Authorization in the prescribed form and pays the prescribed fee;
  - 16.3 provides a declaration by the Firm Representative that the Professional Corporation:
    - 16.3.1 has valid and up to date articles of incorporation and/or articles of amendment, as the case may be;
    - 16.3.2 is in compliance with the Act, the *Business Corporations Act*, and the *Public Accounting Act, 2004* and any regulations made under those acts; and
    - 16.3.3 maintains professional liability insurance coverage in accordance with requirements of Regulation 14-1.
17. A Professional Corporation is eligible to renew a Certificate of Authorization if the corporation:
- 17.1 before the date upon which the certificate expires, makes an application in the prescribed form for a certificate renewal and pays the prescribed fee; and
  - 17.2 satisfies CPA Ontario that the corporation continues to meet all the requirements for issuance of a certificate set out in section 16.
18. A Certificate of Authorization that has expired cannot be renewed; however, a Professional Corporation may apply for a new Certificate of Authorization under section 16.

**Form of Licence and Certificate**

19. Every Public Accounting Licence or Certificate of Authorization issued or renewed by CPA Ontario shall:
- 19.1 be numbered;
  - 19.2 bear the date upon which it is issued or renewed;

- 19.3 if applicable, bear the date on which it expires; and
- 19.4 be effective from the date upon which it is issued or renewed until the date it expires, unless earlier suspended or revoked.

### **Disclosure of Status**

- 20. On any statement or report that is in respect of an assurance engagement, or a compilation engagement for which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the Member providing the service will be relied upon or used by a third party, when the report for the engagement is issued, or the work for the engagement is primarily performed, in Ontario:
  - 20.1 a Member who is licensed as a public accountant, if signing under or with the Member's own name or if the Member is identified by name in the report, shall use the term "Licensed Public Accountant" or the initials "LPA", following the licensee's legal name and the licensee's applicable designations in accordance with the provisions of Regulation 12-1;
  - 20.2 a Professional Corporation that holds a Certificate of Authorization to practise public accounting shall use the term "Authorized to practise public accounting by the Chartered Professional Accountants of Ontario"; and
  - 20.3 a Firm, other than a Professional Corporation, shall use the term "Licensed Public Accountants" or the initials "LPA", following the designation "Chartered Accountants", "Certified General Accountant", or "Chartered Professional Accountants", when it is the Firm's name that is used to sign the statement, opinion, or report.
- 21. Only the lead engagement person responsible for signing a statement or report for a public accounting engagement must hold a Public Accounting Licence. Other members of the engagement team, including the engagement quality control reviewer or other experts, may be, but are not required to be, licensed.

### **Suspension, Revocation, or Refusal of Public Accounting Licence**

- 22. A Public Accounting Licence shall be immediately suspended upon the rights and privileges of the Member being suspended for any reason. The licence will be reinstated upon the rights and privileges of the Member being reinstated, unless the licence has expired or been otherwise suspended or revoked.
- 23. A Public Accounting Licence shall be immediately revoked upon the revocation or voluntary surrender of membership of a Member.
- 24. The Board may suspend the Public Accounting Licence of a Member and may refuse to issue or renew a Public Accounting Licence to a Member:

- 24.1 for the failure to provide information, documents, or other materials required under the Act, by-laws or Regulations, or as requested by the Board; or
  - 24.2 for the failure to successfully complete any obligation or requirement, or maintain any status, imposed by the Act, by-laws, or Regulations, or to provide proof of the successful completion; particularly, the obligations, requirements, or status set out in Regulation 14-1, Regulation 7-2, Regulation 10-1, and Regulation 18-1.
25. The Board may refuse to issue or renew a Public Accounting Licence to a Member, or impose conditions or restrictions on the licence granted to a Member where the Board considers this to be necessary to protect the public interest as a result of disciplinary proceedings in any other jurisdiction relating to the competency, conduct or character of the Member.
26. The Board may, where it considers it necessary to protect the public interest, impose terms, conditions, or restrictions on the Public Accounting Licence granted to the Member pending fulfillment of terms, conditions, or restrictions imposed on the Member by CPA Ontario.
27. A Member shall destroy its Public Accounting Licence immediately upon notification of revocation or suspension and is not entitled to apply for the issuance or renewal of the licence during any period of suspension.

**Suspension, Revocation, or Refusal of a Certificate of Authorization**

28. The Certificate of Authorization issued to a Professional Corporation shall be suspended immediately upon:
- 28.1 the membership of all shareholders of the Professional Corporation being suspended for any reason; or
  - 28.2 the Public Accounting Licences of all shareholders of the Professional Corporation being suspended for any reason,
- and the Certificate of Authorization shall be reinstated upon the reason for the suspension ceasing to exist, unless the Certificate of Authorization has expired or been otherwise suspended or revoked.
29. A Professional Corporation shall destroy its Certificate of Authorization immediately upon notification of suspension and is not entitled to apply for the issuance or renewal of the certificate during the period of suspension.
30. A Certificate of Authorization issued to a Professional Corporation shall be revoked if:
- 30.1 the registration of the Professional Corporation is revoked or voluntarily surrendered; or

- 30.2 the Professional Corporation has no shareholders with a valid and current Public Accounting Licence.
31. A Professional Corporation shall destroy its Certificate of Authorization upon notification of revocation.

### **Public Accounting Licensing Board**

#### ***Composition and Meetings of the Board***

32. The Board shall consist of between 5 and 12 members, including a Chair, and not less than two public representatives. Except for the public representatives, Board members shall be public accounting licensees or have held a Public Accounting Licence within the past five years. Board members shall generally be representative of CPA Ontario's membership by occupation and geographic location.
33. The Board members shall be appointed for an initial one-year term and shall be eligible for reappointment for a maximum of three additional three-year terms. The Council may extend the maximum term of a Board member in extraordinary circumstances.
34. If a Board member's term expires before a matter in which that member has been involved has concluded, the member may remain a member of the Board until the conclusion of the matter.
35. The Chair of the Board shall be appointed from among the Board members for a two-year term, and shall be eligible for reappointment for a maximum of three additional two-year terms. The Council may extend the maximum term of the Chair in extraordinary circumstances.
36. The Board shall meet monthly, on a date fixed by the Chair, and unless ordered otherwise by the Chair, the meetings of the Board may be held by telephone conference.
37. The quorum for any meeting of the Board shall be three members and shall include a public representative and a public accounting licensee.
38. A Board member participating in a decision shall not have a Personal Interest in the matter being considered.
39. Every Board member participating in a decision shall have one vote and the Chair may vote only to create a tie and so defeat a motion, or break a tie and so pass a motion.
40. The Board may, in any specific matter, seek the expertise and advice of one or more Members with expertise in an area of chartered professional or public accounting, if the Board members do not possess the expertise. The experts shall not have a Personal Interest in the matter or the persons involved in the matter.

41. The Board may also seek and rely on the advice of CPA Ontario staff, but, subject to sections 51 to 62, only Board members shall make the decisions required of the Board in this Regulation.

***Powers of the Board***

42. The Board shall be responsible for matters relating to Public Accounting Licences, Certificates of Authorization, and the Practice of Public Accounting, including overseeing CPA Ontario's licensing standards responsibilities, functions, and processes.
43. The Board has all the powers and duties specified in the By-law and Regulations, including the power to:
- 43.1 decide applications from Members for, and issue, Public Accounting Licences;
  - 43.2 decide applications from Professional Corporations for, and issue, Certificates of Authorization;
  - 43.3 decide applications and applications for renewal of Public Accounting Licences and Certificates of Authorization;
  - 43.4 suspend Public Accounting Licences as provided in this Regulation;
  - 43.5 refuse to issue or a renew a Public Accounting Licence in the circumstances described in section 44;
  - 43.6 refer matters or applications to the Registrar or a Committee as provided in this Regulation; and
  - 43.7 receive, for the record, notices of revocation of Public Accounting Licences and Certificates of Authorization,

and shall exercise its powers, and perform its duties in accordance with the Act, by-laws, Regulations, and PAC Standards.

***Power to Refuse to Issue or Renew a Public Accounting Licence***

44. Despite the other provisions of this Regulation, the Board shall not issue or renew a Public Accounting Licence to a Member:
- 44.1 who:
    - 44.1.1 fails to make any disclosure or provide any information or document required by this Regulation; or
    - 44.1.2 provides information or a document that is false or misleading;
  - 44.2 while the conduct of the Member is the subject of a complaint to or an investigation by the Professional Conduct Committee;

- 44.3 while the conduct of the Member is the subject of a proceeding before the Discipline Committee;
  - 44.4 who held a Public Accounting Licence previously and the licence was revoked by order of the Discipline or Appeal Committees, unless the relevant committee advises the Board that the Member has successfully met PAC Standard 15(2);
  - 44.5 who is the subject of a settlement agreement or an order of the Discipline or Appeal Committees and the Member is not complying with or has not fully complied with the agreement or order; or
  - 44.6 while the Member is the subject of an investigation under Regulation 16-1 or an order of the Capacity Committee.
45. Despite section 44, the Board may issue or renew a Public Accounting Licence to a Member in the circumstances set out in section 44.2, 44.3, or 44.6 if the Board is of the view that the issuance or renewal of the Public Accounting Licence would not put at risk any member of the public, the reputation of the profession, or the ability of the profession to serve the public interest.
46. The Board shall not issue or renew the Public Accounting Licence of a Member whom the Board has reason to believe will not practise public accounting or will not engage in the Practice of Public Accounting in accordance with the *Public Accounting Act, 2004* or the by-laws, including the Code, and Regulations.

***Request for Review***

47. A Member or Professional Corporation may request a decision of the Board under sections 43 to 46 be reviewed by the Admission and Registration Committee as provided in Regulation 6-1.

***Reconsideration***

48. The Board shall reconsider all matters referred back to it by the Admission and Registration Committee, taking into account the following:
- 48.1 all information available to the Board at the time of the original consideration;
  - 48.2 any further information available at the time of the reconsideration; and
  - 48.3 any directions or guidance given by the Admission and Registration Committee.
49. The Board has the power to confirm, vary, or reverse its original decision.
50. The Board's decision on reconsideration is final.



***Referral to the Admission and Registration Committee for a Hearing***

51. The Board shall refer the following applications to the Admission and Registration Committee for determination:
  - 51.1 in circumstances where an applicant for a Public Accounting Licence or licence renewal does not provide evidence of good character satisfactory to the Board as required by this Regulation; and
  - 51.2 in circumstances where the evaluation of an application for a Public Accounting Licence or licence renewal requires assessment of the applicant's credibility.
52. In addition to section 51, the Board may refer any other application for a Public Accounting Licence or renewal from a Member in respect of whom the Board directs that a hearing be held to determine whether the Member has fulfilled the qualifications to be licenced as set out in the *Public Accounting Act, 2004*, the Regulations, and PAC Standards to the Admission and Registration Committee for determination.
53. The parties to a hearing under sections 51 and 52 are the applicant and the Board.
54. A hearing under sections 51 and 52 shall be conducted in accordance with the applicable provisions of Regulation 6-1.
55. In circumstances where both a good character hearing as provided in section 51.1 and a credibility hearing as provided in section 51.2 are required, the matters may be heard together.
56. If the Admission and Registration Committee on referral of an application under section 51.1 determines that an applicant is not of good character, the Admission and Registration Committee shall make an order refusing the application, and may impose terms, restrictions, and conditions for re application if appropriate.
57. If the Admission and Registration Committee on referral of an application under section 51.2 determines that an applicant does not meet the qualifications for a licence or licence renewal, the Admission and Registration Committee shall make an order refusing the application, and may impose terms, restrictions, and conditions for re application if appropriate.
58. If the Admission and Registration Committee on referral of an application under section 52 determines that an applicant does not meet the qualifications for a licence or licence renewal, the Admission and Registration Committee shall make an order refusing the application, and may impose terms, restrictions, and conditions for re application if appropriate.
59. An applicant may appeal an order of the Admission and Registration Committee made under section 56, 57, or 58 to the Appeal Committee.
60. The parties to an appeal are the applicant and the Board.

- 61. The appeal shall be conducted in accordance with the applicable provisions of Regulation 6-3.
- 62. The Appeal Committee's decision is final.

***Power to Refer***

- 63. Upon the Board becoming aware of any act, omission, or matter that the Registrar or a Committee is empowered to consider, investigate or enquire into, the Board shall:
  - 63.1 bring the act, omission, or matter to the attention of the relevant body; and
  - 63.2 provide any information, documents, or materials that the Board has received or obtained, and any minutes or other documents of the Board to the relevant body.

***Powers on Report from Practice Inspection***

- 64. On receipt of a report made by the Practice Inspection Committee or its delegate under Regulation 18-1, the Board may inquire, or direct the Registrar to inquire, into any issue raised in that report and whether the requirements of this Regulation have been met.
- 65. The Board shall provide to the Member or Professional Corporation notice of the enquiry, a brief description of the issue that arose from the practice inspection, a description of the result of any inquiries made by Registrar or Board and invite written submissions from the Member or the Professional Corporation.
- 66. The Member or Professional Corporation shall file written submissions, if any, with the Board within 15 Days of receiving notice of the enquiry.
- 67. If the Board remains unsatisfied after the enquiry and the submission, the Board has the power to:
  - 67.1 suspend the licence or the Certificate of Authorization until any identified deficiency, error or other matter that led to the suspension is rectified; and/or
  - 67.2 make a complaint to the Professional Conduct Committee regarding the conduct of the Member, firm, or Professional Corporation including:
    - 67.2.1 misrepresentations or fraudulent statements made on an issuance or renewal application for a Public Accounting Licence or Certificate of Authorization;
    - 67.2.2 misrepresentations or fraudulent statements made to the Board, the Admission and Registration Committee, CPA Ontario or any members, directors, officers, and employees thereof; or
    - 67.2.3 engaging in the Practice of Public Accounting without a valid licence or Certificate of Authorization.

**APPENDIX A:****PUBLIC ACCOUNTING LICENSURE ELIGIBILITY CRITERIA  
FOR THE CPA PREPARATORY COURSES**

**Policy approved by The Public Accountants Council for the Province of Ontario on September 26, 2017.**

***Application***

This policy applies to all candidates for licensure who took a CPA Preparatory Course before January 1, 2018.

***Eligibility for a Licence***

1. Those candidates who have met all licence requirements and have passed, in their first attempt, all CPA Preparatory Courses and CPA Professional Education Program (including the CFE), are eligible for a licence.
2. The Board may exercise reasonable discretion in using its professional judgment when reviewing applications for licensure. The Board has the ability to assess, on an individual exception basis, a candidate's eligibility for licensure even though he/she may have failed a CPA Preparatory Course and/or CPA Professional Education Program module, as long as the candidate subsequently passed the applicable course or module.
3. The restrictions on eligibility for licensure do not apply to the following CPA Preparatory Courses if taken after **September 26, 2017**:

Introductory Financial Accounting
Introductory Management Accounting
Economics
Statistics
Business Law
Information Technology
Audit and Assurance
Taxation
Intermediate Management Accounting
Performance Management

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 18-1**

**PRACTICE INSPECTION**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 18-1  
PRACTICE INSPECTION**

**Application**

This Regulation applies to all Members and Firms engaged in the Practice of Public Accounting or in Providing Accounting Services to the Public.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and the By-law, and for the purpose of this Regulation:
  - 1.1 “Compilation Practice” means a practice that conducts only compilation engagements;
  - 1.2 “CPAB” means the Canadian Public Accountability Board;
  - 1.3 “Director, Practice Inspection” means a Member In Good Standing, employed on a full-time basis by CPA Ontario to supervise the practice inspection program, and includes any employee of CPA Ontario to whom the powers of the Director, Practice Inspection have been delegated, unless otherwise specified;
  - 1.4 “Limited Assurance Practice” means a practice that includes fewer than 20 assurance engagements, or other practices as determined by the Director, Practice Inspection;
  - 1.5 “Non-Reportable Matters” means matters that are insignificant departures from Professional Standards not included in the Reportable Deficiencies, reminders of upcoming but not yet implemented changes to Professional Standards, common practices in a particular industry (including those followed by other practitioners), or personal preferences of the Practice Inspector;
  - 1.6 “Personal Interest” includes an actual or potential advantage or disadvantage to an individual, their spouse, parents, children, or grandchildren, a Firm that the individual is associated with as an employee or partner, or a business that the individual has an ownership interest in, that arises, or could reasonably arise from a determination involving the individual;
  - 1.7 “Practice Inspection Year” starts on May 1 of a calendar year and ends on April 30 of the following calendar year;
  - 1.8 “Practice Inspector” means a Member In Good Standing, currently or formerly engaged in, or employed by a Firm engaged in, the Practice of Public Accounting, and either employed or retained as an independent contractor by CPA Ontario to conduct practice inspections;

- 1.9 “Practising Unit” means a Member and any Member employed by the Member, or a Firm, and any Member employed by a Firm, who is engaged in the Practice of Public Accounting or Providing Accounting Services to the Public in a particular office, as determined by the Director, Practice Inspection;
- 1.10 “Professional Standards” means the professional standards set out in the CPA Canada Handbook and the relevant portions of the CPA Ontario Member’s Handbook; and
- 1.11 “Reportable Deficiencies” means matters that are departures from Professional Standards and are further categorized as either “significant” (important to the quality of the work performed to support the report or important to the usefulness of the financial statements) or “other” (not classified as significant).

### **Entities Subject to Practice Inspection**

- 2. All Practising Units engaged in the Practice of Public Accounting or in Providing Accounting Services to the Public shall be subject to practice inspection.
- 3. A Practising Unit may apply for an exemption from practice inspection by filing the prescribed Exemption Form with the Director, Practice Inspection certifying that:
  - 3.1 the Practising Unit has not engaged in the Practice of Public Accounting or Providing Accounting Services to the Public during the preceding twelve months; or
  - 3.2 the Practising Unit is or will be discontinuing engaging in the Practice of Public Accounting and Providing Accounting Services to the Public within 90 days from the date of a notice of inspection.

### **Selection for Inspection**

- 4. A new Practising Unit shall be selected for inspection after completing its first year of operation.
- 5. An established Practising Unit shall be selected for inspection within three years of the date of its last inspection.
- 6. All Members who engage in the Practice of Public Accounting or Providing Accounting Services to the Public in a Practising Unit shall be inspected during the inspection of the Practising Unit.
- 7. The Practice Inspection Committee or the Director, Practice Inspection may determine that more frequent inspections or re-inspections are required of a Practising Unit. Circumstances that may result in an increase in practice inspections or in re-inspection include:

- 7.1 a conclusion by the Practice Inspection Committee that the Practising Unit had not met the requirements of the practice inspection program during the Practising Unit's most recent practice inspection;
- 7.2 a significant change in the clients and/or profile of a Practising Unit;
- 7.3 participation of a Practising Unit in CPAB; or
- 7.4 a request from the Executive Vice President, Member & Student Services or delegate in relation to a Practising Unit offering or seeking approval to offer a Pre-Approved Program or which otherwise employs Students.

A determination made under this section is final.

- 8. If a Member of a Practising Unit or a Practising Unit is the subject of an investigation by the Professional Conduct Committee or if an Allegation as defined in the Rules has been made to the Discipline Committee, the Director, Practice Inspection may postpone the inspection of the Practising Unit until after the conclusion of the matter.
- 9. Despite sections 4 to 7, an inspection may be deferred if, in the discretion of the Director, Practice Inspection, circumstances warrant it.

#### **Arrangement of Inspections**

- 10. The Director, Practice Inspection shall send a notification of selection to a Practising Unit indicating that the Practising Unit will be inspected.
- 11. The Practising Unit shall complete and file a Planning Questionnaire in the prescribed form with the Director, Practice Inspection within 31 days of the notification of selection.
- 12. The Director, Practice Inspection shall consider the information contained in the filed Planning Questionnaire and assign one or more Practice Inspectors to conduct the practice inspection.
- 13. A Practice Inspector shall:
  - 13.1 be provided with, and produce on request, written confirmation of the appointment;
  - 13.2 have all the powers of an inspector under the Act;
  - 13.3 have the authority to require any person subject to the authority of CPA Ontario to provide information in writing, produce documents, and attend in person, upon reasonable notice, with the Practice Inspector to answer questions, and produce documents; and
  - 13.4 report as directed by the Practice Inspection Committee at the conclusion of the inspection.

14. The Director, Practice Inspection shall give notice in writing of the name of the assigned Practice Inspector and the commencement date of an office visit inspection. The notice shall be given to the Practising Unit at least 30 days before the commencement date or any shorter period as may be mutually agreed by the Practising Unit and the Director, Practice Inspection, and shall include a reminder of the professional responsibility to cooperate and of the possibility that some client documents might be subject to legal privilege, and shall further caution the Practising Unit that the failure to produce a document that is not privileged might constitute a breach of professional responsibilities.
15. Within 10 days of receipt of the notice under section 14, a Practising Unit may file an objection in writing to the assigned Practice Inspector on the grounds that the Practice Inspector may be lacking objectivity or for any other valid reason.
16. The Director, Practice Inspection shall consider any written objection and may assign another Practice Inspector if satisfied that there is a reasonable basis for the objection. A decision made under this section is final.

### **Inspection Process**

17. On the commencement date of the inspection, the Practice Inspector shall attend at the office of the Practising Unit, or other location as deemed appropriate by the Director, Practice Inspection, to assess adherence to Professional Standards. The Practice Inspector shall inspect the Practising Unit including reviewing:
  - 17.1 documentation and implementation of the quality control system of the Practising Unit;
  - 17.2 documentation of current engagements; and
  - 17.3 related financial statements.
18. The Practice Inspector shall, in his or her sole discretion, determine the number and type of current engagements to be reviewed, having regard to:
  - 18.1 the degree of reliance, if any, to be placed on quality controls;
  - 18.2 the size of the Practising Unit; and
  - 18.3 the harmonized inspection program policies established for all Provincial Bodies.
19. The number and specific engagements subject to inspection shall be selected solely by the Practice Inspector and not by the Practising Unit.
20. With respect to the public accounting licensing requirements set out in Regulation 17-1:
  - 20.1 a Member shall complete, on request, the prescribed Public Accounting Experience Form and provide it to the Practice Inspector; and



- 20.2 if the Director, Practice Inspection believes that an inspected Member or Firm may not be in compliance with the public accounting licensing requirements, the matter shall be reported to the Public Accounting Licensing Board.
21. If an inspection pertains to a Compilation Practice or a Limited Assurance Practice, the Director, Practice Inspection may decide the inspection is to be conducted by the submission of documentation by the Practising Unit to the Practice Inspector, and the Director, Practice Inspection shall notify the Practising Unit in writing of that decision and shall provide:
- 21.1 the name of the Practice Inspector, when assigned;
- 21.2 a list of the engagements selected for inspection; and
- 21.3 a list of other documentation or information required to be submitted for review within a 21-day period.

### **Inspection Report**

22. At the conclusion of the inspection, the Practice Inspector shall prepare a draft report, including any Reportable Deficiencies. The draft report may also include Non-Reportable Matters.
23. The Practice Inspector shall discuss the Reportable Deficiencies, if any, in the draft report with a representative of the Practising Unit, if a representative is readily available at the conclusion of the inspection. The Practice Inspector may, in their sole discretion, subsequently revise the draft report in light of any discussions with the Practising Unit's representative.
24. The Practice Inspector shall provide the draft report to the Practising Unit and invite it to make comments within 21 days. Where Reportable Deficiencies have been identified, the Practice Inspector may ask the Practising Unit to provide written comments on any actions the Practising Unit plans to take to address each deficiency. If the Practising Unit disagrees with a Reportable Deficiency listed in the draft report, the Practising Unit may provide an explanation and file documentation to support its position.
25. Before consideration by the Practice Inspection Committee, a detailed reviewer (the Director, Practice Inspection or Practice Inspector) shall assess the inspection file and the draft report, to ensure consistency within the inspection program. This assessment shall also include a consideration of any comments and file documentation received from the Practising Unit.
26. The detailed reviewer shall amend the draft report as appropriate, taking into consideration any matters arising from sections 24 and 25, concluding with recommendations as to a course of action, and shall submit a final report to the Practice Inspection Committee for review.

**Consideration and Determination**

27. The Practice Inspection Committee shall consider information on the inspection or re-inspection that it considers relevant, and shall do one or more of the following:
- 27.1 deem the inspection complete;
  - 27.2 require the Practising Unit to provide further written submissions on the intended correction of any Reportable Deficiencies, and consider the matter further once the submissions have been received or the time for making submissions has expired;
  - 27.3 order that the Practising Unit or a Member be subject to full or partial re-inspection within one year;
  - 27.4 require the Practising Unit or Member to undertake certain specified actions;
  - 27.5 refer the Practising Unit or Member to the Professional Conduct Committee for investigation; and/or
  - 27.6 report to the Registrar, Executive Vice President, Member & Student Services, or the Public Accounting Licensing Board on any matter.
28. The Practice Inspection Committee shall not refer a matter to the Professional Conduct Committee solely for the failure to produce a document subject to a valid claim of legal privilege that has not been waived.
29. In determining the action to be taken under section 27, the Practice Inspection Committee may consider, without limitation:
- 29.1 the degree to which the requirements of the practice inspection program have been met;
  - 29.2 the nature and severity of any Reportable Deficiencies;
  - 29.3 the cooperation of the Practising Unit or Member;
  - 29.4 the public interest; and
  - 29.5 on a re-inspection, the results of any previous inspections of the Practising Unit or Member, and the response of the Practising Unit or Member to those inspections.
30. The Practice Inspection Committee's decision under section 27 is final.
31. The Practice Inspection Committee shall communicate its decision under section 27 in writing to the Practising Unit or Member.

**Re-inspection**

32. A full or partial re-inspection of a Practising Unit or Member shall be conducted in accordance with the principles set out in this Regulation, with necessary amendments.

**File Retention**

33. Any file created during the course of an inspection shall be retained until the inspection has been deemed complete, and for a period of one year after the conclusion of the Practice Inspection Year that the inspection occurred.
34. Despite section 33:
- 34.1 CPA Ontario shall retain information required for administrative purposes including:
- 34.1.1 evidence that an inspection has been completed;
- 34.1.2 documentation identifying the Practising Units or Members and engagements inspected; and
- 34.1.3 documentation as required by the Public Accounting Licensing Board; and
- 34.2 CPA Ontario may retain documentation that will assist in future inspection planning.

**Confidentiality and Disclosure**

35. A Practice Inspection Committee member, or any person acting on behalf of the Committee, shall not make use of or disclose the contents of any report or of any files, engagement documentation, records, documents, or other material inspected, or any confidential information concerning the affairs of any Practising Unit, or of its clients obtained in the course of a practice inspection, except to the Practice Inspection Committee or person acting on its behalf.
36. Despite section 35, CPA Ontario, a Practice Inspection Committee member or person acting on their behalf:
- 36.1 may provide the Professional Conduct Committee with information and documentation on a failure to maintain Professional Standards, including a failure to co-operate with the inspection process;
- 36.2 may provide the Public Accounting Licensing Board with the outcome of any practice inspection performed within the immediate last five years that is associated with a Member or Firm applying for or renewing a Public Accounting Licence or a Certificate of Authorization;

- 36.3 may provide the Public Accounting Licensing Board with the outcome of a practice inspection that follows the conditional granting of a Public Accounting Licence or Certificate of Authorization;
- 36.4 may provide the Public Accounting Licensing Board with a report on a Member or Firm holding a Public Accounting Licence or Certificate of Authorization that has:
  - 36.4.1 failed to provide any information or documents requested on compliance with any of the requirements of the by-laws or Regulations;
  - 36.4.2 provided any information or documents appearing to be incomplete or misleading;
  - 36.4.3 provided any information or documents indicating that the Member or Firm appears not to meet the criteria established in the by-laws and Regulations; or
  - 36.4.4 apparently breached or failed to comply with the by-laws or Regulations;
- 36.5 may provide a report to the Registrar on a Member or Firm that does not appear to be in compliance with the requirements of the by-laws or Regulations;
- 36.6 may provide the Executive Vice President, Member & Student Services with information and documentation deemed appropriate for its assessment of the Practising Unit's student training program or the eligibility of the Practising Unit to offer a Pre-Approved Program or otherwise employ Students; and
- 36.7 may make any disclosure that is permitted by law, including a disclosure under section 60 of the Act, and a disclosure to a regulatory authority with which CPA Ontario has a memorandum of understanding or agreement, in accordance with its terms and conditions.

### **Practice Inspection Committee**

- 37. The Practice Inspection Committee has the powers, duties, and jurisdiction set out in the Act, the by-laws, and the Regulations.
- 38. The Practice Inspection Committee shall be comprised of between 15 and 20 Members, including a Chair, appointed by the Council. The Practice Inspection Committee should be representative of the CPA Ontario's membership by geographic location and should be composed of approximately:
  - 38.1 eight Members from local firms;

- 38.2 six Members from national firms; and
- 38.3 three Members from regional firms.
- 39. At least 75% of the Practice Inspection Committee members shall:
  - 39.1 be at the partner level (or equivalent);
  - 39.2 have been a Member In Good Standing for greater than 10 years; and
  - 39.3 hold a Public Accounting Licence.
- 40. Practice Inspection Committee members shall be appointed for an initial one-year term. Members are eligible for reappointment for an additional three-year term and, thereafter, on an annual basis, with the total appointment not to exceed six years. Afterwards, a Practice Inspection Committee member is eligible for reappointment to the committee only after retiring from the committee for at least a three-year period, and that reappointment would be regarded as a new appointment.
- 41. A Practice Inspection Committee member participating in a determination or decision shall not, to that member's knowledge, have a Personal Interest in the matter being considered.
- 42. Despite section 40, the Chair of the Practice Inspection Committee may serve up to two additional years as Chair, provided that their total appointment to the Practice Inspection Committee does not exceed eight years, and is not eligible for reappointment as Chair.
- 43. Despite sections 40 and 42, any Member whose term would otherwise expire shall remain a committee member until all practice inspection decisions they are considering and any ancillary matters have been concluded.
- 44. The quorum for a Practice Inspection Committee meeting shall be a majority of its members.
- 45. The Practice Inspection Committee may sit in panels, and the quorum for a panel shall be a majority of the panel.
- 46. The Practice Inspection Committee has the power to:
  - 46.1 carry out a program of practice inspection and appoint Practice Inspectors for that program in accordance with the Act, the by-laws, and this Regulation;
  - 46.2 require the cooperation of any Member, Student, or Firm, and the production of any engagement documentation, records, documents or other material in their possession, custody or control that it may require;

## REGULATIONS

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- 46.3 require a Member or Firm subject to the practice inspection to pay the fees and costs associated by that inspection, as established by the Council from time to time;
- 46.4 implement and act under any memorandum of understanding or agreement with a Regulatory Body;
- 46.5 retain the services of any individual on a fee basis or otherwise and to authorize the individual to enquire into all matters that may be brought to their attention by the committee or its chair, and through its chair to authorize the individual to interview any Member, Student, or Firm, and to examine any engagement documentation, records, documents or other material; and
- 46.6 perform all other acts necessary and ancillary to its powers.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 19-1**

**HONORARY MEMBERS**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 19-1  
HONORARY MEMBERS**

**Application**

This Regulation sets out the practice and procedure for Members to award and revoke honorary memberships.

**Definitions**

1. In this Regulation, words have the same meaning as they do in the Act and by laws.

**Eligibility**

2. An individual, who does not meet the requirements for membership in CPA Ontario, but who has engaged in conspicuous service to CPA Ontario or the Profession, and who has scrupulously and diligently upheld the objects of CPA Ontario, may be named an Honorary Member.
3. There are no limitations upon the total number of Honorary Members; however, for the honour to be meaningful, it should be sparingly bestowed.

**Nomination Process**

4. Only a Council Member or the President and Chief Executive Officer may nominate an individual for honorary membership.
5. The nomination shall be made to the Council.
6. The Council shall consider the nomination and, if approved by the Council, shall make a recommendation to the Members at the next Annual Meeting.

**Service Award Process**

7. The Members Entitled to Vote have the ultimate authority of naming an individual an Honorary Member; however, only individuals approved by the Council through the nomination process set out in this Regulation shall be eligible for honorary membership.
8. The Members Entitled to Vote may name an individual an Honorary Member by two thirds of the votes cast by those Members present in person at an Annual Meeting.
9. CPA Ontario shall issue an Honorary Certificate of Membership to every Honorary Member.



**Revocation of Service Award**

10. Any Member Entitled to Vote may request that the Chair of the Council add to the agenda of any Members' meeting a motion to revoke an honorary membership.
11. The notice for the Members' meeting shall specify the intention to pass such a resolution.
12. The Members Entitled to Vote may revoke the honorary membership of an Honorary Member by two thirds of the votes cast by those Members present in person at the Members' meeting for which the notice was given.

**Use**

13. An Honorary Member may use "Honorary member of CPA Ontario" and "CPA Ontario (Honorary)" after their name, and may display the Honorary Certificate of Membership issued by CPA Ontario, but shall not be a Member, and shall not be entitled to use any of the protected accounting designations or initials in Ontario.

**Rights and Privileges**

14. An Honorary Member:
  - 14.1 is not a Member, and does not have any of the rights, privileges and obligations of a Member;
  - 14.2 may attend Members' meetings without the right to vote; and
  - 14.3 may be consulted by the Council as an advisor at the discretion of the Chair of the Council, but is not eligible to be elected a Council Member.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 23-1**

**EDITORIAL CHANGES**

**Adopted by the Council under the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law on September 21, 2018, and effective as of November 19, 2018.**

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**REGULATION 23-1**  
**EDITORIAL CHANGES**

**Application**

This Regulation enables the Office of the General Counsel to make editorial changes to: (a) the by-laws, without the review or approval of the Council or the Members; and (b) the Regulations, without the review or approval of the Council, and it sets the parameters for making these changes.

**Parameters**

1. The Office of the General Counsel may not make changes to the by-laws or Regulations that alter their meaning, intent, or legal effect.
2. The Office of the General Counsel may make changes to the by-laws or Regulations that:
  - 2.1 correct spelling, punctuation, or grammatical errors;
  - 2.2 correct clerical, typographical, or similar errors, including errors in the numbering or cross-referencing of a by-law or Regulation;
  - 2.3 replace a description of a date or time with the actual date or time;
  - 2.4 remove text referring to a contingency, where the contingency has occurred, and make any other changes that are required as a result;
  - 2.5 where a person, place, or thing has been altered, or where the name, title, location, or address of a person, place, or thing has been altered, change references to reflect the alteration; and
  - 2.6 change a reference to a citation or name of a statute in a by-law or Regulation, where the citation or name has changed because of an amendment to the statute, in accordance with section 1.3 of the By-law,

provided that these changes do not alter the meaning, intent, or legal effect of the by-laws or Regulations.

**Notice of Changes**

3. The Office of the General Counsel shall immediately notify the Governance and Nominating Committee of any changes to the by-laws or Regulations made under section 2.



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# CPA CODE OF PROFESSIONAL CONDUCT

Adopted by the Council on February 26, 2016, and ratified by the Members on September 22, 2016, under the authority of the bylaws of CPA Ontario as amended from time to time, and continued under the *Chartered Professional Accountants of Ontario Act, 2017*.

Last amended August 26, 2016.



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# PREAMBLE TO THE CPA CODE OF PROFESSIONAL CONDUCT

## Application of the CPA Code

The CPA Code of Professional Conduct (the “CPA Code”) sets out general and specific duties for sound and fair financial and management reporting and business practices owed by all members and firms to clients, employers and the public generally as well as to the profession.

- The CPA Code applies to all members and firms, irrespective of the type of professional services being provided.
- Members not engaged in the practice of public accounting must observe the CPA Code unless there is a specific exception made in a particular provision or the wording of any provision makes it clear that it relates specifically to the practice of public accounting.
- The term “professional services” applies to all members and firms and is not restricted only to those who are engaged in the practice of public accounting. It includes those of a member’s or firm’s activities, whether undertaken for remuneration or not, where clients, employers, the public or professional colleagues are entitled to rely on membership or registration with the Chartered Professional Accountants of Ontario (“CPA Ontario”) as giving the member or firm particular competence and requiring due care, integrity and an objective state of mind.
- The CPA Code also applies, with the necessary modifications, to every member or firm acting in respect of a matter of personal concern and to the exercise, by the member or firm of any other activity, in particular, a job, a function, an office or the operation of an enterprise.
- The CPA Code is to be read and applied in light of this Preamble, legislation, the bylaws of CPA Ontario, and the definitions included in the CPA Code, legislation and the bylaws of CPA Ontario. Rules impose an obligation on members and firms; accordingly, compliance with the Rules is mandatory. Where Guidance is provided, it is intended to assist in the understanding and application of the related Rule.

## Introduction

This Preamble to the CPA Code sets out the philosophy that underlies the code governing the Chartered Professional Accountant’s responsibilities to those to whom professional services are provided, to the public generally and to colleagues, in respect of:

- characteristics of a profession;
- responsibility for compliance with the CPA Code;
- fundamental principles governing conduct;
- personal character and ethical conduct;
- ethical conflict resolution; and
- principles governing the responsibilities of firms.

The CPA Code, comprehensive in its scope, practical in application and addressing high ethical standards, serves not only as a guide to the profession itself but as a source of assurance of the profession’s concern to serve the public. It is a hallmark of a profession that there is a voluntary assumption, by those who comprise it – the members of the profession of ethical principles which are aimed, first and foremost, at serving the public interest and, second, at achieving orderly and courteous conduct within the profession. It is to these purposes that the CPA Code is directed.



## Characteristics of a profession

The CPA Code presumes the existence of a profession. Since the word “profession” has lost some of its earlier precision, through widespread application, it is worthwhile reviewing the characteristics which mark a calling as professional in the traditional sense. Much has been written on the subject and court cases have revolved around it. The weight of the authorities, however, identifies the following distinguishing elements:

- there is mastery of a particular intellectual skill, acquired by lengthy training and education;
- the traditional foundation of the calling rests in the provision of services to others through the application of the acquired skill to their affairs;
- the calling centers on the provision of personal services rather than entrepreneurial dealing in goods;
- there is an outlook, in the practice of the calling, which is essentially objective;
- there is acceptance of a responsibility to subordinate personal interests to those of the public good;
- there is acceptance of being accountable to and governed by professional peers;
- there exists a developed and independent body, comprising the members of the profession, which sets and maintains standards of qualification, attests to the competence of the individual members and safeguards and develops the skills and standards of the profession;
- there is a specialized code of ethical conduct, laid down and enforced by that body, designed principally for the protection of the public; and
- there is a belief, on the part of those engaged in the calling, in the virtue of interchange of views, and in a duty to contribute to the development of their profession, adding to its knowledge and sharing advances in knowledge and technique with their fellow professionals.

By these criteria chartered professional accountancy is a profession.

## Responsibility for compliance with the CPA Code

- Members and firms are responsible to CPA Ontario for compliance with the CPA Code by others who are either under their supervision or share with them proprietary interest in a firm or other enterprise. In this regard, a member or firm must not permit others to carry out acts which if carried out by the member or firm would contravene the CPA Code.
- Members or firms who reside or operate outside Ontario continue to be subject to the CPA Code or its equivalent in each province of membership or registration. They may also be subject to the code of another organized accounting profession in the jurisdiction in which they reside or operate. Should the code in two or more jurisdictions conflict, a member or firm will, where possible, observe the higher or stronger of the conflicting codes and, where that is not possible, the ethical conflict guidance set out as part of this Preamble will apply.

## Fundamental principles governing conduct

Members and firms have a fundamental responsibility to act in the public interest. The public's trust and reliance on sound and fair financial and management reporting and competent advice on business affairs - and the economic importance of that reporting and advice - impose these special obligations on the profession. They also establish, firmly, the profession's social usefulness.

The CPA Code is derived from five fundamental principles of ethics - statements of accepted

conduct for all members and firms whose soundness is, for the most part, self-evident. These principles are fundamental to the conduct of all members and firms and are as follows:

### **Professional Behaviour**

*Chartered Professional Accountants conduct themselves at all times in a manner which will maintain the good reputation of the profession and serve the public interest.*

In doing so, members and firms are expected to avoid any action that would discredit the profession.

There are business considerations involved in the creation and development of any organization, whether it is a professional practice or an entity that operates outside of that domain. A member's involvement in any organization should be based primarily upon a reputation for professional excellence. In particular, members who occupy positions of senior authority should recognize that such positions include an obligation to influence events, practices and attitudes within that organization. Accordingly, such members should encourage an ethics-based culture in their organizations that emphasizes the importance of ethical behaviour and compliance with generally accepted standards of practice of the profession.

At all times, members and firms are expected to act in relation to other professional colleagues with the courtesy and consideration they would expect to be accorded by their professional colleagues.

### **Integrity and Due Care**

*Chartered Professional Accountants perform professional services with integrity and due care.*

Members and firms are expected to be straightforward, honest and fair dealing in all professional relationships. They are also expected to act diligently and in accordance with applicable technical and professional standards when providing professional services. Diligence includes the responsibility to act, in respect of any professional service, carefully, thoroughly, and on a timely basis. Members are required to ensure that those performing professional services under their authority have adequate training and supervision.

### **Objectivity**

*Chartered Professional Accountants do not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others.*

Clients, employers and the public generally expect that members and firms will bring objectivity and sound professional judgment to their services. It thus becomes essential that a member or firm will not subordinate professional judgment to external influences or the will of others.

The principle of objectivity underlies the Rules related to potential conflicts of interest as well as the requirement for independence in relation to the performance of assurance engagements. With respect to both independence and conflicts of interest, the profession employs the criterion of whether a reasonable observer would conclude that a specified situation or circumstance posed an unacceptable threat to a member's or firm's objectivity and professional judgment. Only then can public confidence in the objectivity and integrity of the member or firm be sustained, and it is upon this public confidence that the reputation and usefulness of the profession rest. The reasonable observer should be regarded as a hypothetical individual who has knowledge of the facts which the member or firm knew or ought to have known, and applies judgment objectively with integrity and due care.

## Professional Competence

*Chartered Professional Accountants maintain their professional skills and competence by keeping informed of, and complying with, developments in their area of professional service.*

Clients, employers and the public generally expect the accounting profession to maintain a high level of competence. This underscores the need for maintaining individual professional skill and competence by keeping abreast of and complying with developments in the professional standards and pertinent legislation in all functions where a member or firm performs professional services, or where others rely upon a member's or firm's calling.

## Confidentiality

*Chartered Professional Accountants protect confidential information acquired as a result of professional, employment and business relationships and do not disclose it without proper and specific authority, nor do they exploit such information for their personal advantage or the advantage of a third party.*

The principle of confidentiality obliges members to protect and maintain the confidentiality of information both outside of and within a member's firm or employing organization and to properly address a situation that may arise when confidentiality is breached.

The disclosure of confidential information by a member or firm may be required or appropriate where such disclosure is:

- Permitted or authorized by the client or employer;
- Required by law; or
- Permitted or required by a professional right or duty, when not prohibited by law.

## Personal character and ethical conduct

The Rules and Guidance which follow are based on the principles expressed above in this Preamble. These principles have emerged out of the collective experience of the profession as it has sought, down the years, to demonstrate its sense of responsibility to the clients, employers and the public generally. By their commitment to honourable conduct, members and firms of CPA Ontario and its predecessors, throughout their history, have given particular meaning and worth to the designation and its predecessors. They have done so by recognizing that a code of professional conduct, which is enforceable by sanctions, does not by its nature state the most that is expected of members and firms, but simply the least.

Ethical conduct in its highest sense, however, is a product of personal character — an acknowledgement by the individual that the standard to be observed goes beyond that of simply conforming to the letter of a list of prohibitions.

## Ethical conflict resolution

Circumstances may arise where a member or firm encounters and is required to resolve a conflict in the application of the fundamental principles or compliance with the CPA Code derived therefrom.

When initiating a process for the resolution of an ethical conflict, a member or firm should consider, either individually or together with others, as part of the resolution process, the following:

- relevant facts;

- ethical issues involved;
- fundamental principles and provisions of the CPA Code applicable to the matter in question;
- established internal procedures; and
- alternative courses of action.

Having considered these issues, the member or firm should determine the appropriate course of action that is consistent with the CPA Code. The member or firm should also weigh the consequences of each possible course of action. If the matter remains unresolved, the member should consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.

Where a matter involves a conflict with, or within, a firm or an employing organization, a member should also consider consulting with those charged with governance of the organization, such as the board of directors or the audit committee.

It would be in the best interests of the member or firm to document the substance of the issue and details of any discussions held or decisions taken, concerning that issue.

If a significant conflict cannot be resolved, a member or firm may wish to obtain guidance on ethical issues without breaching confidentiality from CPA Ontario or legal advisors. For example, a member or firm may have encountered a fraud, the reporting of which could breach the responsibility to respect confidentiality. The member or firm is advised to consider obtaining legal advice to determine whether there is a requirement to report.

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, the member or firm should, where ethically possible, refuse to remain associated with the matter creating the conflict. The member or firm may determine that, in the circumstances, it is appropriate to withdraw from the particular engagement team or assignment, or to resign altogether from the engagement, the firm or the employing organization in a manner consistent with the CPA Code.

## Principles governing the responsibilities of firms

Firms of Chartered Professional Accountants have a responsibility which they share with all other persons in the firm to provide services that maintain the profession's reputation for competence and integrity. It is clear that the manner in which firms conduct their affairs and provide services has an importance that goes well beyond the establishment of their individual reputations; it affects the public perception of the chartered professional accountancy profession as a whole. Accordingly, it is critical that firms be bound by the CPA Code.

This broader responsibility requires that firms be accountable to the profession and to clients, employers and the public generally in respect of ethical conduct and professional competence. The accountability of firms is formalized by bringing them within the authority of the CPA Code in a manner that is similar to that for members but which also appropriately recognizes that the responsibility of firms as business organizations differs in important respects from that of the individual members carrying on professional engagements on their behalf.

The responsibility of firms to the profession is fulfilled in the first instance by establishing, maintaining and upholding appropriate policies and procedures designed to ensure that their members provide professional services in a manner that complies with the standards of conduct and competence prescribed in the CPA Code.

The accountability of firms is based on the recognition that the services they provide are carried out

by Chartered Professional Accountants through their individual and collective actions, through the actions of all other persons in a firm and through the exercise of professional judgment. All persons in a firm are expected at all times to comply with the CPA Code and to adhere to the generally accepted standards of practice of the profession. Depending on the circumstances and the particular standard of competence or conduct, therefore, a firm's accountability for a failure to comply with the CPA Code may be shared with a member or other persons in the firm. It is acknowledged in this regard that a firm cannot be held accountable for the conduct of any person in the firm who does not comply with the CPA Code, where the firm has done all that it could be reasonably expected to have done to ensure that such persons do comply with the CPA Code.

A firm will be held accountable, as an organization, for its professional conduct in those instances where:

- the firm has policies and/or procedures which are inconsistent with the CPA Code;
- the breach of the CPA Code by any person in the firm is found to be related to the absence of quality control procedures or to the existence of quality control procedures that are inadequate for the type of practice in which it is engaged;
- the firm is identified with conduct or the provision of professional services that is in breach of the CPA Code and a person in the firm who is responsible for such breach cannot be identified or cannot be held accountable by CPA Ontario;
- the conduct that breaches the CPA Code was authorized, initiated, implemented or condoned by the firm prior to or at the time it takes place;
- the conduct that breaches the CPA Code is condoned or concealed by the firm after it learns of it;
- the firm did not take appropriate action in response to becoming aware of any conduct that breaches the CPA Code; or
- there are repeated instances of breaches of the CPA Code by persons in the firm.

In keeping with the principle that firms have a responsibility to maintain the good reputation of the profession, it is only appropriate in these circumstances that the firm and the individual member(s) be the subject of investigation and disciplinary sanction.

The inclusion of firms within the authority of the CPA Code does not presume that an investigation against a firm automatically calls into question the character, competence or conduct of all of the members of the firm. Indeed, there is an obligation on the part of those given responsibility for the enforcement of the CPA Code to ensure that any investigation of a firm be restricted to those who should properly be the subject of the investigation and resulting disciplinary sanction. This involves recognizing that firms may have many partners and/or offices and/or a number of departments or units within the offices, whether or not they are geographically distinct. In some circumstances, therefore, accountability for a failure to comply with the CPA Code will rest solely with the individual partners of a firm who had knowledge of the matter that is the reason for making charges against the firm. In other circumstances, the accountability will rest with identifiable departments or units within a firm, or with a firm's executive committee, management committee or equivalent group.

## DEFINITIONS

*The following terms have been defined for the purpose of the CPA Code only. They form an integral part of the CPA Code and the CPA Code is to be read, interpreted and applied on that basis.*

*This section includes terms that have been defined for general use in the CPA Code and they have that meaning throughout the CPA Code.*

*In addition, some terms have been defined for application to a particular provision(s) of the CPA Code, and such definitions apply in respect of those provision(s); if such a term is used elsewhere, it has the meaning that it is normally understood to have.*

**“appropriate financial reporting framework(s)”** encompass broad principles and conventions of general application as well as rules and procedures that determine accepted accounting principles and practices at a particular time. An appropriate financial reporting framework would include those frameworks contained in the CPA Canada Handbook – Accounting and the CPA Canada Public Sector Accounting Handbook. However, some entities will report financial information in accordance with other bases of accounting, for example, accounting principles that are generally accepted in another jurisdiction. Where another basis of accounting is appropriate in the particular circumstances, it is also an appropriate financial reporting framework.

**“confidential information”** means information acquired in the course of a professional services relationship with a party. Such information is confidential to the party regardless of the nature or source of the information or the fact that others may share the knowledge. Such information remains confidential until the party expressly or impliedly authorizes it to be divulged. In the case of an employee-employer relationship, a member has legal obligations to the employer that include a duty of confidentiality. The CPA Code imposes a duty of confidentiality as a professional obligation, which is in addition to the member’s legal obligation to the employer.

**“conflict of interest”** means an interest, restriction or relationship that, in respect of the provision of any professional service, would be seen by a reasonable observer to influence a member’s or firm’s judgment or objectivity in the provision of the professional service.

**“consent”** means fully informed and voluntary consent given, after disclosure of sufficient information and with sufficient time to make a knowledgeable decision,

- (a) in writing, provided that if more than one person consents, each signs the same or a separate document recording the consent; or
- (b) orally, provided that each person consenting receives a separate written communication recording the consent as soon as practicable.

**“contingent fee”** means a fee that is calculated on a predetermined basis relating to the outcome of a transaction or the result of services performed by the member or firm. It does not include:

- (a) a fee fixed by a court or other public authority;
- (b) a fee for a professional service in respect of any aspect of an insolvency practice, including acting as a trustee in bankruptcy, a liquidator, a receiver or a receiver-manager;
- (c) a fee for the administration of trusts or estates, which by statute or tradition, are based on a percentage of realizations, assets under administration, or both; or



- (d) *a fee that is agreed to at the time of billing, commonly referred to as a value billing, that is based on criteria which include:*
- i. the level of training and experience of the persons engaged in the work;*
  - ii. the time expended by the persons engaged in the work;*
  - iii. the degree of risk and responsibility which the work entails;*
  - iv. the priority and importance of the work to the client; and*
  - v. the value of the work to the client.*

**“cross-referenced”** has the meaning set out in the bylaws and regulations of CPA Ontario.

**“employer”** means an individual or organization that

- (a) *enters into an arrangement, whether in relation to a contract or other de facto employment relationship, with a member for the provision of professional services by a member, or*
- (b) *obtains professional services from a member other than a firm, whether the services are provided with or without remuneration.*

and “employee”, “employ” and “employment” and any other related words have corresponding meanings.

**“firm”** has the meaning set out in the bylaws and regulations of CPA Ontario.

**“generally accepted standards of practice of the profession”** refers to the body of principles and practices which have been recognized by the profession and which address how professional services are to be performed and the applicable criteria to be applied when performing these services, including:

- (a) *appropriate financial reporting frameworks;*
- (b) *generally accepted auditing, assurance and related services standards such as are set out in the CPA Canada Handbook- Assurance;*
- (c) *standards that are established by any governing legislation or regulation, the application of which are required in particular circumstances; and*
- (d) *other standards that are recognized as established standards applying to a particular area of professional service that is provided by the member or firm, the application of which are appropriate in particular circumstances.*

**“member”** is a member, whether or not in good standing, of CPA Ontario as defined in CPA Ontario’s bylaws. Members are referred to as “registrants” by some other provincial bodies.

**“professional colleague”** has the meaning set out in the bylaws and regulations of CPA Ontario.

**“professional service”** means a service or activity of a member or firm, whether undertaken for remuneration or not, where the public or a professional colleague is entitled to rely on membership or registration with CPA Ontario as giving the member or firm particular competence and requiring due care, integrity and an objective state of mind. For greater certainty, in this context, the public includes, but is not limited to clients, employers and not-for-profit or other organizations.

**“provincial body”** has the meaning set out in the bylaws and regulations of CPA Ontario.

**“public accounting”** has the meaning set out in CPA Ontario bylaws definitions “practice of public accounting” and “providing accounting services to the public”.

**“rebuttable presumption”** means a presumption that will be deemed to be valid or true until adequate evidence to the contrary is produced. A presumption is rebutted when the actual facts are found to be different than the presumption assumes.

**“related business or practice”** has the meaning set out in the bylaws and regulations of CPA Ontario.



## 100 PROFESSIONAL GOVERNANCE

### 101 Compliance with governing legislation, bylaws, regulations and the CPA Code

#### RULES:

- 101.1** (a) *All members and firms, regardless of their jurisdiction of residence or operation, shall comply with the CPA Code.*
- (b) *All members and firms regardless of their jurisdiction of residence or operation, shall comply with:*
- (i) *legislation, bylaws, and regulations of CPA Ontario, as they may be approved and in force from time to time; and*
  - (ii) *any order or resolution of the Council, or any order of any officer, agent, tribunal, committee or other authoritative body acting on behalf of CPA Ontario, made under legislation or bylaws.*
- (c) *Notwithstanding the provisions of paragraph (a) and (b), if a member or firm is prohibited by law from complying with any part of the bylaws, regulations and the CPA Code, the member or firm shall comply with all other parts of those governing documents.*
- (d) *Where a member holds membership in or a firm is registered with CPA Ontario and another professional body, whether in Canada or elsewhere, and there is a conflict between the requirements of CPA Ontario and the other professional body, the member or firm shall comply with the requirement that establishes the more stringent requirement.*
- 101.2** *Members or firms who identify that they have breached the CPA Code shall:*
- (a) *take whatever action might be appropriate or required by law, as soon as possible, to satisfactorily address the consequences of any such breach; and*
  - (b) *evaluate whether the breach is such that it needs to be reported to CPA Ontario, and if so, report it promptly.*

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#### GUIDANCE – Rule 101

- 1 Rule 101.1 applies to all members and firms, regardless of their jurisdiction of residence or operation. It also applies to all activities undertaken by a member or firm, whether professional or not, unless a provision of the CPA Code specifies otherwise.
- 2 The requirement for members and firms to comply with legislation, bylaws, regulations and the CPA Code serves the public interest. Rules 101.2 and 102 require members and firms to report to CPA Ontario, specific matters pertaining to their own conduct. Rule 211 requires members and firms to report, to CPA Ontario, specific matters in relation to the conduct of other members or firms.
- 3 However, members and firms also have an obligation to take appropriate action to address breaches of the CPA Code for which they themselves are responsible, as set out in Rule 101.2.

When such a breach has occurred, members or firms are required to take appropriate action which satisfactorily addresses the consequences of the breach or may be required by law. Such action may include notifying those who may have been affected by the breach and when the breach is such that it diminishes the reputation of the profession or fails to serve the public interest, members and firms are also required to notify CPA Ontario of the breach.

- 4 Those who are affected by a breach described in Rule 101.2 may decide to pursue legal action against a member or firm. In case such action is taken, insured members or firms should contact their insurance provider once a breach has been identified. Failing to do so may invalidate insurance coverage, thus exposing the affected party to the risk that coverage will be denied. It is also simply prudent from a personal liability perspective to discuss such possible claims with one's insurer as soon as possible.
- 5 Members and firms are reminded that legislation or bylaws, or both, in their jurisdiction are likely to provide that the coming into force of new legislation, bylaws, regulations, the CPA Code or other governing documents does not relieve members or firms from the obligation to have been compliant with the former legislation, bylaws, regulations, codes or other governing documents, nor does it relieve a member's or firm's obligation to comply with any order issued by or on behalf of CPA Ontario or its predecessors under the former legislation, bylaws, regulations, codes or other governing documents.

## 102 Matters to be reported to CPA Ontario

### RULES:

#### 102.1 *Illegal activities*

*Members or firms shall promptly notify CPA Ontario after having been, in any jurisdiction:*

- (a) convicted of an offence of fraud, theft, forgery, money-laundering, extortion, counterfeiting, criminal organization activities, charging criminal interest rates, financing terrorism or similar offences related to financial matters or convicted of an offence of conspiring or attempting to commit such offences;*
- (b) convicted of any other serious criminal offence that is not related to financial matters but which involves conduct that is of such a nature that it diminishes the good reputation of the profession or fails to serve the public interest;*
- (c) convicted of any criminal offence that is a repeat offence;*
- (d) found guilty of a violation of the provisions of any securities legislation or having entered into a settlement agreement with respect to such matters;*
- (e) found guilty of a violation of the provisions of any tax legislation that involves, explicitly or implicitly, dishonesty on the part of the member or firm, or having entered into a settlement agreement with respect to such matters; or*
- (f) discharged absolutely or upon condition after pleading guilty to or being found guilty of an offence described in (a), (b), (c), (d) or (e) above.*

#### 102.2 *Other provincial bodies*

*Members or firms shall promptly notify CPA Ontario after having, in relation to a disciplinary or similar process of any provincial body:*

- (a) been found guilty, of a failure to comply with the requirements of that provincial body;*
- (b) entered into a settlement agreement with that provincial body with respect to a matter referred to in (a); or*
- (c) voluntarily deregistered or resigned from membership in that provincial body, where permitted to do so, in order to resolve a disciplinary matter.*

#### 102.3 *Other professional regulatory bodies*

*Members or firms shall promptly notify CPA Ontario after having, in any jurisdiction in relation to a disciplinary or similar process of another professional regulatory body:*

- (a) been found guilty of a failure to comply with the requirements of that professional regulatory body;*
- (b) entered into a settlement agreement with that professional regulatory body with respect to a matter referred to in (a); or*
- (c) resigned from membership in or voluntarily deregistered from that professional regulatory body, where permitted to do so, in order to resolve a disciplinary matter.*

**102.4 Other regulatory bodies**

*Members or firms shall promptly notify CPA Ontario after having, in any jurisdiction in relation to a disciplinary or similar process of a regulatory body other than a provincial body or professional regulatory body where the matter involves acting in a professional capacity, relates to professional skills or involves circumstances where there was reliance on membership in or association with any provincial body:*

- (a) *been found guilty of a failure to comply with the requirements of that other regulatory body; or*
- (b) *entered into a settlement agreement with that other regulatory body with respect to a matter referred to in (a).*

**GUIDANCE – Rule 102**

- 1 Rules 102.1(a), 102.1(c), 102.1(d), 102.2 and 102.3 identify certain matters which must be reported to CPA Ontario by members and firms.
- 2
  - (a) Rules 102.1(b), 102.1(e) and 102.4 identify matters where a decision as to whether the matter should be reported to CPA Ontario requires the exercise of professional judgment.
  - (b) Compliance with Rule 102.1(b) will require the exercise of professional judgment to determine whether a serious criminal offence diminishes the good reputation of the profession or fails to serve the public interest.
  - (c) With respect to Rule 102.1(e), in some cases a violation of tax legislation may be very technical in nature or may be the result of an unintentional oversight. In addition, there may be occasions when an aggressive tax filing position does not withstand a challenge by taxation authorities and is found by the courts to be in contravention of tax legislation. Such situations may not explicitly involve dishonesty but will require the exercise of professional judgment to decide whether they implicitly involve dishonesty and must be reported.
  - (d) Compliance with Rule 102.4 will also require the exercise of professional judgment to determine whether a breach of the requirements of another regulatory body is a matter that involves acting in a professional capacity, relates to professional skills, or involves reliance on membership or registration in or association with any provincial body.
- 3 Members or firms faced with a decision as to whether a matter is reportable are expected to exercise professional judgment and to be prepared to demonstrate how professional judgment was exercised, should it later be called into question. Therefore, it would be prudent to obtain legal advice, document the rationale behind a decision that a matter need not be reported and, if doubt remains, report the matter to CPA Ontario.
- 4 It is particularly important that the conduct of members and firms in a matter that involves acting in a professional capacity, relates to professional skills, involves reliance on membership, registration or association with any provincial body, or which diminishes the good reputation of the profession or fails to serve the public interest, is subject to scrutiny. Accordingly, members and firms are required to report offences of fraud, theft, forgery, money-laundering, extortion, counterfeiting, criminal organization activities, charging criminal interest rates, financing terrorism and similar offences related to financial matters, including offences involving a violation of any of the provisions of securities legislation.

- 5 There may also be occasions when a criminal offence is of such a nature that the conduct of a member or firm has diminished the good reputation of the profession or fails to serve the public interest, even though the offence may appear to be unrelated to the profession. Many such offences may still be serious and, accordingly, the member or firm should evaluate the breach against the requirements of the Rules and in particular, Rule 201.1. Any such matters which do not meet those requirements must also be reported to CPA Ontario.
- 6 In addition, when a member or firm repeats a criminal offence that might not otherwise be reportable, such repeat offences must also be reported to CPA Ontario.
- 7 Members and firms may hold membership or registration with more than one provincial body. In order to properly protect the public across jurisdictions, where a member or firm has been found guilty by or entered into a settlement agreement with one provincial body, the member or firm must report that finding or settlement agreement to any other provincial body in which membership or registration is held. In addition, some provincial bodies permit the voluntary deregistration or resignation of members or firms in order to resolve a disciplinary proceeding; in these cases, the member or firm must also report such voluntary deregistrations or resignations to any other provincial body in which membership or registration is held.
- 8 Conduct which results in a breach of the requirements of another professional regulatory body is likely to diminish the good reputation of the profession or otherwise breach the CPA Code. Such breaches must be evaluated by CPA Ontario against the requirements of the CPA Code and therefore, all such matters must be reported. Reporting of these matters is required whether they were addressed through a settlement agreement with or by a finding of guilt by the professional regulatory body.
- 9 A “professional regulatory body” is a body that sets and maintains standards of qualification, attests to the competence of the individual practitioner, develops skills and standards of the profession, sets a code of ethical standards and enforces its professional and ethical standards. Such a body has power to compel a person to appear and answer to disciplinary actions relating to compliance with its standards. Examples of professional regulatory bodies include, but are not limited to, bodies that regulate the accounting, legal, actuarial, investment, real estate, engineering and financial planning professions.
- 10 Conduct which results in a breach of the requirements of any other regulatory body may also breach the CPA Code. In such situations, the member or firm should exercise professional judgment to determine whether such a breach is a matter that involves acting in a professional capacity, relates to professional skills, or involves reliance on membership, registration or association with any provincial body. The breach must be evaluated against the requirements of the CPA Code and in particular Rule 201.1, and any such matters which do not meet those requirements must be reported to CPA Ontario. Reporting of these matters is required whether they were addressed through a settlement agreement with or by a finding of guilt by the other regulatory body.
- 11 A “regulatory body” is a body that has power to compel a person to appear and answer to charges relating to compliance with its requirements. In this context, such a regulatory body’s requirements include legislation that it is empowered to enforce, whether against its own members or the public generally, codes of ethics, bylaws, regulations, professional or practice requirements and similar standards. Examples of regulatory bodies include, but are not limited to, bodies that regulate competition, election, gaming, human rights, environmental protection and health and occupational safety.
- 12 In applying Rules 102.1 through 102.4, the words “guilt” and “guilty” include findings by a regulatory body of a contravention, breach, violation, infringement and other similar term

in relation to failures to comply with its requirements. Additionally, the imposition of a requirement or restriction on a member or firm by a regulatory body is equivalent to “guilt”. However, administrative orders for penalties such as late filing penalties from tax assessments or reassessments or interim cease trade orders of a securities regulator do not constitute findings of guilt.

- 13** Members and firms are reminded that confidentiality agreements with respect to matters described in Rule 102.1 through 102.4 do not provide an exemption from the reporting requirements of the CPA Code.

## 103 False or misleading applications

### **RULE:**

*A member or firm shall not sign or associate with any letter, report, statement or representation relating to any application to CPA Ontario which the member or firm knows, or should know, is false or misleading.*

## 104 Requirement to co-operate

### RULES:

**104.1** *A member or firm shall co-operate with the regulatory processes of CPA Ontario.*

**104.2** *A member or firm shall:*

- (a) promptly reply in writing to any communication from CPA Ontario in which a written reply is specifically required;*
- (b) promptly produce documents when required to do so by CPA Ontario; and*
- (c) attend in person in the manner requested when required to do so by CPA Ontario in relation to the matters referred to in Rule 104.1.*

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### GUIDANCE – Rule 104

- 1** The regulatory processes of CPA Ontario include practice inspections, investigations into professional conduct, disciplinary or other hearings, admission, registration, readmission or re-registration, revocation, and appeals of any decisions resulting from the aforementioned processes.
- 2** Lack of co-operation includes attempts to delay, mislead or misdirect CPA Ontario by concealing relevant information, providing false, incomplete or misleading statements or information, failing to respond to communications or otherwise obstructing the regulatory processes of CPA Ontario. Lack of co-operation does not include good faith assertions of legal privilege.
- 3** The requirement for prompt written replies and production of documents contemplates the establishment of a reasonable timeframe to respond to the request. Requests for reasonable extensions will not normally be refused; however, repeated requests without adequate grounds will be refused.
- 4** Requirements for attendance in person may be modified by agreement between CPA Ontario and the member or firm to provide reasonable accommodations. However, repeated requests for alternative accommodations without adequate grounds will be refused.
- 5** Subject to the agreement of CPA Ontario, the requirement to attend in person may include attendance by teleconference, videoconference or other means.
- 6** The requirement to co-operate with CPA Ontario includes a requirement to co-operate with officers, staff, volunteers or agents acting on behalf of CPA Ontario in matters described in Rules 104.1 and 104.2.



## 105 Hindrance, inappropriate influence and intimidation

### RULES:

- 105.1** *A member or firm shall not, directly or indirectly hinder any regulatory process of CPA Ontario or otherwise attempt to exert inappropriate influence or pressure on the outcome of a regulatory matter of CPA Ontario.*
- 105.2** *A member or firm shall not threaten or intimidate a complainant, witness, or any other person related to a regulatory matter of CPA Ontario nor shall a member or firm threaten or intimidate officers, staff, volunteers or agents acting on behalf of CPA Ontario.*

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### GUIDANCE – Rule 105

- 1 Rule 105.1, which prohibits hindering or otherwise exerting inappropriate influence on the outcome of a specific regulatory matter, explicitly includes a reference to “inappropriate influence or pressure”. The rule is not intended to prevent members or firms from taking appropriate steps to advocate for or defend themselves or another member or firm before the appropriate regulatory decision-making body within CPA Ontario or the courts. Further, another member or firm may act as an expert or other witness, provide letters of reference, or appear before the appropriate regulatory decision-making body within CPA Ontario as the representative of the member or firm.
- 2 Without limiting the generality of the Rule, in particular, when a complaint has been made against a member or firm, the requirements of Rule 105.2 apply to any communication that the member or firm has with the complainant. Any such communication must meet the requirements of Rule 105.2 and should ordinarily be limited to only those matters that must be addressed to continue to serve the interests of the complainant.

## 200 PUBLIC PROTECTION

### 201 Maintenance of the good reputation of the profession

#### RULES:

- 201.1** *A member or firm shall act at all times with courtesy and respect and in a manner which will maintain the good reputation of the profession and serve the public interest.*
- 201.2** *There is a rebuttable presumption that a member or firm has failed to maintain the good reputation of the profession or serve the public interest when the member or firm is charged under Rule 201.1 on account of any matter referred to in Rule 102.1(a), (c), (d) and (e) and a certified copy of a document which provides proof of guilt in respect of such matters is filed with the discipline committee. For purposes of this Rule, documents which provide proof of guilt include a certificate of conviction, order, decision, settlement agreement which includes an admission of guilt or other similar relevant document.*
- 201.3** *There is a rebuttable presumption that a member or firm has failed to maintain the good reputation of the profession or serve the public interest when the member or firm is charged under Rule 201.1 on account of a matter referred to in Rule 102.2 where the resolution of the matter includes:*
- (a) *a finding of guilt by, or a settlement agreement with, another provincial body or another designated body under the Public Accounting Act, 2004, and the member or registration of the firm was suspended, revoked, expelled, or deregistered voluntarily in order to resolve a disciplinary matter, or when restrictions were placed on practice rights, or a former member was barred from readmission; or*
  - (b) *a finding of guilt by, or an admission of guilt by the member or firm to, another provincial body or another designated body under the Public Accounting Act, 2004, that Rule 201.1 was breached by the member or firm;*
- and a certified copy of the order, decision, settlement agreement or other relevant document from the other provincial body is filed with the discipline committee.*

#### GUIDANCE – Rule 201

##### Compliance with regulatory legislation

- 1 Provincial as well as federal legislation often requires licensing and may govern activities such as public accounting, dealing in securities, mortgage brokering, real estate brokering, practising law, acting as an employment agency, and handling trust monies.
- 2 A member or firm should be cognizant of and comply with the provisions of any legislative requirements pertaining to any of the member's or firm's professional services.
- 3 In Ontario, various pieces of legislation have application to a member's activities. The most notable example is the *Public Accounting Act, 2004*.

*Public Accounting Act, 2004*

All members and firms who are engaged in the practice of public accounting in Ontario, whether full or part-time, should be familiar with the provisions of the *Public Accounting Act, 2004* and the public accounting licensing requirements set out in CPA Ontario's bylaws and regulations.

### Criticism of the work of other professionals

- 4 In the course of performing professional services, a member or firm may on occasion criticize the work of another professional; such criticism may be direct, or may be implied by material adjustments to a client's accounts considered necessary to correct work performed by the other professional. It may be, however, that there are facts or explanations known to the other professional concerned which could have a bearing on the matter.
- 5 Unless limited or restricted in writing by the terms of the engagement, it is recommended that the member or firm first communicate any proposed criticism to the other professional involved so that any eventual criticism takes into account all the available information. This is a step dictated by considerations both of professional courtesy and simple prudence.
- 6 Paragraphs 4 and 5 apply to criticisms of a general nature as well as to criticisms of specific professional work of another professional.
- 7 Paragraph 5 does not apply to a member or firm bringing to the attention of the professional conduct committee any apparent breach of the CPA Code or any instance involving doubt as to the competence, integrity or capacity to practise of a member or firm, as required by Rule 211.

### Resignation/termination of auditors

- 8 Statutory provisions with regard to auditors form a very important part of legislation. The whole background of corporation legislation makes it clear that the auditor fulfils an essential statutory and independent function and assumes statutory duties when accepting an appointment. As a general rule, the proper course for an appointed auditor to follow is the completion of the auditor's statutory duties; having been appointed by the shareholders, the auditor has a duty to them and should report as required in the legislation. The auditor should cease to act on behalf of a client only after a successor has been properly appointed and the auditor has been relieved or disqualified. The auditor should never lightly resign an appointment before reporting and should not resign at all before reporting if there is reason to suspect that the auditor's resignation is required by reason of any impropriety or concealment, upon which it is the auditor's duty to report. Subject to that general statement, however, there may be exceptional circumstances in a particular case which would justify the auditor's resignation. This will be a matter of individual judgment in each case.
- 9 A duly appointed auditor's appointment may be terminated or the auditor may be asked to resign at the request of a board of directors before fulfilling the auditor's statutory duties. When the auditor's appointment is terminated before completing the audit, the auditor may still have a requirement to report under legislation or regulation.
- 10 An auditor should not voluntarily cease to act on behalf of a client after commencement of an audit engagement except for good and sufficient reason. Reasons may include:
  - loss of trust in the client;
  - the fact that the auditor is in a situation where the auditor's independence or objectivity could reasonably be questioned; or
  - inducement by the client to perform illegal, unjust or fraudulent acts.

When an auditor's appointment is terminated or an auditor is asked to resign or is contemplating resignation, it would be prudent for the auditor to consider obtaining legal advice.

## 202 Integrity and due care and Objectivity

### RULES:

#### 202.1 Integrity and due care

*A member or firm shall perform professional services with integrity and due care.*

#### 202.2 Objectivity

*A member or firm shall not allow his or her professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others.*

### GUIDANCE – Rule 202

- 1 A person who acts with honesty and truthfulness and whose actions, values and principles are consistent is described as having integrity.
- 2 Objectivity is a state of mind, which has regard to all considerations that are relevant but disregards those that are not. An objective person does not allow bias, conflict of interest or the influence of others to compromise judgment. The judgment of an objective person is intellectually honest. Objectivity should not be confused with neutrality or impartiality.
- 3 Objectivity and integrity are two of the five fundamental principles of ethics, as stated in the Preamble to the CPA Code. These two principles are closely related and they are essential ethical elements in establishing the credibility of a member or firm. Objectivity is essential for any member or firm to exercise professional judgment and act with integrity whether in public practice or elsewhere.

#### Professional Services and fiduciary duty

- 4 Members are reminded that they may also be performing professional services when serving in the capacity of a volunteer and, accordingly, are subject to the requirement for objectivity when acting in that capacity.
- 5 Members and firms have duties to those to whom they provide professional services that arise from the nature of the relationships with the recipients of the services. Members and firms have a professional duty to act with integrity and due care and a contractual duty to provide services as defined by the terms of their engagement or employment. In certain cases, the relationship between a member or firm and those to whom they provide professional services could also be one that the courts describe as a fiduciary relationship that gives rise to fiduciary duties.

Depending on the particular facts and circumstances, members who are employees may have a fiduciary relationship with their employers.

The concepts of fiduciary relationship and fiduciary duty are derived from the law of trusts. The obligations of a fiduciary can be onerous and the implications of being in breach of a fiduciary duty can be significant. If there is any question as to whether a fiduciary relationship exists, legal advice should be obtained.

#### The public interest

- 6 Clients, employers and the public generally expect that a member or firm bring the qualities of objectivity, integrity and due care to all professional services. It therefore becomes essential

that members or firms will not compromise their professional judgment to the will of others. When a possible ethical conflict arises because another person in an organization overrides the professional judgment of a member, the member or firm should refer to the ethical conflict resolution guidance in the Preamble to the CPA Code.

- 7 Members or firms may be exposed from time to time to situations that place pressures upon objectivity and integrity, and it would be impractical to define all such situations. However, such pressures are subject to powerful countervailing forces and restraints. These forces include liability in law, responsibility to the profession for professional actions and, most importantly, the ingrained resistance of a disciplined professional person to any infringement upon integrity. A member or firm recognizes that credibility and value as a professional depend largely on integrity and objectivity.

### **Objectivity and advocacy**

- 8 The requirement for an objective state of mind does not preclude a member or firm from acting in an advocacy role for a client or from working to advance the best interests of an employer. A member's or firm's effectiveness as an advocate in these cases is based on professional credibility, which is sustained by objectivity and integrity in addition to competence. However, a member or firm must consider the ability to effectively advocate the client's or employer's position, while still maintaining objectivity and integrity. It may be possible to do so when the advocacy role is apparent in the circumstances and the position being advocated is supportable. In any advocacy service, there is a possibility that circumstances may arise which stretch the bounds of performance standards, go beyond sound and reasonable professional or commercial practice or compromise credibility. Such circumstances may pose an unacceptable risk of impairing the reputation of the member, firm, client and/or employer. In those circumstances, the member or firm should consider whether it is appropriate to perform the service.
- 9 When acting as an advocate a member or firm should bear in mind other provisions of the CPA Code, such as Rules 203 and 205. Rule 203 requires a member to sustain professional competence in relation to all professional services provided by the member. Rule 205 provides that a member or firm may not associate with any letter, report, statement or representation which the member or firm knows, or should know, is false or misleading.
- 10 A member or firm, when acting as an advocate, should ensure that such an advocacy role service does not constitute the practice of law.

### **Practice of public accounting – additional requirements**

- 11 In addition to the general requirement to maintain an objective state of mind applicable to all professional services, a member or firm practising public accounting or in a related business or practice must ensure compliance with the specific provisions of the CPA Code in relation to:
- Independence, for certain types of engagement, (Rule 204 – see also paragraph 12 below); and
  - Conflicts of interest (Rule 210).
- 12 The requirement to be objective is not the same as the requirement to be independent pursuant to Rule 204. Objectivity is a state of mind. Independence is not only a state of mind; it also includes the appearance of independence, in the view of a reasonable observer. It is the reasonable observer test that distinguishes “independence” from “objectivity” and that gives the public the necessary confidence that the member or firm can express a conclusion without bias, conflict of interest or the undue influence of others. Rule 204 and the related Guidance provide specific information on the independence requirements in these circumstances.

**Continuing assessment of objectivity and integrity**

- 13** A member or firm must remain conscious of the need to remain objective and act with integrity in the conduct of all professional services, and must continually assess and manage the risks to objectivity and integrity. In the absence of specific rules, standards or guidance, a member or firm should consider whether another member or firm, without the relationships or influence that have put objectivity or integrity at risk, would have come to the same decision with access to the same information. The member or firm may wish to apply the ethical conflict resolution guidance in the Preamble to the CPA Code in circumstances where difficult decisions may be required. In order to resolve the conflict, it may be necessary to consult with an experienced member or appropriate staff at CPA Ontario.
- 14** A firm is accountable under Rule 502 for a lack of objectivity or integrity of any members and other persons who carry out professional services on behalf of the firm.

## 203 Professional competence

### **RULE:**

*A member shall sustain professional competence by keeping informed of, and complying with, developments in professional standards in all functions in which the member provides professional services or is relied upon because of the member's calling.*

## 204 Independence

### DEFINITIONS:

*For the purposes of Rules 204.1 to 204.10 and the related Guidance:*

**“accounting role”** means a role in which a person is in a position to or does exercise more than minimal influence over:

- (a) the contents of the client’s accounting records related to the financial statements subject to audit or review by the member or firm; or
- (b) anyone who prepares such financial statements.

**“assurance client”** means an entity in respect of which a member or firm has been engaged to perform an assurance engagement. In the application of Rule 204.4(1) to (12) “assurance client” includes its related entities, and the reference to an assurance client, a client or an entity that is an assurance client shall be read as including all related entities of the assurance client, client or entity as the case may be.

**“assurance engagement”** means an assurance engagement as contemplated in the CPA Canada Handbook – Assurance. For the purpose of Rule 204.4, “assurance engagement” also includes a specified auditing procedures engagement as contemplated by the CPA Canada Handbook – Assurance.

**“audit client”** means an entity in respect of which a member or firm has been engaged to perform an audit of the financial statements. In the application of Rule 204.4(1) to (12) “audit client” includes its related entities, and the reference to an assurance client, a client or an entity that is an audit client shall be read as including all related entities of the assurance client, client or entity as the case may be.

**“audit committee”** means the audit committee of the entity, or if there is no audit committee, another governance body which has the duties and responsibilities normally granted to an audit committee, or those charged with governance of the entity.

**“audit engagement”** means an engagement to audit financial statements as contemplated in the CPA Canada Handbook – Assurance.

**“audit partner”** means a person who is a partner in a firm or a person who has equivalent responsibility, who is a member of the engagement team, other than a specialist or technical partner or equivalent who consults with others on the engagement team regarding technical or industry-specific issues, transactions or events.

**“clearly insignificant”** means trivial and inconsequential.

**“close family member”** means a parent, child or sibling who is not an immediate family member.

**“direct financial interest”** means a financial interest:

- (a) owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others);
- (b) beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control or ability to influence investment decisions;
- (c) owned through an investment club or by a private mutual fund in which the individual participates in the investment decisions.



**“engagement period”** means the period that starts at the earlier of the date when the member or firm signs the engagement letter or commences procedures in respect of the engagement and ends when the assurance report is issued, except when the engagement is of a recurring nature, in which case the engagement period ends with

- (a) notification by either the client or the firm that the professional relationship has terminated or the issuance of the final assurance report, whichever is later, or
- (b) in the case of an audit engagement for a reporting issuer or listed entity, notification by either the client or the firm to the relevant Securities Commission that the audit client is no longer an audit client of the firm.

**“engagement quality control reviewer”**, often referred to as reviewing, concurring or second partner, means the audit partner or other person in the firm who, prior to issuance of the audit report, provides an objective evaluation of the significant judgments made and conclusions reached by the members of the engagement team in formulating the report on the engagement.

**“engagement team”** means:

- (a) each member of the firm performing the assurance engagement;
  - (b) all other members of the firm who can directly influence the outcome of the assurance engagement, including:
    - (i) those who recommend the compensation of, or who provide direct supervisory, management or other oversight of, the assurance engagement partner in connection with the performance of the assurance engagement. For the purposes of an audit engagement this includes those at all successively senior levels above the lead engagement partner through to the firm’s chief executive officer;
    - (ii) those who provide consultation regarding technical or industry-specific issues, transactions or events for the assurance engagement; and
    - (iii) those who provide quality control for the assurance engagement;
- and
- (c) in the case of an audit client, all persons in a network firm who can directly influence the outcome of the audit engagement.

**“financial interest”** includes a direct or indirect ownership interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.

**“financial reporting oversight role”** means a role in which a person is in a position to or does exercise influence over:

- (a) the contents of the financial statements subject to audit or review by the member or firm; or
- (b) anyone who prepares the financial statements.

**“firm”** means a sole practitioner, partnership, professional corporation or association of members who carries or carry on the practice of public accounting, or carries or carry on related activities as defined by the Council. A related business or practice, as defined by CPA Ontario bylaws and regulations, is considered to be part of the firm.

**“fund manager”** means, with respect to a mutual fund, an entity that is responsible for investing the

*mutual fund's assets, managing its portfolio trading and providing it with administrative and other services, pursuant to a management contract.*

**"immediate family member"** means a spouse (or equivalent) or dependant.

**"indirect financial interest"** means a financial interest beneficially owned through a collective investment vehicle such as a mutual fund, estate, trust or other intermediary over which the beneficial owner has no control or ability to influence investment decisions.

**"key audit partner"** means:

- (a) an audit partner who is the lead engagement partner;
- (b) the engagement quality control reviewer; and
- (c) any other audit partner on the engagement team who makes important decisions or judgments on significant matters with respect to the audit or review engagement.

**"lead engagement partner"** means the partner or other person who is responsible for the engagement and its performance, for the report that is issued on behalf of the firm and who, where required, has the appropriate authority from a professional, legal or regulatory body.

**"legal service"** means any service that may only be provided by a person licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is provided. If the same service could be provided in Canada by a person who is not a lawyer, such a service is not a legal service for the purpose of this Rule.

**"listed entity"** means an entity whose shares, debt or other securities are quoted on, listed on or marketed through a recognized stock exchange or other equivalent body, whether within or outside of Canada, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than \$10,000,000. An entity that becomes a listed entity by virtue of the market capitalization or total assets becoming \$10,000,000 or more in respect of a particular fiscal year shall be considered to be a listed entity thenceforward unless and until the entity ceases to have its shares or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization or total assets threshold for a period of two years.

*In the case of a period in which an entity makes a public offering:*

- (a) the term "market capitalization" shall be read as referring to the market price of all outstanding listed securities and publicly traded debt measured using the closing price on the day of the public offering; and
- (b) the term "total assets" shall be read as referring to the amount of total assets presented on the most recent financial statements prepared in accordance with generally accepted accounting principles included in the public offering document.

**"market capitalization"** in respect of a particular fiscal year means the average market price of all outstanding listed securities and publicly traded debt of the entity measured at the end of each of the first, second and third quarters of the prior fiscal year and the year-end of the second prior fiscal year.

**"member of a firm"** or **"member of the firm"**, as the case may be, means a person, whether or not a member of a provincial body, who is:

- (a) a sole practitioner;

- (b) *a partner, professional employee or student of the firm;*
- (c) *an individual engaged under contract by the firm to provide services that might otherwise be provided by a partner or professional employee of the firm, but does not include an external expert possessing skills, knowledge and experience in a field other than accounting or auditing whose work in that field is used to assist the member or firm in obtaining sufficient appropriate evidence;*
- (d) *an individual who provides to the firm services which are referred to in Rule 204.1 and includes any corporate or other entity through which the individual contracts to provide such services; or*
- (e) *a retired partner of the firm who retains a close association with the firm.*

**“mutual fund”** means a mutual fund that is a reporting issuer under the applicable Canadian provincial or territorial securities legislation.

**“mutual fund complex”** means:

- (a) *a mutual fund that has the same fund manager as a client;*
- (b) *a mutual fund that has a fund manager that is controlled by the fund manager of a client; and*
- (c) *a mutual fund that has a fund manager that is under common control with the fund manager of a client.*

**“network firm”** means an entity that is, or that a reasonable observer would conclude to be, part of a larger structure of co-operating entities that shares:

- (a) *common quality control policies and procedures that are designed, implemented and monitored across the larger structure;*
- (b) *common business strategy that involves agreement to achieve common strategic objectives;*
- (c) *the use of a common brand name, including the use of common initials and the use of the common brand name as part of, or along with, a firm name when a partner of the firm signs an audit or review engagement report; or*
- (d) *professional resources, such as*
  - (i) *common systems that enable the exchange of information such as client data, billing or time records;*
  - (ii) *partners and staff;*
  - (iii) *technical departments that consult on technical or industry specific issues, transactions or events for assurance engagements;*
  - (iv) *audit methodology or audit manuals; or*
  - (v) *training courses and facilities,**where such professional resources are significant.*

**“office”** means a distinct sub-group of a firm, whether organized on geographical or practice lines.

**“related entity”** means any one of the following:

- (a) *in the case of an engagement to audit the financial statements of a client that is a reporting issuer or listed entity;*

- (i) *an entity over which the client has control;*
  - (ii) *an entity that has control over the client, provided that the client is material to such entity;*
  - (iii) *an entity that has significant influence over the client, provided that the client is material to such entity;*
  - (iv) *an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or*
  - (v) *an entity over which a client has significant influence, provided that the entity is material to the client;*
- (b) *in the case of an engagement to audit or review the financial statements of a client that is not a reporting issuer or listed entity:*
  - (i) *an entity over which the client has control; or*
  - (ii) *any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the audit or review of the financial statements of the client:*
    - (A) *an entity that has control over the client, provided that the client is material to such entity,*
    - (B) *an entity that has significant influence over the client, provided that the client is material to such entity,*
    - (C) *an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity, or*
    - (D) *an entity over which a client has significant influence, provided that the entity is material to the client; and*
- (c) *in the case of an assurance engagement that is not an engagement to audit or review the financial statements of a client, any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the assurance engagement:*
  - (i) *an entity over which the client has control;*
  - (ii) *an entity that has control over the client, provided that the client is material to such entity;*
  - (iii) *an entity that has significant influence over the client, provided that the client is material to such entity;*
  - (iv) *an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or*
  - (v) *an entity over which a client has significant influence, provided that the entity is material to the client.*

**“reporting issuer”** means an entity that is defined as a reporting issuer under the applicable Canadian provincial or territorial securities legislation, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than \$10,000,000. An entity

*that becomes a reporting issuer by virtue of the market capitalization or total assets becoming \$10,000,000 or more in respect of a particular fiscal year shall be considered to be a reporting issuer thenceforward unless and until the entity ceases to have its shares or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization or total assets threshold for a period of two years.*

*In the case of a period in which an entity makes a public offering:*

- (a) the term “market capitalization” shall be read as referring to the market price of all outstanding listed securities and publicly traded debt measured using the closing price on the day of the public offering; and*
- (b) the term “total assets” shall be read as referring to the amount of total assets presented on the most recent financial statements prepared in accordance with generally accepted accounting principles included in the public offering document.*

*In the case of a reporting issuer that does not have listed securities or publicly traded debt, the definition of reporting issuer shall be read without reference to market capitalization.*

**“review client”** means an entity in respect of which a member or firm conducts a review engagement. In the application of Rule 204.4(1) to (12) “review client” includes its related entities, and the reference to an assurance client, a client or an entity that is a review client shall be read as including all related entities of the assurance client, client or entity, as the case may be.

**“review engagement”** means an engagement to review financial statements as contemplated in the CPA Canada Handbook – Assurance.

**“specified auditing procedures engagement”** means an engagement to perform specified auditing procedures as contemplated in the CPA Canada Handbook – Assurance.

**“total assets”** in respect of a particular fiscal year means the amount of total assets presented on the third quarter of the prior fiscal year’s financial statements prepared in accordance with generally accepted accounting principles that are filed with a relevant securities regulator or stock exchange. In the case of an entity that is not required to file quarterly financial statements, total assets in respect of a particular fiscal year means the amount of total assets presented on the annual financial statements of the second previous fiscal year prepared in accordance with generally accepted accounting principles that are filed with a relevant securities regulator or stock exchange.

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## GUIDANCE – Rule 204 Definitions

### **“clearly insignificant”**

Throughout this Rule and Guidance, reference is made to “significant” and “clearly insignificant”. In considering the significance of any particular matter, qualitative as well as quantitative factors should be taken into account. A matter should be considered clearly insignificant only if it is both trivial and inconsequential.

### **“firm”**

The definition of “firm” refers to related activities as defined by the Council. A related activity includes a related business or practice that is cross-referenced with a practice of public accounting or with any other business or practice which is cross-referenced with a practice of public accounting in accordance with CPA Ontario bylaws and regulations.

**“key audit partner”**

A key audit partner does not include those “specialty” and “technical” partners who consult with others on the engagement team regarding technical or industry-specific issues, transactions or events, including tax matters. In addition, the provisions of Rules 204.4(20)(b) and 204.4(38) do not apply to those partners who, subsequent to the issuance of the audit report, provide quality control for the engagement. Such partners typically have a low level of involvement with senior management as well as a relatively low level responsibility for overall presentation in the financial statements.

A transitional provision has been introduced in relation to the adoption, in 2014, of the term “key audit partner”. This transitional provision will permit a person who was not required to rotate under the previous requirements to serve up to an additional two years in a key audit partner role before rotation is required.

**“member of a firm” – retired partner**

A retired partner who retains a close association with the firm from which the partner has retired is considered to be a member of the firm for the purposes of Rules 204.1 to 204.10 and the related Guidance. Retired partners may have varying degrees of involvement with the firm. When a retired partner continues to provide administrative or client service for or on behalf of the firm, the partner may be closely associated with the firm. The following factors may indicate that the partner retains a close association with the firm:

- the nature and extent of the retired partner’s client and administrative activities within the firm may be more than clearly insignificant and transitional;
- the retired partner holds a direct or indirect financial interest in the firm, including share-based retirement income that may fluctuate with the firm’s income; and
- the retired partner is held out to be a member of the firm through, for example, having a separate, identified office on the firm’s premises, acting as its spokesperson or representative, using a firm business card or having a listing in the firm’s telephone directory for other than a predetermined period of time following retirement.

When evaluating whether a retired partner has a close association with the firm, consideration should be given to how a reasonable observer would regard the association.

**“network firm”**

The references to “firms” and “network firms” in Rules 204.1 to 204.10 and this Guidance should be read as referring to those entities themselves and not to the persons who are partners or employees thereof.

Rules 204.1 to 204.4 and their Guidance bring the independence of a network firm into consideration when evaluating the independence of a member or firm for an assurance engagement. It is the member’s or firm’s responsibility to determine whether the network firm and its members have any interests or relationships or provide any services that would create threats to independence.

A firm may participate in a larger structure with other firms and entities to enhance its ability to provide professional services. Whether the agreements and relationships among the firms and entities that are part of such a larger structure are such that any of the firms or entities is a network firm depends on the particular facts and circumstances. The geographic location of the firms and entities, either within or outside of Canada, is irrelevant as to whether such a larger structure exists. Whether the firms and entities are legally separate from each other is not determinative, in and of itself, of whether such a larger structure exists.



Another firm or entity will not be considered to be network firm simply by virtue of the existence of one of the following arrangements between that other firm or entity and the firm itself:

- the sharing of costs that are immaterial to the firm that is performing the particular engagement;
- an association with the other firm or entity to provide a service or develop a product on a joint basis;
- co-operation to facilitate the referral of work or solely to respond jointly to a request for a proposal for the provision of a professional service;
- references on stationery or in promotional materials to an association with other firms or entities that does not constitute a larger structure of co-operating firms or entities as described in the definition of network firm; or
- the use of a common name when an agreement in relation to the sale of a component of a firm or entity provides that each of the transacting firms or entities may use the existing name for a limited period of time.

The definition of a network firm refers to co-operating entities that share significant professional resources. Shared professional resources may be considered to be significant where there is an exchange of people or information, such as where staff is drawn from a shared pool, or a common technical department is created within a larger structure to provide participating firms or entities with technical advice that they are required to follow. Shared professional resources will not be considered to be significant when they are limited to common audit methodology or audit manuals or a shared training endeavour, with no exchange of personnel or client or market information. Similarly, the sharing of costs limited only to the development of such common audit methodology, audit manuals or a shared training endeavour will not be considered to give rise to a network firm relationship.

#### “related entity”

For the purposes of Rules 204.1 to 204.10, “related entity” is a defined term that is dependent on the nature of the assurance engagement, the nature of the client and the relationship between the client and the other entity. The circumstances in which another entity is defined to be a related entity of an assurance client are outlined below:

Definition reference	Test	Reporting issuer or listed entity client	Audit or review client that is not a reporting issuer or listed entity	Non-audit, non-review assurance client
(a)(i) (b)(i) (c)(i)	The entity is controlled by the client.	Related	Related	Conditional*
(a)(ii)&(iii) (b)(ii) (A)&(B) (c)(ii)&(iii)	The entity has either control or significant influence over the client and the client is material to the entity.	Related	Conditional*	Conditional*
(a)(iv) (b)(ii)(C) (c)(iv)	The entity and the client are both controlled by a second entity and both the client and the first entity are material to the controlling second entity.	Related	Conditional*	Conditional*

Definition reference	Test	Reporting issuer or listed entity client	Audit or review client that is not a reporting issuer or listed entity	Non-audit, non-review assurance client
(a)(v) (b)(ii)(D) (c)(v)	The entity is subject to significant influence by the client and the entity is material to the client.	Related	Conditional*	Conditional*

\*An entity referred to in paragraphs (b)(ii)(A) to (D) and (c)(i) to (v) of the definition of “related entity”, as applicable, is a related entity if the engagement team knows or has reason to believe that an activity, interest or relationship involving the other entity is relevant to the evaluation of independence of the member or firm with respect to the assurance engagement. This condition is not intended to require the engagement team to undertake a search for such possible activities, interests or relationships with such entities.

In determining whether significant influence exists members should follow the guidance established in the *CPA Canada Handbook – Accounting*. Ideally, the client’s related entities and the interests and relationships that involve the related entities should be identified in advance.



**RULES:****Effective date and transitional provisions****A. Effective date**

Rules 204.1 to 204.10 shall take effect:

- (a) for an assurance engagement in respect of a particular reporting period of a client, for the first reporting period commencing after December 15, 2014; and
- (b) for any other assurance engagement and an engagement to issue a report of the results of applying specified auditing procedures where the engagement is commenced after December 15, 2014,

subject to the following transitional provisions, as may be applicable.

**B. Provision of litigation support services**

The litigation services referred to in 204.4(29)(a) do not include a service that has not been completed before July 1, 2014 where:

- (a) there exists on June 30, 2014 a binding contract for the member or firm to provide the service; and
- (b) the provision of the service by the member or firm would not have contravened the provisions of Rule 204.1 as it read prior to July 1, 2014.

**C. Key audit partner rotation**

Notwithstanding the requirements of 204.4(20), where the application of the definition of “key audit partner” which takes effect pursuant to the effective date established by A. above has the effect of requiring the rotation of a person who would not have been subject to rotation based on the definition of “audit partner” in effect immediately prior to that effective date, that person may continue to participate in the audit of the financial statements of the particular client up to and including the second fiscal year of the client commencing after December 15, 2014.

**D. Rule 204.6 Breach of a provision of Rule 204.3 or 204.4**

Rule 204.6 shall take effect:

- (a) for audit or review engagements for fiscal periods beginning after December 15, 2016; and
- (b) for any other assurance engagement and an engagement to issue a report of the results of applying specified auditing procedures where the engagement is commenced after December 15, 2016.

**E. Rule 204.4(36.1) Contingent Fees**

Rule 204.4(36.1) shall take effect:

- (a) for audit or review engagements for fiscal periods beginning after December 15, 2016; and
- (b) for any other assurance engagement and an engagement to issue a report of the results

of applying specified auditing procedures where the engagement is commenced after December 15, 2016.

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## GUIDANCE

- 1 Paragraph D above refers to an effective date of December 15, 2016 for Rule 204.6 Breach of a provision of Rule 204.3 or 204.4. Until that Rule is effective, members and firms should continue to refer to the following pre-existing guidance in the CPA Code related to inadvertent breaches.

### **Guidance to Rule 204.1 to 204.3, paragraph 27;**

- 27 The ongoing evaluation and disposition of threats to independence should be supported by evidence obtained both before accepting an engagement and while it is being performed. The obligation to make such evaluation and take action arises when a member of a firm or network firm knows, or should reasonably be expected to know, of circumstances or relationships that might impair independence. There may be occasions when a member, a firm or a network firm is inadvertently in breach of a provision of this Rule. If such an inadvertent breach occurs, it would generally not impair independence for the purposes of Rules 204.1 to 204.10, provided the firm had appropriate quality control policies and procedures in place to promote independence and, once discovered, the breach was corrected promptly and any necessary safeguards were applied. An inadvertent breach would include a situation where the member did not know of the circumstances that created the breach.

### **Guidance to Rule 204.4(1) to (6), paragraph 11;**

- 11 An inadvertent breach of the provisions of Rules 204.4(1) to (6) and 204.4(10) to (12), would not impair the independence of the member of the firm or the firm when:
- the firm has established policies and procedures that require a network firm and all members of the firm to report promptly any breaches resulting from the purchase, inheritance or other acquisition of a financial interest in the assurance client;
  - the firm promptly notifies the network firm or the member of the firm that the financial interest should be disposed of; and
  - the disposal occurs at the earliest practical date after identification of the issue, but no later than 30 days after the person has both the knowledge of the financial interest and the right or ability to dispose of it, or the person is removed from the engagement team.

### **Guidance to Rule 204.4(14) and (15), paragraphs 7 and 8**

- 7 An inadvertent breach of the provisions of Rules 204.4(14) or (15) as they relate to family and personal relationships would not impair the independence of the member of the firm, or the firm, when:
- the firm has established policies and procedures that require all members of the firm to report promptly to the firm any breaches resulting from changes in the employment status of their immediate or close family members or other personal relationships that create a threat to independence;
  - either the responsibilities of the engagement team are restructured so that the person on the engagement team does not deal with matters that are within the responsibility of the person with whom he or she is related or has a personal

relationship, or, if that is not possible, the firm promptly removes that person from the engagement team; and

- additional care is given to reviewing the work of the particular person on the engagement team.

8 When an inadvertent breach of the provisions of Rules 204.4(14) or (15) relating to family and personal relationships has occurred, the firm should consider whether, and if so which, safeguards should be applied. Such safeguards might include:

- involving another member of the firm who is not, and never was, on the engagement team to review the work done by the person on the engagement team; or
- excluding that person from any substantive decision-making concerning the assurance engagement.

Members and students are reminded that Rule 204.7 requires a member or student who has a relationship that is precluded by this Rule to advise in writing a designated partner of the firm of the relationship. Inadvertent breaches are also discussed in paragraph 27 of the Guidance to Rules 204.1 to 204.3.

2 Paragraph E above refers to an effective date of December 15, 2016 for Rule 204.4(36.1) – Independence - Contingent Fees. Members and firms should continue to refer to the provisions of Rules 215.1 and 215.2 and their related Guidance.

*New August 26, 2016: Paragraphs D and E with related Guidance paragraphs 1 and 2*

**RULES:****204.1 Assurance and Specified Auditing Procedures Engagements**

*A member or firm who engages or participates in an engagement:*

- (a) *to issue a written communication under the terms of an assurance engagement; or*
- (b) *to issue a report on the results of applying specified auditing procedures;*

*shall be and remain independent such that the member, firm and members of the firm shall be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or a member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or a member of the firm.*

**204.2 Compliance with Rule 204.1**

*A member or firm who is required to be independent pursuant to Rule 204.1 shall, in respect of the particular engagement, comply with the provisions of Rules 204.3 and 204.4.*

**204.3 Identification of Threats and Safeguards**

*A member or firm who is required to be independent pursuant to Rule 204.1 shall, in respect of the particular engagement, identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to reduce the threats to an acceptable level. Where safeguards are not available to reduce the threat or threats to an acceptable level, the member or firm shall eliminate the activity, interest or relationship creating the threat or threats, or refuse to accept or continue the engagement.*

**GUIDANCE – Rules 204.1 to 204.3****Introduction**

- 1 It is a fundamental principle of the practice of Chartered Professional Accountancy that a member who provides assurance services shall do so with unimpaired professional judgment and objectivity, and shall be seen to be doing so by a reasonable observer. This principle is the foundation for public confidence in the reports of assurance providers.
- 2 The confidence that professional judgment has been exercised depends on the unbiased and objective state of mind of the reporting accountant, both in fact and appearance. Independence is the condition of mind and circumstance that would reasonably be expected to result in the application by a member of unbiased judgment and objective consideration in arriving at opinions or decisions in support of the member's report. A member or firm is not considered to be independent if the member or firm does not comply with the provisions of Rules 204.1 to 204.4.
- 3 Rule 204.1 provides that a member or firm who engages or participates in an engagement:
  - to issue a written communication under the terms of any assurance engagement; or
  - to issue a report on the results of applying specified auditing procedures;
 must be independent of the client. Independence requires the avoidance of situations which

impair the professional judgment or objectivity of the member, firm or a member of the firm or which, in the view of a reasonable observer, would impair that professional judgment or objectivity.

- 4 Rule 204.2 provides that a member or firm, who is required to be independent pursuant to Rule 204.1 in respect of a particular engagement, must comply with Rules 204.3 and 204.4.
- 5 Rule 204.3 provides that a member or firm must identify and evaluate threats to independence and, if they are not clearly insignificant, identify and apply safeguards to reduce them to an acceptable level. Where safeguards are not available to reduce the threats to an acceptable level the member or firm must eliminate the activity, interest or relationship creating the threats, or refuse to accept or continue the engagement.  
  
Rule 204.4 describes circumstances and activities which members and firms must avoid when performing assurance and specified auditing procedure engagements because adequate safeguards will not exist that will, in the view of a reasonable observer, eliminate the threat or reduce it to an acceptable level, as required by Rule 204.3. The requirements to avoid these circumstances and activities are referred to as “prohibitions.”
- 6 Rule 204.5 requires the member or firm to document compliance with Rules 204.3, 204.4(24)(b), 204.4(34)(b), 204.4(35) and 204.4(40).
- 7 Rule 204.7 provides that a member or student must disclose breaches of the CPA Code to a designated partner in the firm. It also provides that, when a member or student has been assigned to an engagement team, the member or student must disclose to a designated partner any interest, relationship or activity that would preclude the member or student from being on the engagement team.
- 8 Rule 204.8 provides that a firm must ensure that members of the firm comply with Rule 204.4. The Rule provides that a firm may not permit any member of the firm to have a relationship with or an interest in an assurance client, or provide a service to an assurance client, which is precluded by Rule 204.
- 9 This Guidance describes a conceptual framework of principles that members and firms should use to identify threats to independence and evaluate their significance. If the threats are other than clearly insignificant, the member or firm should identify available safeguards. Some safeguards may already exist within the structure of the firm or the client, while others may be created by the action of the member, firm or client. Safeguards should be identified and, where applicable, applied to eliminate the threats or reduce them to an acceptable level. Members should exercise professional judgment to determine which safeguards to apply and whether the safeguards will permit the member or firm to accept or continue the engagement.
- 10 The effectiveness of safeguards largely depends on the culture of the particular firm. Therefore, the Council encourages leaders of firms to stress the importance of compliance with Rule 204 and emphasize the expectation that members of the firm will act in the public interest. In doing so, firms should create and monitor effective policies and procedures designed to preserve the independence of the firm and its partners and employees when required by Rule 204.
- 11 The specific circumstances and examples presented herein are intended to illustrate the application of the principles; they are not, nor should they be interpreted as, an exhaustive list of all circumstances that may create a threat to independence. Consequently, it is not sufficient for a member or a firm merely to comply with the specific circumstances and examples presented. Rule 204.3 requires that they apply the principles to any particular circumstance encountered, whether or not the examples used in the Guidance, or the prohibitions set out in Rule 204.4, reflect those circumstances.

- 12 Specific circumstances and relationships that may create threats to independence are described together with safeguards that may be appropriate to eliminate the threats or reduce them to an acceptable level in each circumstance. While the specific circumstances and examples relate to the audit or review of financial statements and other assurance engagements, they also apply to engagements to issue a report on the results of applying specified auditing procedures as required by Rule 204.1(b).
- 13 This Guidance sets out how, in the Council's opinion, a reasonable observer might view certain situations in the application of Rule 204.1 to 204.10. The reasonable observer is a hypothetical individual who has knowledge of the facts which the member knew or ought to have known, including the safeguards applied, and who applies judgment objectively, with integrity and due care. Members should also refer to the Preamble to the CPA Code, which provides the rationale for establishing the reasonable observer principle.
- 14 Members are reminded that for the purposes of Rules 204.1 to 204.10, independence includes both independence of mind and independence in appearance. As stated in Rule 204.1, independence requires the absence of any influence, interest or relationship which would impair the professional judgment or objectivity of the member or a member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member or a member of the firm. Frequently it is appearance of independence, or lack thereof, that poses the greatest challenge. In all situations, members should reflect on the wording of the Rule and Guidance to ensure compliance with the spirit and intent of the Rule and Guidance.
- 15 If, after considering the Rules and this Guidance, members are uncertain as to their correct application, they are encouraged to discuss the matter with partners, professional colleagues or CPA Ontario staff. Members may also request the view of the professional conduct committee.
- 16 Members should also be cognizant of any relevant Canadian or foreign legislation that may preclude a member from accepting or continuing an engagement. Members are cautioned that legislation under which corporations and other enterprises are incorporated or governed may impose differing requirements in respect of independence. Members should satisfy both the requirements of any governing legislation and the CPA Code.

### The framework

- 17 The objective of this Guidance is to assist members and firms in:
- identifying and evaluating threats to independence; and
  - identifying and applying appropriate safeguards to eliminate or reduce the threat or threats to an acceptable level in instances where their cumulative effect is not clearly insignificant.

This Guidance also describes those situations referred to in Rule 204.4 where safeguards are not available to reduce a threat or threats to an acceptable level, and the only possible actions are to eliminate the activity, interest or relationship creating them, or to refuse to accept or continue the assurance engagement.

- 18 The use of the word “independence” on its own may create misunderstandings. Standing alone, the word may suggest that a person exercising professional judgment ought to be free from all economic, financial and other relationships. This is impossible, as everyone has relationships with others. Therefore, members should evaluate the significance of economic, financial and other relationships in the light of what a reasonable observer would conclude to be acceptable in maintaining independence.

- 19 In making this evaluation, many different circumstances may be relevant. Accordingly, it is impossible to define every situation that creates a threat to independence and specify the appropriate mitigating action. In addition, because of differences in the size and structure of firms, the nature of assurance engagements and client entities different threats may exist, that require the application of different safeguards. A conceptual framework that requires members and firms to identify, evaluate and address threats to independence, rather than merely comply with a set of specific and perhaps arbitrary rules, is, therefore, in the public interest.
- 20 Based on such an approach, this Guidance describes a conceptual framework of principles for compliance with Rules 204.1 to 204.10. Members, firms and network firms should use this conceptual framework to identify threats to independence, to evaluate their significance and, if they are other than clearly insignificant, to identify and apply safeguards to eliminate them or reduce them to an acceptable level, so that independence in fact and appearance are not impaired. In addition, consideration should be given to whether relationships between members of the firm who are not on the engagement team and the assurance client may also create threats to independence. Where safeguards are not available to reduce threats to an acceptable level, the member, firm or network firm should eliminate the activity, interest or relationship creating the threats, or the member or firm should refuse to accept or continue the particular engagement.
- 21 Rule 204.1 requires members and firms to be independent in fact and in appearance. The requirement to comply with the specific prohibitions set out in Rule 204.4 does not relieve a firm from complying with Rules 204.1 and 204.3 and the need to apply the conceptual framework and determine on a principles-based approach whether or not the firm is independent with respect to all assurance engagements, including audit and review engagements.
- 22 Rule 204.1 and, therefore, the principles in this Guidance apply to all assurance engagements and engagements to issue a report on the results of applying specified auditing procedures. The nature of the threats to independence and the applicable safeguards necessary to eliminate them or reduce them to an acceptable level will differ depending on the particulars of the engagement. Differences in threats and safeguards will arise, for example, if the engagement is an audit or review engagement or another type of assurance engagement; and, in the case of an assurance engagement that is not an audit or review engagement, in the purpose, subject matter and intended users of the report. Members and firms should, therefore, evaluate the relevant circumstances, the nature of the engagement and the entity, the threats to independence and the adequacy of available safeguards in deciding whether it is appropriate to accept or continue an engagement, and whether a particular person should be on the engagement team.
- 23 For audit clients and review clients, the persons on the engagement team, the firm and network firms should be independent of the client. In the case of an assurance engagement where the client is neither an audit nor a review client, those on the engagement team and the firm should be independent of the client. In addition, in the case of an engagement that is not an audit or review engagement, consideration should be given to any threats the firm has reason to believe may be created by the interests and relationships of network firms.

### **Extent of application or requirement for independence for different types of engagement**

- 24 An engagement to report on the results of applying specified auditing procedures is not an assurance engagement as contemplated in the *CPA Canada Handbook – Assurance*. However, for the purposes of Rules 204.1 to 204.10 and this Guidance, the principles contained herein applicable to an assurance engagement, other than an audit or review engagement, also apply to an engagement to report on the results of applying specified auditing procedures. In



so applying those principles, the reference to an assurance client is to be read as a reference to a client where the engagement is to report on the results of applying specified auditing procedures.

- 25** In the case of an assurance report to an assurance client that is not an audit client or a review client where the report is intended only for the use of identified users, as contemplated by the *CPA Canada Handbook – Assurance*, the users of the report are considered to be knowledgeable as to the purpose, subject matter and limitations of the report. Users gain such knowledge through their participation in establishing the nature and scope of the member's or firm's engagement, including the criteria by which the particular subject matter is to be evaluated. The member's or firm's knowledge and enhanced ability to communicate about safeguards with all the report's users increase the effectiveness of safeguards to independence in appearance. Therefore, the member or firm may take these circumstances into account when evaluating the threats to independence and considering the applicable safeguards necessary to eliminate them or reduce them to an acceptable level. With respect to network firms, limited consideration of any threats created by their interests and relationships may be sufficient.
- 26** The effect of Rules 204.1 to 204.8 is that:
- for an assurance engagement for a client that is an audit or review client, those on the engagement team, the firm and network firms are required to be independent of the client;
  - for an assurance engagement for a client that is not an audit or review client, when the assurance report is not intended only for the use of identified users, those on the engagement team and the firm are required to be independent of the client; and
- for an assurance engagement for a client that is not an audit or review client, when the assurance report is intended only for the use of identified users, those on the engagement team are required to be independent of the client. In addition, the firm should not have a material direct or indirect financial interest in the client.

### Evaluating threats and safeguards

- 27** The ongoing evaluation and disposition of threats to independence should be supported by evidence obtained both before accepting an engagement and while it is being performed. The obligation to make such evaluation and take action arises when a member of a firm or network firm knows, or should reasonably be expected to know, of circumstances or relationships that might impair independence.
- 28** Rule 204.4 describes activities, interests or relationships that create threats to independence that are so significant that there are no safeguards available to reduce them to an acceptable level and, accordingly, prohibits the provision of assurance services, as specified, in conjunction with such activities, interests or relationships. Rules 204.1 to 204.8 and this Guidance also describe the threats to independence and analyze safeguards that may be capable of eliminating them or reducing them to an acceptable level. They conclude with some examples of how the conceptual framework to independence is to be applied to specific circumstances and relationships and the relevant threats and safeguards. The examples are not all inclusive. Professional judgment should be used to determine whether appropriate safeguards exist to eliminate all threats to independence or to reduce their cumulative effect to an acceptable level. In some examples, it may be possible to eliminate the threat or reduce it to an acceptable level by the application of safeguards. In some other examples, the threat or threats to independence will be so significant that the only possible actions are to eliminate the activity, interest or relationship creating the threat or threats, or to refuse to accept or continue the engagement.



- 29** When a member or firm identifies a threat to independence that is not clearly insignificant, and the member or firm decides to apply appropriate safeguards and accepts or continues the assurance engagement, the decision should be documented in accordance with Rule 204.5. The documentation should include the following information:
- a description of the nature of the engagement;
  - the threat identified;
  - the safeguard or safeguards identified and applied to eliminate the threat or reduce it to an acceptable level; and
  - an explanation of how, in the member or firm's professional judgment, the safeguards eliminate the threat or reduce it to an acceptable level.

### Threats to independence

- 30** Independence is potentially affected by self-interest, self-review, advocacy, familiarity and intimidation threats. The mere existence of such threats does not per se mean that the performance of a prospective engagement is precluded. The undertaking or continuation of an engagement is only precluded where safeguards are not available to eliminate or reduce the threats to an acceptable level or where Rule 204.4 provides a specific prohibition.

### 31 Self-Interest Threats

A self-interest threat occurs when a firm or a person on the engagement team could benefit from a financial interest in, or other self-interest conflict with, an assurance client. Examples of circumstances that may create a self-interest threat include, but are not limited to:

- a direct financial interest or material indirect financial interest in an assurance client;
- a loan or guarantee to or from an assurance client or any of its directors or officers;
- dependence by a firm, office or member on total fees from an assurance client;
- undue concern about the possibility of losing the engagement;
- evaluating performance or providing compensation for selling non-audit services to an assurance client;
- having a close business relationship with an assurance client; and
- potential employment with an assurance client.

### 32 Self-Review Threats

A self-review threat occurs when any product or judgment from a previous engagement needs to be evaluated in reaching a conclusion on the particular assurance engagement, or when a person on the engagement team was previously an officer or director of the client, or was in a position to exert significant influence over the subject matter of the assurance engagement. Examples of circumstances that may create a self-review threat include, but are not limited to:

- a person on the engagement team being, or having recently been, an officer or director of the client;
- a person on the engagement team being, or having recently been, an employee of the assurance client in a position to exert significant influence over the subject matter of the assurance engagement, or another person having the duties or responsibilities normally associated with such an employee;
- a member or firm performing services for an assurance client that directly affect the subject matter of the engagement; and

- a member or firm preparing original data used to generate financial statements or preparing other records that are the subject matter of the engagement.

### 33 Advocacy Threats

An advocacy threat occurs when a firm, or a person on the engagement team, promotes, or may be perceived to promote, an assurance client's position or opinion to the point that objectivity may be, or may be perceived to be, impaired. Such would be the case if a person on the engagement team were to subordinate his or her judgment to that of the client, or the firm were to do so. Examples of circumstances that may create an advocacy threat include, but are not limited to:

- dealing in, or being a promoter of, shares or other securities of an assurance client; and
- acting as an advocate for or on behalf of an assurance client in litigation or in resolving disputes with third parties.

### 34 Familiarity Threats

A familiarity threat occurs when, by virtue of a close relationship with an assurance client, its directors, officers or employees, a firm or a person on the engagement team becomes too sympathetic to the client's interests. Examples of circumstances that may create a familiarity threat include, but are not limited to:

- a person on the engagement team having an immediate or close family member who is an officer or director of the assurance client;
- a person on the engagement team having an immediate or close family member who is in a position to exert significant influence over the subject matter of the assurance engagement;
- a former partner of the firm being an officer or director of the assurance client or in a position to exert significant influence over the subject matter of the assurance engagement;
- the long association of a senior person on the engagement team with the assurance client; and
- the acceptance of gifts or hospitality from the assurance client, its directors, officers or employees, unless the value thereof is clearly insignificant.

### 35 Intimidation Threats

An intimidation threat occurs when a person on the engagement team may be deterred from acting objectively and exercising professional skepticism by threats, actual or perceived, from the directors, officers or employees of an assurance client. Examples of circumstances that may create an intimidation threat include, but are not limited to:

- the threat of being replaced due to a disagreement with the application of an accounting principle; and
- the application of pressure to inappropriately reduce the extent of work performed in order to reduce or limit fees.

## Safeguards

- 36 Members and firms have an ongoing responsibility to comply with Rules 204.1 to 204.10 by taking into account the context in which they practise, the threats to independence and the safeguards which may be available to eliminate the threats or reduce them to an acceptable level. Safeguards fall into three broad categories:

- safeguards created by the profession, legislation or regulation;
- safeguards within the assurance client; and
- safeguards within the firm's own systems and procedures.

**37** Safeguards created by the profession, legislation or regulation include the following:

- education, training and practical experience requirements for entry into the profession;
- continuing education programs;
- professional standards;
- external practice inspection;
- disciplinary processes;
- members' practice advisory services;
- participation by members of the public in oversight and governance of the profession; and
- legislation governing the independence requirements of the firm and its members.

**38** Safeguards within the assurance client may include the following:

- employees of the client who are competent to make management decisions;
- policies and procedures that emphasize the client's commitment to fair financial reporting;
- internal procedures that ensure objective choices in commissioning non-assurance engagements; and
- an audit committee that provides appropriate oversight and communications regarding a firm's services.

However, it is not possible to rely solely on safeguards within the assurance client to reduce threats to an acceptable level.

**39** Where an audit committee does not exist, as is set out in the definition of "audit committee", references in the CPA Code to an audit committee should be interpreted to refer to another governance body which has the duties and responsibilities normally granted to an audit committee or to those charged with governance for the entity. In some cases, this role may be filled by client management personnel. The *CPA Canada Handbook - Assurance* requires members and firms to determine the appropriate person or persons within the entity's governance structure with whom to communicate and establishes requirements for communication on matters relating to independence with such a person or persons.

**40** Safeguards within the firm's own systems and procedures may include firm-wide safeguards such as the following:

- firm leadership that stresses the importance of independence and the expectation that persons on engagement teams will act in the public interest;
- policies and procedures to implement and monitor quality control of assurance engagements;
- documented independence policies regarding the identification of threats to independence, the evaluation of their significance and the identification and application of appropriate safeguards to eliminate or reduce the threats, other than those that are clearly insignificant, to an acceptable level;
- internal policies and procedures, including annual reporting by members of the firm, to

- monitor compliance with firm policies and procedures as they relate to independence;
  - policies and procedures that will enable the identification of interests or relationships between the firm or those on the engagement team and assurance clients;
  - policies and procedures to monitor and manage the reliance on revenue received from a single assurance client;
  - internal performance measures that do not put excessive pressure on partners to generate non-assurance revenue from their assurance clients and do not over emphasize budgeted hours;
  - using different partners and teams with separate reporting lines for the provision of non-assurance services to an assurance client;
  - policies and procedures to prohibit members of the firm who are not on the engagement team from influencing the outcome of the assurance engagement;
  - timely communication of a firm's policies and procedures, and any changes thereto, to all members of the firm, including appropriate training and education thereon;
  - designating a member of the firm's senior management as responsible for overseeing the adequate functioning of the safeguarding system;
  - means of advising all members of the firm of those clients and related entities from which they should be independent;
  - an internal disciplinary mechanism to promote compliance with firm policies and procedures; or
  - policies and procedures that empower members of the firm to communicate, without fear of retribution, to senior levels within the firm any issue of independence and objectivity that may concern them.
- 41 Safeguards within the firm's own systems and procedures may include engagement-specific safeguards such as the following:
- involving another person to review the work done or advise as necessary. This person could be someone from outside the firm or network firm, or someone from within who was not otherwise associated with the engagement team. The person should be independent of the assurance client and will not, by reason of the review performed or advice given, be considered to be on the engagement team;
  - consulting a third party, such as a committee of independent directors, a professional regulatory body or a professional colleague;
  - rotating senior personnel on the engagement team;
  - discussing independence issues with the audit committee;
  - disclosing to the audit committee, the nature of services provided and extent of fees charged;
  - policies and procedures designed to ensure that persons on the engagement team do not make, or assume responsibility for, management decisions for the client;
  - involving another firm to perform or re-perform part of the assurance engagement;
  - involving another firm to re-perform the non-assurance service; or
  - removing a person from the engagement team, when that person's financial interests, relationships or activities create a threat to independence.

### Practitioners with small or owner-managed clients

- 42** The size and structure of the firm and the nature of the assurance client and the engagement will affect the type and degree of the threats to independence and, consequently, the types of safeguards appropriate to eliminate such threats or reduce them to an acceptable level. For example, it is understood that not all the safeguards noted in paragraphs 36 to 41 of the Guidance to Rules 204.1 to 204.3 will be available to the sole practitioner or small firm or within smaller clients such as owner-managed entities. Smaller clients often rely on members to provide a broad range of accounting and business services. Independence will not be impaired provided such services are not specifically prohibited by Rule 204.4 and provided safeguards are applied to reduce any threat to an acceptable level. In many circumstances, explaining the result of the service and obtaining client approval and acceptance for the result of the service will be an appropriate safeguard for such smaller entities. Similarly, such clients often have a long-standing relationship with an individual who is a sole practitioner or partner from a firm. Independence will not be impaired provided safeguards are applied to reduce any familiarity threat to an acceptable level. In most circumstances, periodic external practice inspection and, where appropriate, consultation will reduce any threat to independence to an acceptable level.

### Application of the framework

- 43** Rule 204 and its related Guidance describe the application of the framework to specific circumstances and relationships that may create threats to independence. The provisions describe potential threats created and safeguards that may be appropriate to eliminate the threats or reduce them to an acceptable level. The circumstances that are described are not intended to be comprehensive or all-inclusive. In practice, when independence is required, members and firms should assess the implications of all circumstances and relationships and, where required, assess those of network firms, to determine whether there are threats to independence that are other than clearly insignificant and, if they exist, whether safeguards can be applied to satisfactorily address them. In situations where safeguards are not available to reduce a threat or threats to an acceptable level, the only possible actions are to eliminate the activity, interest or relationship creating the threats, or to refuse to accept or continue the assurance engagement.

#### Rebuttable presumption – not subject to audit procedures

- 44** Rules 204.4(24) to (28) set out non-audit services that may not be provided during either the period covered by the financial statements subject to audit or during the engagement period to an audit client that is a reporting issuer or listed entity unless it is reasonable to conclude that the results of any such service will not be subject to audit procedures during the audit of the client's financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of such services will be subject to audit procedures. Materiality is not an appropriate basis upon which to overcome this presumption. For example, determining whether a subsidiary, division or other unit of the consolidated entity is material is a matter of audit judgment. Therefore, the determination of whether to apply detailed audit procedures to a unit of a consolidated entity is, in itself, an audit procedure.

#### Other specific threats

- 45** Rule 204.3 sets out the general requirement to identify and evaluate threats and either apply safeguards or decline an engagement. Rule 204.4 sets out prohibitions in relation to specific circumstances and relationships. There are also some circumstances and relationships that have been specifically identified as creating threats to independence and, accordingly, require an evaluation of their significance and the application of appropriate safeguards. Paragraphs 46 to 50 discuss those specific circumstances and relationships.

**Provision of non-assurance services to an assurance client**

- 46** Firms have traditionally provided to their clients a range of non-assurance services that are consistent with their skills and expertise. The provision of such a non-assurance service is not subject to the requirements of Rule 204.1 and, accordingly, does not require independence on the part of a member or firm. However, the provision of such a non-assurance service may create a self-interest, self-review or advocacy threat that impacts the independence of the member or firm with respect to the provision of an assurance or specified auditing procedures service for which independence is required by Rule 204.1. Consequently, before a firm accepts an engagement to provide a non-assurance service, it should evaluate the significance of any threat to independence, in relation to an existing assurance service, that may be created by providing the non-assurance service. When such a threat is other than clearly insignificant, the non-assurance engagement should be declined unless appropriate safeguards can be applied to eliminate the threat or threats or reduce them to an acceptable level. Specific circumstances in which adequate safeguards do not exist to eliminate or reduce such a threat to independence to an acceptable level are set out in Rules 204.4(22) to (34) as prohibitions.
- 47** Subject to the specific prohibitions set out in Rules 204.4(22) to (34), a firm or a member of a firm may provide a non-assurance service to an assurance client or related entity, provided that any threats to independence have been reduced to an acceptable level by safeguards, such as:
- policies and procedures to prohibit members of the firm from making management decisions for the client, or assuming responsibility for such decisions;
  - discussing independence issues related to the provision of non-assurance services with the audit committee;
  - policies within the assurance client regarding the oversight responsibility for provision of non-assurance services by the firm;
  - involving another member of the firm who is not on the engagement team to advise on any impact of the non-assurance service on the independence of the persons on the engagement team and the firm;
  - involving a professional accountant from outside of the firm to provide assurance on a discrete aspect of the assurance engagement;
  - obtaining the client's acknowledgement of responsibility for the results of the non-assurance service performed by the firm;
  - disclosing to the audit committee the nature of the non-assurance service and extent of fees charged; or
  - arranging that the members of the firm providing the non-assurance service do not participate on the assurance engagement team.

- 48** Intentionally left blank.

**Actual or threatened litigation**

- 49** Actual, threatened or prospective litigation between a firm or a member of an engagement team and the assurance client or a shareholder or creditor of the client may create a self-interest or intimidation threat. The relationship between client management and persons on the engagement team should be characterized by complete candour and full disclosure regarding all aspects of the client's business operations and all matters relevant to the client's financial statements. The firm and the client's management may be placed in adversarial positions by actual, threatened or prospective litigation, which could impair complete candour and full disclosure, and in this, or other ways, the firm may face a self-interest or intimidation threat. The significance of the threat will depend upon such factors as:

- the materiality of the litigation;
- the nature of the assurance engagement;
- the stage of the litigation; and
- whether the litigation relates to a prior assurance engagement.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- disclosing to the audit committee the extent and nature of the litigation;
- removing from the engagement team any person involved in the litigation; or
- involving an additional member of the firm who is not part of the engagement team to review the work done or advise as necessary.

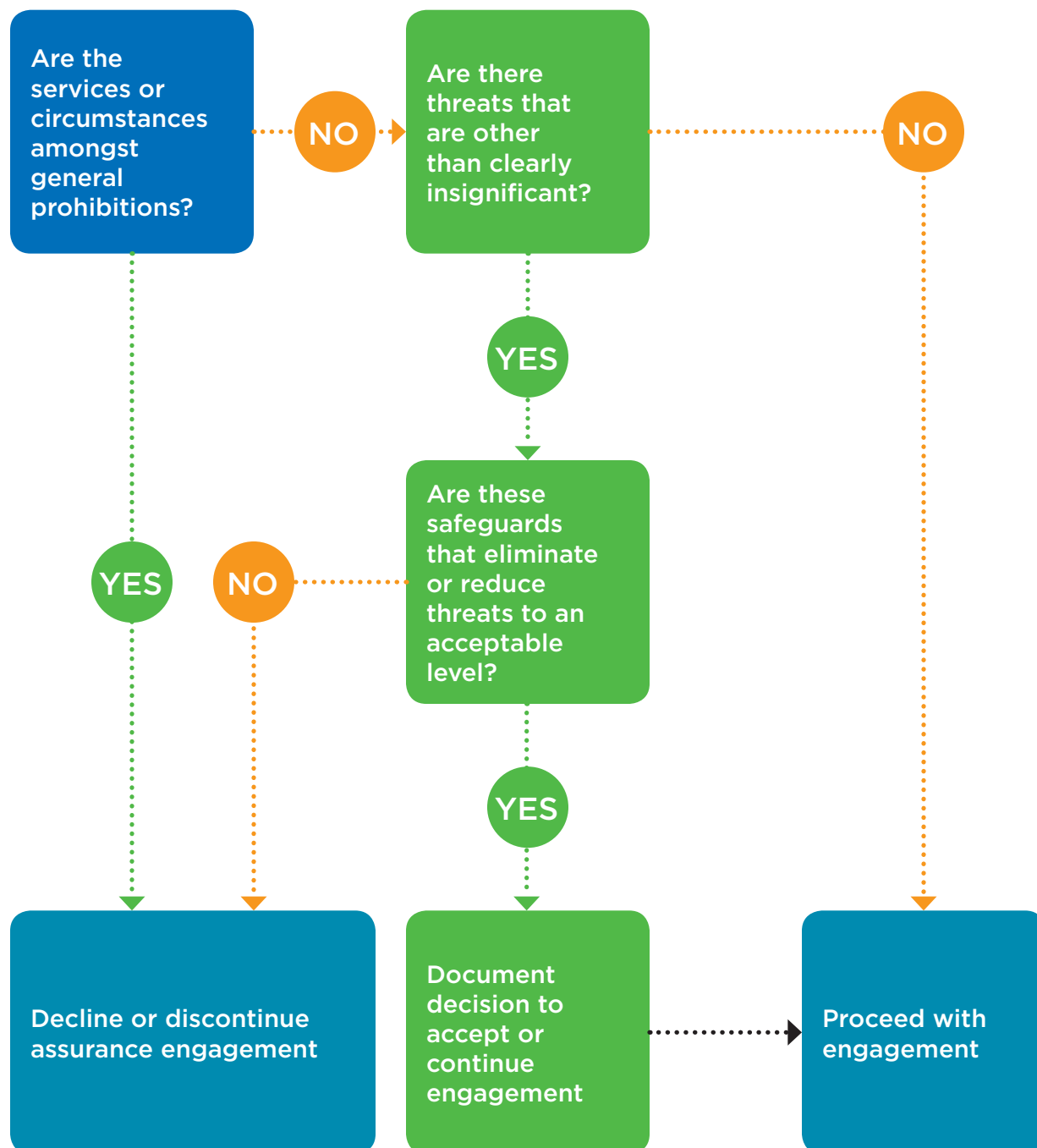
If such safeguards do not reduce the threat to an acceptable level, the only appropriate action is for the member or firm to withdraw from, or refuse to accept, the assurance engagement.

- 50** Members are cautioned that actual litigation often results in a conflict of interest between the client and the member or firm which will preclude the member or firm from continuing to provide professional services to the client. Threatened or prospective litigation can have the same result. When faced with threatened, prospective or actual litigation, members and firms should refer to Rule 210 and the related Guidance, and consult with their legal counsel, to determine whether they can continue to provide professional services to the client and, if so, whether there are particular arrangements which should be made with the client.

*New August 26, 2016:*

- *Paragraph 27 in Guidance to Rules 204.4(1) to (3) was truncated*
- *Paragraph 48 Contingent Fees in Guidance to Rules 204.4(1) to (3) was deleted*

## Overview of independence standard for assurance engagements – flowchart





**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Financial interests**

- (1) (a) *A member or student shall not participate on the engagement team for an assurance client if the member or student, or an immediate family member of the member or student, holds a direct financial interest or a material indirect financial interest in the client.*
- (b) *A member or student shall not participate on the engagement team for an assurance client if the member or student, or an immediate family member of the member or student, holds, as trustee, a direct financial interest or a material indirect financial interest in the client.*
- (1.1) *Notwithstanding Rules 204.4(1)(a) and (b), if the assurance client is a co-operative, credit union or caisse populaire; a social club, such as a golf club or curling club; or a similar organization, the financial interest in the assurance client held, either personally or as a trustee, by a member or student or an immediate or close family member of the member or student shall not preclude the member or student from participating on the engagement team provided that:*
  - (a) *such a financial interest is restricted to the minimum amount that is a prerequisite of membership;*
  - (b) *the assets of the organization cannot by virtue of the organization's by-laws be distributed to the individual members of the organization other than as patronage dividends or in circumstances of forced liquidation or expropriation, unless there is a written undertaking with the organization to forfeit entitlement to such distributed assets; and*
  - (c) *the member, student or immediate or close family member:*
    - (i) *does not serve on the governing body or as an officer of the organization;*
    - (ii) *does not have the right or responsibility to exercise significant influence over the financial or accounting policies of the organization or any of its associates;*
    - (iii) *does not exercise any right derived from membership to vote at meetings of the organization; and*
    - (iv) *cannot dispose of the financial interest for gain.*
- (2) (a) *A member or firm shall not perform an assurance engagement for an entity if the member or firm holds a direct financial interest or material indirect financial interest in the entity.*
- (b) *A member or firm shall not perform an audit or review engagement for an entity if the member, firm or a network firm, has a direct financial interest or a material indirect financial interest in the entity.*
- (2.1) *Notwithstanding Rules 204.4(2)(a) and (b), if an assurance client is a co-operative, credit union or caisse populaire; a social club, such as a golf club or curling club; or a similar organization, the financial interest in the entity held by a member or firm, or in the case of an audit or review engagement, a member, firm or a network firm, shall not preclude the member or firm from performing an assurance or audit or review engagement, as the case may be, for the entity*

*provided that:*

- (a) *such a financial interest is restricted to the minimum amount that is a prerequisite of membership;*
  - (b) *the assets of the organization cannot by virtue of the organization's by-laws be distributed to the individual members of the organization other than as patronage dividends or in circumstances of forced liquidation or expropriation, unless there is a written undertaking with the organization to forfeit entitlement to such distributed assets; and*
  - (c) *the member, firm or network firm, as the case may be:*
    - (i) *does not serve on the governing body or as an officer of the organization;*
    - (ii) *does not have the right or responsibility to exercise significant influence over the financial or accounting policies of the organization or any of its associates;*
    - (iii) *does not exercise any right derived from membership to vote at meetings of the organization; and*
    - (iv) *cannot dispose of the financial interest for gain.*
- (3) *A member or firm shall not perform an audit or review engagement for an entity if a pension or other retirement plan of the firm or network firm has a direct financial interest or a material indirect financial interest in the entity.*
- (4) *A member who is a partner of a firm and who holds, or whose immediate family member holds, a direct financial interest or a material indirect financial interest in an audit or review client shall not practise in the same office as the lead engagement partner for the client, unless, in the case of a financial interest held by an immediate family member, the financial interest is received as a result of employment and*
- (a) *the immediate family member does not have the right to dispose of the financial interest or, in the case of a share option, the right to exercise the option; or*
  - (b) *where such rights are obtained, the financial interest is disposed of as soon as is practicable.*
- (5) (a) *A member who is a partner or managerial employee of a firm and who holds a direct financial interest or a material indirect financial interest in an audit or review client shall not provide a non-assurance service to the client, unless the non-assurance service is clearly insignificant.*
- (b) *A member who is a partner or managerial employee of a firm whose immediate family member holds a direct financial interest or a material indirect financial interest in an audit or review client shall not provide a non-assurance service to the client, unless:*
- (i) *the non-assurance service is clearly insignificant; or*
  - (ii) *the financial interest is received as a result of employment and*
    - (A) *the immediate family member does not have the right to dispose of the financial interest or, in the case of a share option, the right to exercise the option; or*
    - (B) *where such rights are obtained, the financial interest is disposed of as soon as*

*is practicable.*

- (6) (a) *A member or firm shall not perform an audit or review engagement for an entity (the first entity) if the firm or a network firm has a financial interest in a second entity, and the member or firm knows that the first entity or a director, officer or controlling owner of the first entity also has a financial interest in the second entity, unless the respective financial interests of the firm or network firm and the first entity, the director, officer or controlling owner of the first entity are immaterial and the first entity cannot exercise significant influence over the second entity.*
- (b) *A member or student shall not participate on the engagement team for an audit or review client if the member or student or an immediate family member of the member or student has a financial interest in an entity and the member or student knows that the client or a director, officer or controlling owner of the client also has a financial interest in the entity, unless the respective financial interests of the member or student, or immediate family member, and the client, the director, officer or controlling owner of the client are immaterial and the client cannot exercise significant influence over the entity.*

### GUIDANCE – Rule 204.4(1) to (6)

- 1 A financial interest in an assurance client may create a self-interest threat. In evaluating the significance of the threat, and the appropriate safeguards to be applied to eliminate the threat or reduce it to an acceptable level, it is necessary to examine the nature of the financial interest. This includes an evaluation of the role of the person holding the financial interest, whether that interest is material and whether it is direct or indirect.
- 2 Financial interests may be held through an intermediary such as a collective investment vehicle, estate or trust. The determination of whether such financial interests are direct or indirect will depend upon whether the beneficial owner has control over the investment vehicle or the ability to influence its investment decisions. When such control or ability exists, that financial interest is a direct financial interest. Conversely, when such control or ability does not exist, such a financial interest is an indirect financial interest.
- 3 In the application of Rules 204.4(1) to (12) to an assurance, audit or review client the reference to an assurance, audit or review client, a client or an entity includes related entities, as defined, of the assurance, audit or review client, client or entity, as the case may be.

#### Assurance clients

- 4 A reasonable observer will not view a member who holds a direct financial interest or material indirect financial interest as a trustee differently than someone who holds the interest beneficially. Accordingly Rule 204.4(1) applies to members, students and immediate family members of members or students who hold a direct financial interest or material indirect financial interest in the capacity of a trustee.
- 5 When a person on an engagement team, or any of the person's immediate family members, receives, for example, by way of gift or inheritance, a direct financial interest or a material indirect financial interest in an assurance client, or a related entity, one of the following actions should be taken to comply with Rule 204.4(1):
  - dispose of the financial interest at the earliest practical date but no later than 30 days after the person has knowledge of the financial interest and the right or ability to dispose of it; or
  - remove the person from the engagement team.

During the period prior to disposal of the financial interest or the removal of the person from the engagement team, consideration should be given to whether additional safeguards are necessary to reduce the threat to independence to an acceptable level. Such safeguards might include:

- discussing the matter with the audit committee; or
- involving another member of the firm who is not, and has not been, on the engagement team to review the work done by the person, or advise as necessary.

Members are reminded that Rule 204.6 requires a member who has an interest that is precluded by this Rule to advise in writing a designated partner of the firm of the interest. When a financial interest in an assurance client or related entity is acquired as a result of a merger or acquisition, the provisions of Rule 204.4(40) apply.

- 6 When a person on an engagement team knows that a close family member has a direct financial interest or a material indirect financial interest in the assurance client, or a related entity, a self-interest threat may exist. In evaluating the significance of any such threat, consideration should be given to the nature of the relationship between the person on the engagement team and the close family member and the materiality of the financial interest. Once the significance of the threat has been evaluated, safeguards should be applied. Such safeguards might include:

- the close family member disposing of all or a sufficient portion of the financial interest at the earliest practical date;
- discussing the matter with the audit committee;
- involving another member of the firm who is not, and never was, on the engagement team to review the work done by the particular person on the engagement team or advise as necessary; or
- removing the person from the engagement team.

- 7 Consideration should be given to whether a self-interest threat may exist because of the financial interests of individuals other than those on the engagement team and their immediate and close family members. Such individuals would include:

- a member of the firm who provides a non-assurance service to the assurance client;
- a member of the firm who has a close personal relationship with a person on the engagement team;
- a spouse or dependant of an immediate or close family member of a person on the engagement team; and
- an individual for whom a member of the engagement team holds power of attorney.

Whether the interests held by such individuals may create a self-interest threat will depend upon factors such as:

- the firm's organizational, operating and reporting structure;
- the nature of the relationship between the individual and the person on the engagement team; and
- in the case of a power of attorney, the degree of decision making power granted by the power of attorney.

The significance of the threat should be evaluated and, if the threat is other than clearly insignificant, safeguards should be applied to reduce the threat to an acceptable level. Such safeguards might include:

- where appropriate, policies to prohibit such individuals from holding such interests;
  - discussing the matter with the audit committee; or
  - involving another member of the firm who is not, and never was, on the engagement team to review the work done by the particular individual or advise as necessary.
- 8 The specific prohibitions of Rule 204.4 do not preclude a firm from accepting an assurance engagement with an entity if one or more partners of the firm who do not participate on the engagement team, and who do not practice in the same office as the lead engagement partner, have a financial interest in the entity. However, Rule 204.1 requires the firm to be independent in fact and appearance and requires the firm to identify threats to independence arising from such circumstances, evaluate the significance of the threats and, if they are other than clearly insignificant, apply safeguards to reduce the threats to an acceptable level. If adequate safeguards are not available the firm should not accept the engagement.

#### **Assurance clients that are not audit or review clients**

- 9 With respect to an assurance report for an assurance client that is not an audit client or a review client where the report is intended only for the use of identified users, as contemplated by the *CPA Canada Handbook – Assurance*, members are referred to the provisions in paragraph 26 of the Guidance to Rules 204.1 to 204.3.

#### **Audit or review clients**

- 10 Rule 204.4(4) refers to the office in which the lead engagement partner practices in connection with an audit or review engagement. Such an office is not necessarily the office to which that partner is ordinarily assigned. Accordingly, for the purposes of Rule 204.4(4) and this Guidance, when the lead engagement partner is located in a different office from others on the engagement team, professional judgment should be exercised to determine in which office the partner practices in connection with the audit or review engagement.

*New August 26, 2016: Paragraphs 11 and 12 in Guidance to Rules 204.4(1) to (6) were deleted.*

*Rules 204.4(7) to (9) Reserved for future use*

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Loans and guarantees**

- (10) (a) *A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan from or has a loan guaranteed by the client, except when the client is a bank or similar financial institution and the loan or guarantee is immaterial to the firm, the network firm, and the client, and the loan or guarantee is made under normal commercial terms and conditions and is in good standing.*
- (b) *A member or firm shall not perform an assurance engagement for a client that is not a bank or similar financial institution if the firm, or a network firm in the case of an audit or review client, has a loan to the client.*
- (c) *A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, guarantees a loan of the client.*
- (11) (a) *A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan from or has a loan guaranteed by:*
- (i) *an officer or director of the assurance client; or*
- (iii) *a shareholder of the assurance client who owns more than 10% of the equity securities of the client, unless the shareholder is a bank or similar financial institution and the loan or guarantee is made under normal commercial terms and conditions.*
- (b) *A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan to or guarantees a loan of:*
- (i) *an officer or director of the assurance client; or*
- (ii) *a shareholder of the assurance client who owns more than 10% of the equity securities of the client.*
- (12) (a) *A member or student shall not participate on the engagement team for an assurance client where the member or student has a loan from or has a loan guaranteed by:*
- (i) *such a client, except a client that is a bank or similar financial institution where the loan or guarantee is made under normal commercial terms and conditions and the loan is in good standing;*
- (ii) *an officer or director of the client; or*
- (iii) *a shareholder of the client who owns more than 10% of the equity securities of the client, unless the shareholder is a bank or similar financial institution and the loan or guarantee is made under normal commercial terms and conditions.*
- (b) *A member or student shall not participate on the engagement team for an assurance client where the member or student has a loan to or guarantees the borrowing of:*
- (i) *such a client that is not a bank or similar financial institution;*

- (ii) *an officer or director of the client; or*
- (iii) *a shareholder of the client who owns more than 10% of the equity securities of the client.*

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### **GUIDANCE – Rule 204.4(10) to (12)**

- 1** A loan from, or a loan guaranteed by, an assurance client that is a bank or a similar financial institution to a person on the engagement team or his or her immediate family member would not create a threat to independence provided the loan or guarantee is made under normal commercial terms and conditions and is in good standing. Examples of such loans include home mortgages, bank overdrafts, car loans and credit card balances.
- 2** Similarly, deposits or brokerage accounts of a firm or a person on the engagement team with an assurance client that is a bank, broker or similar financial institution would not create a threat to independence provided the deposit or brokerage account was held under normal commercial terms and conditions.
- 3** Rules 204.4(10) and (11) relate to loans and guarantees between a firm and an assurance client. In the case of an assurance client that is an audit or review client, the provisions of Rules 204.4(10) and (11) also apply to network firms. In all cases the provisions of Rule 204.4(10), (11) and (12) should be read as applying also to related entities of the client.



**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Close business relationships**

- (13) (a) *A member or firm shall not perform an audit or review engagement for an entity if the firm, or a network firm, has a close business relationship with the entity, a related entity or the management of either, unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the firm or network firm and either entity or its management, as the case may be.*
- (b) *A member or firm shall not perform an assurance engagement that is not an audit or review engagement if the firm has a close business relationship with the assurance client, a related entity or the management of either unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the firm and the client, the related entity or the management of either, as the case may be.*
- (c) *A member or student who has, or whose immediate family member has a close business relationship with an assurance client, a related entity or the management of either shall not participate on the engagement team for the client unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the member, student or immediate family member and the client, the related entity or the management of either, as the case may be.*

**GUIDANCE – Rule 204.4(13)**

- 1 A close business relationship between a firm, a network firm or a person on the engagement team and the assurance client or its management, involving a common commercial or financial interest may create a self-interest or an intimidation threat. Members and firms should also consider whether such threats may be created by close business relationships with a related entity or its management. The following are examples of such relationships:
- having a material financial interest in a joint venture with the client or a controlling owner, director, officer or other individual who performs senior management functions for that client;
  - arrangements to combine one or more services or products of the firm with one or more services or products of the client and to market the package with reference to both parties; and
  - arrangements under which either the firm or the client acts as a distributor or marketer of the other's products or services.
- A close business relationship does not include the relationship created by the professional engagement between the client and the member, the firm, or the network firm as the case may be.
- 2 In the case of an audit or review client, a business relationship involving an interest held by a firm, a network firm or a person on the engagement team or any of that person's immediate family members in a closely held entity in which the client or a director or officer of the client, or any group thereof, also has an interest, does not create threats to independence provided:
- the relationship is clearly insignificant to the firm, the network firm and the client;
  - the interest held is immaterial to the investor, or group of investors; and

- the interest does not give the investor, or group of investors, the ability to control the closely held entity.
- 3** The purchase of goods or services from an assurance client by a firm (and, in the case of an audit client, by a network firm) or a person on the engagement team will not generally create a threat to independence, provided the transaction is conducted in the normal course of the client's business and on an arm's length basis. However, such a transaction may be of a nature or magnitude such that it does create a self-interest threat. If the threat so created is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:
- reducing the magnitude of or eliminating the transaction;
  - removing the individual involved from the engagement team; or
  - discussing the issue with the audit committee.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Family and personal relationships***

- (14) *A member or student shall not participate on the engagement team for an assurance client if the member's or student's immediate family member is an officer or director of the client or a related entity or is in a position to exert significant influence over the subject matter of the engagement, or was in such a position during the period covered by the assurance report or the engagement period.*
- (15) *A member or student shall not participate on the engagement team for an audit client that is a reporting issuer or listed entity if the member's or student's immediate or close family member has an accounting role or a financial reporting oversight role, or had such a position during the period covered by the financial statements subject to audit by the member or firm or the engagement period.*

**GUIDANCE – Rule 204.4(14) and (15)**

- 1 Family and personal relationships between a person on an engagement team and a director, officer or certain employees, depending on their role, of the assurance client or a related entity may create a self-interest, familiarity or intimidation threat. The significance of such a relationship will depend on a number of factors, including the person's responsibilities on the assurance engagement, the closeness of the relationship and the role of the family member or other individual within the assurance client or related entity. Consequently, there are many circumstances that involve a threat to independence that will require evaluation.
- 2 A person has an accounting role when the person is in a position to or does exercise more than minimal influence over the contents of the client's accounting records related to the financial statements that are subject to audit or review by the member or firm or over anyone who prepares such financial statements.
- 3 A person has a financial reporting oversight role when the person is in a position to or does exercise influence over the financial statements that are subject to audit or review by the member or firm or over anyone who prepares such accounting records or financial statements.

An individual holding one of the following titles will generally be considered to be in a financial reporting oversight role: a member of the board of directors or similar management or governing body, president, chief executive officer, chief operating officer, chief financial officer, controller, director of internal audit, director of financial reporting, treasurer, and, depending upon the particular facts and circumstances, the general counsel.

When the financial statements of an audit or review client are consolidated, a financial reporting oversight role can extend beyond the client to its subsidiaries or investees. In determining whether an individual is in a financial reporting oversight role for the audit or review client, consideration should be given to the position of the individual, the extent of the individual's involvement in the financial reporting process of the client and the impact of the individual's role on the financial statements subject to audit or review by the member or firm.

- 4 When a close family member of a person on the engagement team is an officer or director of the assurance client or is in a position to exert significant influence over the subject matter of the assurance engagement, a threat to independence may be created. The significance of the threat will depend on factors such as:

- the position the close family member holds; and
- the role of the particular person on the engagement team.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce the threat to an acceptable level. Such safeguards might include:

- removing the particular person from the engagement team;
- where possible, restructuring the engagement team's responsibilities so that the particular person does not deal with matters that are within the responsibility of the close family member; or
- policies and procedures to empower staff to communicate, without fear of retribution, to senior levels within the firm any issue of independence and objectivity that may concern them.

**5** A self-interest, familiarity or intimidation threat may exist when:

- an officer or director or person in a position to exert significant influence over the subject matter of the assurance engagement, who is not an immediate or close family member of a person on the engagement team, has a close relationship with a person on the engagement team; or
- a director, officer or employee in a financial reporting oversight role with respect to an audit or review client, who is not an immediate or close family member of a person on the engagement team, has a close relationship with a person on the engagement team.

Those on the engagement team should identify such individuals, and evaluate the relationship and consult with others in the firm in accordance with its policies and procedures. The evaluation of the significance of any threat and the availability of safeguards appropriate to eliminate it or reduce it to an acceptable level will include considering matters such as the closeness of the relationship and the role of the individual.

**6** Consideration should be given to whether a self-interest, familiarity or intimidation threat exists because of a personal or family relationship between a member of the firm who is not part of the engagement team and:

- an officer or director of the assurance client or a related entity, or person in a position to exert significant influence over the subject matter of the assurance engagement; or
- an officer or director of the assurance client or a related entity, or person in a financial reporting oversight role with respect to the financial statements subject to audit or review by the member or firm.

Members of the firm should identify and evaluate the relationship and consult with others in the firm in accordance with its policies and procedures. The evaluation of the significance of any threat and the availability of safeguards appropriate to eliminate it or reduce it to an acceptable level will include considering matters such as the closeness of the relationship, the interaction of the member of the firm with the engagement team, the position held within the firm, and the role of the individual.

*New August 26, 2016: Paragraphs 7 and 8 in Guidance to Rules 204.4(14) to (15) were deleted.*

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Employment or service with a reporting issuer or listed entity audit client***

(16) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if:

- (a) a person who participated in an audit capacity in an audit of the financial statements of the entity performed by the member or firm is an officer or director of the entity or is in a financial reporting oversight role unless a period of one year has elapsed from the date that the financial statements were filed with the relevant securities regulator or stock exchange; or
- (b) a person who was the firm's chief executive officer is an officer or director of the entity or is in a financial reporting oversight role, unless a period of one year has elapsed from the date that the individual was the chief executive officer of the firm.

***Recent service with or for an assurance client***

- (17) (a) A member or [student shall not participate on the engagement team for an assurance client if the member or student served as an officer or director of the client or a related entity or was in a position to exert significant influence over the subject matter of the engagement during the period covered by the assurance report or the engagement period.

***Temporary loan of staff to an audit or review client***

- (17) (b) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member or firm has loaned a member of the firm or a network firm to the entity or a related entity, unless:
- (i) the loan of any such person or persons is made for only a short period of time;
  - (ii) the loan of any such person or persons is not made on a recurring basis;
  - (iii) the loan of any such person or persons does not result in the person or persons making a management decision or performing a management function or providing any non-assurance services that would otherwise be prohibited by Rules 204.4(22) to (34); and
  - (iv) management of the entity or related entity directs and supervises the work performed by the person or persons.

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**GUIDANCE – Rule 204.4(16) and (17)**

- 1 The independence of a firm or a person on the engagement team may be threatened if an officer or director of the assurance client or a related entity, or a person in a position to exert influence over the subject matter of the assurance engagement has been a member of the engagement team or a partner of the firm. Such circumstances may create a self-interest, familiarity or intimidation threat, particularly when a significant connection remains between the individual and his or her former firm.

2 The significance of a threat so created will depend upon the following factors:

- the position the individual has taken at the client and whether the position involves significant influence over the subject matter of the assurance engagement or the financial statements subject to audit or review by the member or firm;
- the amount of any involvement the individual will have with the engagement team;
- the length of time since the individual was on the engagement team or with the firm; and
- the former position of the individual within the engagement team or firm.

The significance of such a threat should be evaluated and, if it is other than clearly insignificant, available safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- modifying the plan for the assurance engagement;
- assigning an engagement team to the subsequent assurance engagement that is of sufficient seniority and experience in relation to the individual who has joined the assurance client;
- involving another member of the firm who is not, and never was, on the engagement team to review the work done or advise as necessary; or
- performing an additional quality control review of the assurance engagement by the firm.

In such cases, all of the following safeguards will be necessary to reduce the threat to an acceptable level:

- the particular individual is not entitled to any benefits or payments from the firm unless these are made in accordance with fixed predetermined arrangements. In addition, any amount owed to the individual should not be of such significance to threaten the firm's independence; and
- the particular individual does not continue to participate or appear to participate in the firm's business or professional activities.

3 A self-interest threat exists when a person on the engagement team participates in the assurance engagement while knowing, or having reason to believe, that he or she will or may join the client. In all such cases the following safeguards should be applied:

- having firm policies and procedures that require those on the engagement team to notify the firm when entering employment negotiations with the assurance client; and
- removing the person from the engagement team.

In addition, consideration should be given to performing an independent review of any significant judgments made by that person while performing the engagement.

The effect of the safeguards described above is that members and students who initiate or entertain discussions with respect to a potential role with an assurance client would be precluded from being on the engagement team for that assurance engagement until such discussions have been concluded and acceptance of such a role has been declined.

4 For the purposes of Rule 204.4(16)(a), other than a key audit partner, the following persons are not considered to have participated in an audit capacity in an earlier audit.

- a person who is employed by the reporting issuer or listed entity due to an emergency or other unusual situation provided that the entity's audit committee has determined that the employment of such person is in the interest of the shareholders;
- a person who provided ten or fewer hours of assurance services in the earlier audit;

- a person who recommended the compensation of, or who provided direct supervisory, management or oversight of, the lead engagement partner in connection with the performance of the earlier audit, including those at all successively senior levels above the lead engagement partner through to the firm's chief executive; and
  - a person who provided quality control for the audit engagement.
- 5 An individual may have fully complied with Rule 204.4(16)(a) and (b) in accepting employment with an entity, and subsequently thereto, the entity merged with or was acquired by another entity resulting in that individual having a financial reporting oversight role of a combined entity which is audited by the firm in which the individual was previously an employee or a partner. In such a circumstance, unless the employment offer was accepted in contemplation of the merger or acquisition, the individual or the entity could not be expected to know that the employment decision could result in a threat to independence. In all such cases the safeguard of informing the audit committee should be applied.
- 6 For the purposes of Rule 204.4(16)(a) audit procedures are deemed to have commenced for the current audit engagement period on the day after the financial statements for the previous period are filed with the relevant securities regulator or stock exchange.
- 7 For the purposes of Rule 204.4(16)(b), chief executive officer means a person in a position having the usual responsibility and authority of a chief executive officer regardless of the title applied to the person.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Serving as an officer or director of an assurance client***

- (18) (a) *A member or firm shall not perform an assurance engagement for an entity if a member or an employee of the firm serves as an officer or director of the entity or a related entity, except for serving as company secretary when the practice is specifically permitted under local law, professional rules or practice, and the duties and functions undertaken are limited to those of a routine and formal administrative nature.*

***Serving as an officer or director of an audit or review client***

- (18) (b) *A member or firm shall not perform an audit or review engagement for an entity that is not a reporting issuer or listed entity if a member or an employee of the firm or of a network firm serves as an officer or director of the entity or a related entity except for serving as company secretary when the practice is specifically permitted under local law, professional rules or practice, and the duties and functions undertaken are limited to those of a routine and formal administrative nature.*

***Serving as an officer or director of a reporting issuer or listed entity audit client***

- (19) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if a member or an employee of the firm or of a network firm serves as an officer or a director of the reporting issuer or listed entity or a related entity.*

**GUIDANCE – Rule 204.4(18) and (19)**

- 1 A self-interest, self-review or familiarity threat may exist when a former officer or director of an assurance client or related entity or a person who has been in a financial reporting oversight role becomes a part of the engagement team for that assurance client.
- 2 If, prior to the period covered by an assurance report, a person on the engagement team served as an officer or director of the assurance client or a related entity, or had been in a position to exert significant influence over the subject matter of the assurance engagement, a self-interest, self-review or familiarity threat may exist. For example, such a threat will exist if a decision made or work performed by that individual in the prior period, while employed by the client, is to be evaluated in the current period as part of the assurance engagement. The significance of the threat will depend upon factors such as:
  - the position the individual held;
  - the length of time since the individual left the position; and
  - the role of the individual on the engagement team.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- involving another member of the firm who is not, and never was, on the engagement team to review the work of the particular person or advise as necessary; or
- discussing the issue with the audit committee.



### Company secretary

- 3 The position of company secretary has different implications in different jurisdictions. The duties of company secretary may range from administrative duties such as personnel management and the maintenance of company records and registers, to duties as diverse as ensuring that the company complies with regulations or providing advice on corporate governance matters. Generally this position is seen to imply a close degree of association with the entity and may create self-review and advocacy threats.
- 4 If a partner or employee of a firm serves as company secretary for an assurance client or related entity, the self-review and advocacy threats created would generally be so significant that safeguards are unlikely to be available to reduce the threats to an acceptable level. Similarly, if a partner or employee of a firm or network firm serves as company secretary for an audit or review client that is not reporting issuer or listed entity or a related entity, the self-review and advocacy threats created would generally be so significant that safeguards are unlikely to be available to reduce the threats to an acceptable level. However, when the practice of acting as company secretary is specifically permitted under local law, professional rules or practice, the duties and functions undertaken should be limited to those of a routine and formal administrative nature such as the preparation of minutes and maintenance of statutory returns.
- 5 Routine administrative services to support a company secretarial function or advisory work in relation to company secretarial administration matters is generally not perceived to impair independence, provided client management makes all relevant decisions.

### Religious organizations

- 6 A threat to independence is ordinarily not created when a person on the engagement team, or any of the person's immediate or close family members, belongs to a religious organization that is an assurance client provided the person on the engagement team, or the immediate or close family member:
  - does not serve on the religious organization's governing body; and
  - does not have the right or responsibility to exercise significant influence over the financial or accounting policies of the religious organization or any of its associates.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Long association of senior personnel with a reporting issuer or listed entity audit client***

- (20) (a) *A member shall not continue as the lead engagement partner or the engagement quality control reviewer with respect to the audit of the financial statements of a reporting issuer or listed entity for more than seven years in total, and shall not thereafter participate in an audit of the financial statements of the reporting issuer or listed entity until a further five years have elapsed.*

*In the case of an audit engagement of a reporting issuer that is a mutual fund, the lead engagement partner and the engagement quality control reviewer shall not thereafter participate in an audit of the financial statements of the reporting issuer or another reporting issuer that is in the same mutual fund complex as the reporting issuer until a further five years have elapsed.*

- (b) *A member, who is a key audit partner with respect to the audit of the financial statements of a reporting issuer or listed entity, other than a lead engagement partner or engagement quality control reviewer, shall not continue in such role for more than seven years in total and shall not thereafter participate in an audit of the financial statements of the reporting issuer or listed entity until a further two years have elapsed.*

*In the case of an audit engagement of a reporting issuer that is a mutual fund, such an audit partner shall not thereafter participate in an audit of the financial statements of the reporting issuer or another reporting issuer that is in the same mutual fund complex as the reporting issuer until a further two years have elapsed.*

- (c) *Notwithstanding paragraph (b), when an audit client becomes a reporting issuer or listed entity, a key audit partner who has served in that capacity for five or more years at the time the client becomes a reporting issuer or listed entity may continue in that capacity for two more years before being replaced as a key audit partner.*

**GUIDANCE – Rule 204.4(20)**

- 1 The use of the same senior personnel on the engagement team on an assurance engagement over a long period of time may create a familiarity threat. The significance of such a threat will depend upon factors such as:

- the length of time that the particular individual has been on the engagement team;
- the role of that individual on the engagement team;
- the structure of the firm; and
- the nature of the assurance engagement including the complexity of the subject matter and degree of professional judgment needed.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- discussing the matter with the audit committee;
- replacing the senior personnel on the engagement team;
- involving an additional member of the firm who is not, and never was, on the

- engagement team to review the work done by the particular individual, or advise as necessary;
- the member or firm is subject to external practice inspection; or
- an independent internal quality review of the assurance work performed by a member of the firm who was not part of the engagement team.

### **Audit clients that are reporting issuers or listed entities**

- 2** Rule 204.4(20) restricts an audit partner who has completed the permitted term as a lead engagement partner, engagement quality control reviewer or other key audit partner from participation in the audit until further prescribed time periods have elapsed. Accordingly, such partners may not:
- provide services pertaining directly to the audit or to a review of interim financial statements;
  - provide quality control for either such engagement;
  - consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events; or
  - otherwise directly influence the outcome of any such engagement.

However, such partners may be consulted for the purpose of transferring knowledge of the client to the engagement team.

- 3** When an audit client becomes a reporting issuer or listed entity, the length of time a key audit partner has served in that capacity should be considered in determining when the partner must be replaced on the engagement team. However, Rule 204.4(20)(c) provides that if a key audit partner has served in that capacity for five or more years at the time the client becomes a reporting issuer or listed entity, such person may continue in that capacity for two more years.

**RULE:****204.4      *Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements******Audit committee approval of services to a reporting issuer or listed entity audit client***

- (21) *A member or firm shall not provide a professional service to an audit client that is a reporting issuer or listed entity, or to a subsidiary thereof, without the prior approval of the reporting issuer's or listed entity's audit committee.*

**GUIDANCE – Rule 204.4(21)**

- 1 Rule 204.4(21) provides that a member or firm may not provide a service to a reporting issuer or listed entity, that is an audit client, or to a subsidiary thereof, unless the audit committee of the client pre-approves such service. The requirement applies to all audit and non-audit services. For the purpose of Rule 204.4(21) the audit committee recommendation to the entity's board of directors that the particular audit firm be the entity's auditor will be considered to be the approval of the audit service. Subject to paragraph 3 of this Guidance, all non-audit services for the reporting issuer or listed entity and its subsidiaries must be specifically pre-approved by the audit committee.
- 2 The audit committee may establish policies and procedures for pre-approval provided that they are detailed as to the particular services and designed to safeguard the independence of the member and the firm. For example, one or more audit committee members who are independent board directors may pre-approve the service provided decisions made by the designated audit committee members are reported to the full audit committee.
- 3 Notwithstanding Rule 204.4(21), audit committee pre-approval of services other than assurance services provided to an audit client that is a reporting issuer or listed entity, or to a subsidiary of the client, is not required where all such services that have not been pre-approved:
  - (a) do not represent more than five per cent of total revenues paid by the audit client to the member, the firm and network firms in the fiscal year in which the services are provided;
  - (b) were not recognized as non-audit services at the time of the engagement; and
  - (c) are promptly brought to the attention of the audit committee and the audit committee or one or more designated representatives approves the services prior to the completion of the audit.
- 4 For the purposes of Rule 204.4(21) audit services include all those services performed to discharge responsibilities to provide an opinion on the financial statements of the reporting issuer or listed entity. For example, in connection with some audit engagements, a tax partner may be involved in reviewing the tax accrual of the client. Since it is a necessary part of the audit process, the activity constitutes an audit service. Similarly, complex accounting issues may require consultation with a national office technical partner to reach an audit judgment. That consultation, being a necessary part of the audit process, also constitutes an audit service, and as such will be considered to have been pre-approved by the audit committee whether or not the firm charges separately for it. These examples contrast with a situation where a client is evaluating a proposed transaction and requests the member, the firm or a network firm to evaluate it and, after research and consultation, the member, firm or network firm provides an answer to the client and bills for those services. Such services would not be considered to be audit services and, therefore, will not be considered to have been pre-approved with the audit service.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Performance of management functions**

- (22) (a) *A member or firm shall not perform an assurance engagement for an entity if, during the period covered by the assurance report or the engagement period, a member of the firm makes a management decision or performs a management function for the entity or a related entity, including:*
- (i) authorizing, approving, executing or consummating a transaction;*
  - (ii) having or exercising authority on behalf of the entity;*
  - (iii) determining which recommendation of the member or firm will be implemented; or*
  - (iv) reporting in a management role to those charged with governance of the entity;*
- unless the management decision or management function is not related to the subject matter of the assurance engagement that is performed by the member or firm.*
- (b) *A member or firm shall not perform an audit or review engagement for an entity, if a member of the firm or a network firm, during either the period covered by the financial statements subject to audit or review or the engagement period, makes a management decision or performs a management function for the entity or a related entity, including any of the services listed in paragraph 22(a)(i) to (iv), whether or not the management decision or management function is related to the subject matter of the audit or review engagement that is performed by the member or firm.*

**Preparation of journal entries or source documents**

- (23) *A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, a member of the firm or a network firm:*
- (a) prepares or changes a journal entry, determines or changes an account code or a classification for a transaction or prepares or changes another accounting record, for the entity or a related entity, that affects the financial statements subject to audit or review by the member or firm, without obtaining the approval of management of the entity; or*
  - (b) prepares a source document or originating data, or makes a change to such a document or data underlying such financial statements.*

**Preparation of accounting records or financial statements for a reporting issuer or listed entity audit client**

- (24) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, in other than emergency situations, during either the period covered by the financial statements subject to audit or the engagement period, the member, firm, a network firm or a member of the firm or a network firm provides accounting or bookkeeping services related to the accounting records or financial statements including:*
- (a) maintaining or preparing the entity's, or related entity's, accounting records;*

- (b) *preparing the financial statements or preparing financial statements which form the basis of the financial statements on which the audit report is provided; or*
- (c) *preparing or originating source data underlying such financial statements;*

*unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of such financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the accounting or bookkeeping services will be subject to audit procedures.*

*In the event of an emergency situation, the member or firm may perform the audit and perform such an accounting or bookkeeping service provided:*

- (i) *those who provide the service are not members of the engagement team for the audit;*
- (ii) *the provision of the service in such circumstances is not expected to recur;*
- (iii) *the provision of the service would not lead to any members of the firm or a network firm making decisions or judgments which are properly the responsibility of management; and*
- (iv) *the provision of the service receives the prior approval of the audit committee of the reporting issuer or listed entity in accordance with the provisions of Rule 204.4(21).*

## **GUIDANCE – Rule 204.4(22) to (24)**

### **Performance of management functions**

- 1 Obtaining an understanding of the client's internal controls is required by generally accepted auditing standards. Members often become involved in diagnosing, assessing and recommending to management ways in which internal controls can be improved or strengthened. Notwithstanding Rule 204.4(22) the independence of a member or firm would not be impaired by the provision of services to assess the effectiveness of the internal controls of an assurance client or a related entity and to recommend improvements in the design and implementation of internal controls and risk management controls.

### ***Preparation of accounting records and financial statements***

#### **General provisions**

- 2 It is the responsibility of management to ensure that accounting records are kept and financial statements are prepared, although in discharging its responsibility management may request a member or firm to provide assistance.
- 3 Assisting an audit or review client or a related entity in matters such as preparing accounting records or financial statements will create a self-review threat when the financial statements are subsequently audited or reviewed by the member or firm. The significance of any such threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level.
- 4 With respect to Rule 204.4(23), members may be permitted, provided that approval from management is obtained, to prepare or change a journal entry, determine or change an account code, or a classification for a transaction or prepare or change another accounting

record for the entity or a related entity, that affects the financial statements subject to audit or review by the member or firm. However, preparing or changing a source document or originating data in respect of any transaction underlying the financial statements subject to audit or review by the member or firm is not permitted.

- 5 A source document is an initial recording or original evidence of a transaction. Examples of source documents are purchase orders, payroll time cards, customer orders, invoices, disbursement approvals, signed cheques and written contracts. Source documents are often followed by the creation of additional records and reports, such as trial balances, account reconciliations and aged account receivable listings, which do not constitute source documents or initial recordings. Source documents may also be preceded by documents containing calculations and advice, such as bonus calculations for tax purposes, impairment test calculations in the oil and gas industry and sample wording for clauses in a contract that will be prepared by the client's lawyers. The creation of such additional records, reports and documents would not constitute the creation of source documents.
- 6 The financial statement audit and review process involves extensive dialogue between persons on the engagement team and management of the audit or review client. During this process, management will often request and receive input regarding such matters as accounting principles and financial statement disclosure, the appropriateness of controls and the methods used in determining the stated amounts of assets and liabilities. The provision of technical assistance of this nature for an audit or review client is an appropriate method of promoting the fair presentation of the financial statements. The provision of such advice, per se, does not generally threaten the member's or the firm's independence. Other services that are usually a part of the audit or review process and that do not, under normal circumstances, threaten independence include:
- assisting with resolving account reconciliation problems;
  - analyzing and accumulating information for regulatory reporting;
  - assisting in the preparation of consolidated financial statements (including assisting in the translation of local statutory accounts to comply with group accounting policies and transition to a different reporting framework such as International Financial Reporting Standards);
  - assisting the drafting of disclosure items;
  - proposing adjusting journal entries; and
  - providing assistance and advice in the preparation of local statutory accounts of subsidiary entities.
- 7 A self-review threat may exist when a member, firm or network firm assists in the preparation of subject matter other than financial statements and subsequently provides assurance thereon. For example, a self-review threat will exist if a member or firm develops and prepares prospective financial information and subsequently provides assurance on it. Consequently, a member or firm should evaluate the significance of any self-review threat created by the provision of such a service. If the threat is other than clearly insignificant, safeguards should be applied to reduce the threat to an acceptable level.

### **Audit or review clients that are not reporting issuers or listed entities**

- 8 Subject to Rule 204.4(23), a member, firm or network firm may provide an audit or review client or related entity that is not a reporting issuer or listed entity with accounting and bookkeeping services provided that any resulting self-review threat so created is reduced to an acceptable level. Examples of such services include:



- recording transactions for which management has determined or approved the appropriate account classification;
- posting transactions to the general ledger;
- preparing financial statements;
- drafting notes to the financial statements;
- posting journal entries to the trial balance;
- performing payroll services which do not involve having custody of the client's or related entity's assets; and
- preparing tax receipts for charitable donations or tax information returns, such as T4 slips.

### Client approval of journal entries

- 9 A member, firm or network firm may prepare journal entries for an audit or review client or related entity that is not a reporting issuer or listed entity provided management approves and takes responsibility for such journal entries. In obtaining this approval, the member, firm or network firm may choose to obtain approval for each journal entry or, alternatively, to obtain approval following a thorough review of the completed financial statements with management. This approval may also be obtained through the management representation letter.

### Evaluation of significance of threats

- 10 The significance of a threat created by providing accounting and bookkeeping services to an audit or review client or related entity that is not a reporting issuer or listed entity should be evaluated. The significance of such a threat will depend upon factors such as:
- the degree of involvement of the member or firm;
  - the complexity of the transactions to be accounted for; and
  - the extent of professional judgment required in selecting the appropriate accounting treatment.

If the threat is other than clearly insignificant, safeguards should be applied to reduce the threat to an acceptable level. Such safeguards might include:

- making arrangements so that such services are not performed by a person on the engagement team;
- requiring the client or related entity to create the source data for the accounting entries;
- requiring the client or related entity to develop the underlying assumptions;
- obtaining the views of another professional accountant;
- arranging for another firm to review a significant accounting treatment; or
- discussing a significant accounting treatment with the practice advisory services department of the member's provincial body.

### Complex transactions

- 11 Preparing the journal entries for a complex transaction would likely create a self-review threat the significance of which could only be reduced to an acceptable level by applying safeguards that involve consultation with others, for example by:
- obtaining the views of another professional accountant;
  - arranging for another firm to review a significant accounting treatment; or



- discussing the proposed accounting treatment with the practice advisory services department of the member's provincial body

### **Audit clients that are reporting issuers or listed entities**

- 12** Rule 204.4(24) permits the provision of accounting or bookkeeping services by a member, a firm or a network firm, or a member of the firm or a network firm to an audit client that is a reporting issuer or listed entity, or a related entity in the event of emergency situations provided that the requirements Rule 204.4(24) are met. Such emergency situations might arise when, due to events beyond the control of the member or firm and the client or related entity,
- there are no viable alternative resources to those of the member or firm with the necessary knowledge of the client's or related entity's business to assist in the timely preparation of its accounting records or financial statements, and
  - a restriction on the member's or firm's ability to provide the services would result in significant difficulties for the client or related entity, for example, as might result from a failure to meet regulatory reporting requirements, in the withdrawal of credit lines, or would threaten the going concern status of the client or related entity. Significant difficulties would not be created simply by virtue of the fact that the client or related entity would be required to incur additional costs to engage the services of an alternative service provider.

Members and firms are also required by Rule 204.5(b) to document both the rationale supporting the determination that the situation constitutes an emergency and compliance with the provisions of subparagraphs (i) through (iv) of Rule 204.4(24).

Members, firms and network firms should fully assess and consider the circumstances that would constitute an emergency situation. Emergency situations are rare, non-recurring and would arise only when clearly beyond the control of the member or firm and the client or related entity. Caution should be exercised when deciding to undertake services under this exception.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of valuation services to an audit or review client that is not a reporting issuer or listed entity***

- (25) (a) *A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides a valuation service to the entity or a related entity where the valuation involves a significant degree of subjectivity and relates to amounts that are material to the financial statements subject to audit or review by the member or firm, unless the valuation is performed for tax purposes only and relates to amounts that will affect such financial statements only through accounting entries related to taxation.*

***Provision of valuation services to a reporting issuer or listed entity audit client***

- (25) (b) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides a valuation service to the client or a related entity, unless:*
- (i) the valuation is performed for tax purposes only and relates to amounts that will affect such financial statements only through accounting entries related to taxation, or*
  - (ii) it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the valuation service will be subject to audit procedures.*

**GUIDANCE – Rule 204.4(25)****General provisions**

- 1 A valuation service involves the making of assumptions with respect to future events and the application of certain methodologies and techniques, in order to compute an amount or provide an opinion with respect to a specific value or range of values, for a business as a whole, an intangible or tangible asset or a liability.
- 2 When a member or firm performs a valuation that forms part of the subject matter of an assurance engagement that is not an audit or review engagement, the firm should consider whether there is a self-review threat. If such a threat exists, and it is other than clearly insignificant, safeguards should be applied to eliminate it or reduce it to an acceptable level.

**Audit or review clients that are not reporting issuers or listed entities**

- 3 Members and firms should refer to paragraph 5 of the Guidance to Rule 204.4(34) when performing a valuation service for an audit or review client or a related entity for tax purposes only, that relates to amounts that will affect the financial statements subject to audit or review by the member or firm only through accounting entries related to taxation.
- 4 Performing a valuation service for audit or review client or a related entity that is not a reporting issuer or listed entity will create a self-review threat when the valuation resulting

from the service is incorporated into the financial statements subject to audit or review by the member or firm. The significance of such a threat should be evaluated. The significance will depend on factors such as:

- the materiality of the results of the valuation service;
- the extent of the client's or related entity's knowledge, experience and ability to evaluate the issues concerned, and the extent of the client's or related entity's involvement in determining and approving significant matters of judgment;
- the degree to which established methodologies and professional guidelines are applied when performing the particular valuation service;
- the degree of subjectivity inherent in the item concerned where the valuation involves standard or established methodologies;
- the reliability and extent of the underlying data;
- the degree of dependence on future events of a nature which could create significant volatility in the amounts involved; and
- the extent and clarity of the financial statement disclosures.

If the threat is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- involving an additional professional accountant who was not a member of the engagement team to review the valuation work or otherwise advise as necessary;
- confirming with the client or related entity its understanding of the underlying assumptions of the valuation and the methodology to be used and obtaining approval for their use;
- obtaining the client's or related entity's acknowledgement of responsibility for the results of the valuation work performed by the firm or network firm; or
- arranging that members of the firm or network firm providing such services do not participate on the engagement team.

5 Certain valuations do not involve a significant degree of subjectivity. This is likely the case where the underlying assumptions are either established by law or regulation, or are widely accepted and when the techniques and methodologies to be used are based on generally accepted standards or prescribed by law or regulation. In such circumstances, the results of a valuation performed by two or more parties are not likely to be materially different.

6 The independence of a member or firm will not be impaired when:

- the firm's valuation specialist reviews the work of an audit or review client or a related entity or a specialist employed by the client or related entity, provided the client, related entity or specialist supplies the technical expertise that the client or related entity uses in determining the required amounts recorded in the financial statements. In such circumstances there will be no self-review threat because a client's or related entity's management or a third-party is the source of the financial information subject to audit or review by the member or firm; or
- the valuation service is provided for non-financial reporting purposes only, for example, transfer pricing studies or other valuations that are performed solely for tax purposes.

**RULE:****204.4      *Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements******Provision of actuarial services to a reporting issuer or listed entity audit client***

(26) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides an actuarial service to the client or a related entity, unless it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the actuarial service will be subject to audit procedures.*

**GUIDANCE – Rule 204.4(26)**

- 1 For the purposes of Rule 204.4(26), actuarial services include the determination of an amount to be recorded in the client's financial statements and related accounts, except for:
  - services that involve assisting the client in understanding the methods, models, assumptions and inputs used in determining such amounts; and
  - advising management on the appropriate actuarial methods and assumptions that will be used in the actuarial valuations.

In addition, the firm may use its own actuary to assist in conducting the audit if the client's actuary or a third-party actuary provides management with its actuarial capabilities.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of internal audit services to an audit or review client***

- (27) (a) *A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm or a network firm or a member of the firm or network firm provides an internal audit service to the entity or a related entity unless, with respect to the entity for which the internal audit service is provided:*
- (i) *the entity designates an appropriate and competent resource within senior management to be responsible for internal audit activities and to acknowledge responsibility for designing, implementing and maintaining internal controls;*
  - (ii) *the entity or its audit committee reviews, assesses and approves the scope, risk and frequency of the internal audit services;*
  - (iii) *the entity's management evaluates the adequacy of the internal audit services and the findings resulting from their performance;*
  - (iv) *the entity's management evaluates and determines which recommendations resulting from the internal audit services to implement and manages the implementation process; and*
  - (v) *the entity's management reports to the audit committee the significant findings and recommendations resulting from the internal audit services.*

***Provision of internal audit services to a reporting issuer or listed entity audit client***

- (27) (b) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides an internal audit service to the client or a related entity, that relates to the client's, or the related entity's, internal accounting controls, financial systems or financial statements unless it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the internal audit service will be subject to audit procedures.*

**GUIDANCE – Rule 204.4(27)****General provisions**

- 1 A self-review threat may exist when a member, firm or network firm provides internal audit services to an audit or review client or a related entity. Such services may comprise an extension of the firm's audit service beyond the requirements of generally accepted auditing standards, assistance in the performance of the client's or related entity's internal audit activities, or outsourcing of the activities. In evaluating any threat to independence, the nature of the service should be considered.
- 2 Services involving an extension of the procedures required to conduct an audit or review in accordance with the *CPA Canada Handbook – Assurance* will not be considered to impair independence with respect to an audit or review client provided that a member of the firm

or network firm does not act or appear to act in the capacity of the client's or related entity's management.

- 3 During the course of an audit or review engagement the engagement team considers the client's internal controls and, as a result, may make recommendations for its improvement. This is part of an audit or review engagement and is not considered to be an internal audit service.
- 4 In addition to complying with the requirements of Rule 204.4(27)(a), a member or firm should also consider whether internal audit services should be provided to an audit or review client or a related entity only by a member or members of the firm not involved in the audit or review engagement and with different reporting lines within the firm.
- 5 Performing a significant portion of the audit or review client's or related entity's internal audit activities may create a self-review threat and a member, firm or network firm should consider that possibility and proceed with caution before taking on such an activity.

#### **Audit clients that are reporting issuers or listed entities**

- 6 Rule 204.4(27)(b) does not prohibit a member, firm or network firm from providing a nonrecurring service to evaluate a discrete item or program, if the service is not in substance the outsourcing of an internal audit function. For example, the member, firm or network firm, or a member of the firm of a network firm, may conduct a nonrecurring specified auditing procedures engagement related to the internal controls of an audit client that is a reporting issuer or listed entity or a related entity.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of information technology systems services to an audit or review client***

- (28) (a) *A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides a financial information systems design or implementation service to the entity or a related entity where the service involves the design or implementation of all or part of a financial information technology system that either generates information that is significant to the accounting records or financial statements subject to audit or review by the member or firm, or forms a significant part of either entity's internal controls that are relevant to the financial statements that are subject to audit or review by the member or firm, unless, with respect to the entity for which the information technology service is provided:*
- (i) *the entity acknowledges its responsibility for establishing and monitoring a system of internal controls;*
  - (ii) *the entity assigns the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system to a competent employee, preferably within senior management;*
  - (iii) *the entity makes all management decisions with respect to the design and implementation process;*
  - (iv) *the entity evaluates the adequacy and results of the design and implementation of the system; and*
  - (v) *the entity is responsible for operating the hardware or software system and for the data it uses or generates.*

***Provision of information technology system services to a reporting issuer or listed entity audit client***

- (28) (b) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides financial information systems design or implementation services and the services involve:*
- (i) *directly or indirectly operating, or supervising the operation of, the entity's or a related entity's information system, or managing the entity's or a related entity's local area network; or*
  - (ii) *designing or implementing a hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the entity's or a related entity's financial statements or other financial information systems taken as a whole;*

*unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the*

*financial information systems design and implementation services will be subject to audit procedures.*

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## **GUIDANCE – Rule 204.4(28)**

### **General provisions**

- 1 The provision of services by a member, firm or network firm to an audit or review client or a related entity that involve the design or implementation of financial information technology systems that are, or will be, used to generate information forming part of the client's or the related entity's financial statements may create a self-review threat.

There are, however, some information technology systems services that may not create a threat to independence, provided that the member or firm does not make a management decision or perform a management function for the client or the related entity. Such services include the following:

- designing or implementing information technology systems that are unrelated to internal controls over financial reporting;
- designing or implementing information technology systems that do not generate information forming a significant part of the accounting records or financial statements subject to audit or review by the member or firm;
- implementing "off-the-shelf" accounting or financial information reporting software that was not developed by the firm if the customization required to meet the client's or related entity's needs is not significant; and
- evaluating and making recommendations with respect to a system designed, implemented or operated by another service provider or the client or related entity.

### **Audit or review clients that are not reporting issuers or listed entities**

- 2 In addition to complying with the requirements of Rule 204.4(28)(a), a member or firm should also consider whether financial information systems design and implementation services should be provided to an audit or review client or related entity only by members of the firm who are not involved in the audit or review engagement and with different reporting lines within the firm.

### **Audit clients that are reporting issuers or listed entities**

- 3 For the purposes of Rule 204.4(28)(b), information will be considered to be significant if it is likely to be material to the financial statements. Since materiality determinations may not be complete before the financial statements are prepared, the audit client or related entity and the member or firm should evaluate the general nature of the information as well as system output during the period of the audit engagement.
- 4 Rule 204.4(28) does not preclude a member, a firm or a network firm from:
- designing or implementing a hardware or software system that is unrelated to the financial statements or accounting records of the reporting issuer or listed entity, or a related entity;
  - as part of the audit, or another assurance engagement, evaluating and making recommendations to management on the internal controls of a system as it is being designed, implemented or operated; or
  - making recommendations on internal control matters to management or other service provider in conjunction with the design and installation of a system by another service provider.



**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of litigation support services to an audit or review client***

- (29) (a) *A member or firm shall not perform an audit or review engagement for a client if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a litigation support service for the entity or a related entity, or for a legal representative thereof, for the purpose of advancing the entity's or related entity's, interest in a civil, criminal, regulatory, administrative or legislative proceeding or investigation with respect to an amount or amounts that are material to the financial statements subject to audit or review by the member or firm.*

***Provision of litigation support services to a reporting issuer or listed entity audit client***

- (29) (b) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a litigation support service for the entity or a related entity, or for a legal representative thereof, for the purpose of advancing the entity's or related entity's, interest in a civil, criminal, regulatory, administrative or legislative proceeding or investigation.*

**GUIDANCE – Rule 204.4(29)****General provisions**

- 1 Litigation support services include such activities as acting as an expert witness, calculating estimated damages or other amounts that might become receivable or payable as the result of litigation or other legal dispute, and assistance with document management and retrieval in relation to a legal dispute or litigation.
- 2 A self-review threat may exist when a member, firm or network firm provides to an audit or review client or related entity, litigation support services that include the estimation of the possible outcome of a dispute or litigation and thereby affects the amounts or disclosures to be reflected in the client's or related entity's financial statements. The significance of any such threat will depend upon factors such as:
  - the nature of the engagement;
  - the materiality of the amounts involved; and
  - the degree of subjectivity inherent in the matter concerned.

The member or firm should evaluate the significance of any threat so created and, if it is other than clearly insignificant, safeguards should be applied to eliminate it or reduce it to an acceptable level. Such safeguards might include:

- policies and procedures to prohibit individuals who assist the client from making management decisions on the client's or related entity's behalf;
- using a member of the firm who is not part of the engagement team to perform the litigation support service; or
- the involvement of others, such as independent specialists.

If adequate safeguards are not available to reduce a threat to an acceptable level the member, firm or network firm should decline the engagement.

- 3** The effect of Rule 204.4(29) is to prohibit, except for the specified circumstances set out in paragraph 202.4(29)(a), a member, firm or network firm, or a member of the firm or a network firm, from providing specialized knowledge, experience or expertise to advocate or support the audit client's positions, or the positions of a related entity, in an adversarial or similar proceeding such as an investigation, a litigation matter, or a legislative or administrative tribunal. Litigation or other matters frequently escalate to a level, such as a civil, criminal, regulatory, administrative or legislative proceeding or investigation, which creates a self-review or advocacy threat which cannot be reduced to an acceptable level by available safeguards. Accordingly, it is particularly important for members and firms to consider initially, and thereafter reconsider periodically, whether the matter in support of which the service is provided is likely to escalate, or has escalated, to such a level. In addition, members and firms should discuss, with the audit committee, the possibility that a matter could escalate to such a level and the consequential impact on the member's or firm's ability to continue to provide the litigation support service or to continue to perform the audit or review engagement.
- 4** Rule 204.4(29) does not preclude a member, a firm or a network firm, or a member of the firm or a network firm, from being engaged by an audit committee of an audit or review client to assist it in fulfilling its responsibilities to conduct its own investigation of a potential accounting impropriety. For example, if the audit committee is concerned about the accuracy of the inventory records at a subsidiary, it may engage the member, the firm or the network firm, or a member of the firm or a network firm, to conduct a thorough inspection and analysis of these records, the physical inventory at the subsidiary and related matters without impairing independence. This type of engagement may include forensic or other fact-finding work that results in the issuance of a report to the audit client. It will generally require performing procedures that are consistent with, but more detailed or more comprehensive than, those required by generally accepted auditing standards.
- 5** In an investigation or proceeding for an audit or review client, or for a related entity, the member, firm or network firm, or a member of the firm or a network firm, may provide an account or testimony with respect to a matter of fact, such as describing the work performed by the member's firm or the predecessor auditor. The member, firm or network firm, or a member of the firm or network firm, may explain the positions taken or the conclusions reached during the performance of any service provided for the audit or review client.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of legal services to an audit or review client***

- (30) *A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides a legal service to the entity or a related entity in the resolution of a dispute or litigation in circumstances where the matters in dispute or subject to litigation are material in relation to such financial statements.*

***Provision of legal services to a reporting issuer or listed entity audit client***

- (31) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a legal service to the entity or a related entity.*

**GUIDANCE – Rule 204.4(30) and (31)****General provisions**

- 1 A legal service is any service that may only be provided by a person licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is provided. However, where a jurisdiction outside of Canada requires a service to be provided by a person licensed, admitted, or otherwise qualified to practice law in that jurisdiction and the same service could be provided in the relevant jurisdiction in Canada by a person not licensed, admitted, or otherwise qualified to practice law, such a service is not considered to be a legal service for the purposes of this Rule. Legal services encompass a wide and varied range of corporate and commercial services, including contract support, conduct of litigation, mergers and acquisition advice and support and the provision of assistance to client's internal legal departments.
- 2 Threats to independence created by the provision of legal services to an audit or review client or related entity should be considered based on:
  - the nature of the service to be provided (for example, advocacy as opposed to other legal services);
  - whether the service provider is separate from the engagement team; and
  - the materiality of any pertinent matter in relation to the financial statements that are subject to audit or review by the member or firm.
- 3 The provision of a legal service which involves matters that would not be expected to have a material effect on the financial statements subject to audit or review by the member or firm is not considered to create an unacceptable threat to independence with respect to the engagement to perform the audit or review of those financial statements.
- 4 The provision of a legal service to support an audit or review client or related entity in the execution of a transaction (e.g., contract support, legal advice, legal due diligence and restructuring) may create a self-review threat. The significance of any such threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:
  - using members of the firm who are not on the engagement team to provide the service;

- ensuring the client or related entity makes the ultimate decision in relation to the advice provided; or
- ensuring the service involves the execution of what has been decided by the client or related entity in relation to the transaction.

### **Audit or review clients that are not reporting issuers or listed entities**

**5** The provision of a legal service to assist an audit or review client that is not a reporting issuer or listed entity or a related entity in the resolution of a dispute or litigation may create an advocacy or self-review threat. When a member, firm or network firm is asked to act in an advocacy role for the client or related entity in the resolution of a dispute or litigation in circumstances where the amounts involved are not material to the client's financial statements, the significance of any resulting threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to eliminate it or reduce it to an acceptable level. Such safeguards might include:

- policies and procedures to prohibit members of the firm or network firm from assisting the client or related entity in making management decisions on behalf of the client or related entity; or
- using members of the firm who are not on the engagement team to perform the particular legal service.

**RULE:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Human resource services for a reporting issuer or listed entity audit client***

- (32) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides any of the following services to the entity or a related entity:*
- (a) *searching for or seeking out prospective candidates for management, executive or director positions;*
  - (b) *engaging in psychological testing, or other formal testing or evaluation programs;*
  - (c) *undertaking reference checks of prospective candidates for an executive or director position;*
  - (d) *acting as a negotiator or mediator with respect to employees or future employees with respect to any condition of employment, including position, status or title, compensation or fringe benefits; or*
  - (e) *recommending or advising with respect to hiring a specific candidate for a specific job.*

**GUIDANCE – Rule 204.4(32)****General provisions**

- 1 The recruitment of managers, executives or directors for an assurance client, where the person recruited will be in a position to affect the subject matter of the assurance engagement, may create a current or future self-interest, familiarity or intimidation threat. The significance of such a threat will depend upon factors such as:
  - the role of the person to be recruited; and
  - the nature of the assistance sought.

The significance of any such threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. In all cases, the firm should not make management decisions and the client should make the hiring decision.
- 2 Notwithstanding Rule 204.4(32) a member, firm or network firm, or a member of the firm or a network firm may, upon request of the audit client or a related entity, interview candidates and advise the client or related entity on the candidate's competence for financial accounting, administrative or control positions.

**RULE:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of corporate finance and similar services to an audit or review client***

(33) *A member or firm shall not perform an audit or review engagement for an entity if, during the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides any of the following services:*

- (a) *promoting, dealing in or underwriting the entity's or a related entity's securities;*
- (b) *advising the entity or a related entity on other corporate finance matters where:*
  - (i) *the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;*
  - (ii) *the outcome or consequences of the advice has or will have a material effect on the financial statements; and*
  - (iii) *the engagement team has reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework;*
- (c) *making investment decisions on behalf of the entity or a related entity or otherwise having discretionary authority over the entity's or a related entity's investments;*
- (d) *executing a transaction to buy or sell the entity's or a related entity's investments; or*
- (e) *having custody of assets of the entity or a related entity, including taking temporary possession of securities purchased by the entity or a related entity.*

**GUIDANCE – Rule 204.4(33)**

- 1 Rule 204.4(33) sets out in paragraphs (a) to (e) the corporate finance and similar services which a member or firm may not provide to an audit or review client or a related entity.

Where a member or firm has provided advice on corporate finance matters to such a client or entity, Rule 204.4(33)(b) prohibits the member or firm from performing the audit or review engagement if:

- the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
- the outcome or consequences of the advice has or will have a material effect on the financial statements; and
- the engagement team has reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.

Where the efficacy of implementing such corporate finance advice depends upon a particular accounting treatment or presentation, there may be pressure to adopt an accounting treatment or presentation that is inconsistent with the relevant financial reporting framework. If such an inconsistency were to exist, the member or firm would be prohibited from performing the audit or review engagement. Accordingly, where the circumstances set out in Rule 204.4(33)(b) exist the member or firm must review the materiality of the effect of the advice and the

appropriateness of the related accounting treatment and presentation with the audit or review engagement team as soon as possible prior to completion of the corporate finance advisory service.

- 2** Corporate finance services other than those that are prohibited by Rule 204.4(33) may create an advocacy or self-review threat that may be reduced to an acceptable level by the application of safeguards. Examples of such services include:
- assisting a client in developing corporate strategies;
  - assisting a client in obtaining bank financing by explaining the financial statements to the bank;
  - assisting in identifying or introducing a client to possible sources of capital that meet the client specifications or criteria; and
  - providing structuring advice and assisting a client in analyzing the accounting effects of proposed transactions.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce the threat to an acceptable level. Such a safeguard might be using members of the firm who are not part of the engagement team to provide the services.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of tax planning or other tax advisory services to an audit or review client***

- (34) (a) *A member or firm shall not perform an audit or review engagement for a client if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides tax planning or other tax advice to the client or a related entity, where:*
- (i) *the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;*
  - (ii) *the outcome or consequences of the advice has or will have a material effect on the financial statements; and*
  - (iii) *the engagement team has reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.*

***Provision of tax calculations for the purpose of preparing accounting entries for a reporting issuer or listed entity***

- (34) (b) *A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, in other than emergency situations, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, prepares tax calculations of current and future tax liabilities or assets for the reporting issuer or listed entity or a related entity for the purpose of preparing accounting entries that are subject to audit by the member or firm.*

*In the event of an emergency situation, the member or firm may perform the audit and perform such a tax service provided:*

- (i) *those who provide the service are not members of the audit engagement team;*
- (ii) *the provision of the service in such circumstances is not expected to recur;*
- (iii) *the provision of the service would not lead to any members of the firm or a network firm making decisions or judgments which are properly the responsibility of management; and*
- (iv) *the provision of the service receives the prior approval of the audit committee of the reporting issuer or listed entity in accordance with the provisions of Rule 204.4(21).*

**GUIDANCE – Rule 204.4(34)****General provisions**

- 1 Tax services usually include:
- preparation of tax returns;
  - preparation of valuations for tax purposes;



- provision of tax planning and similar tax advisory services on such matters as how to structure business affairs in a tax efficient manner or on the application of tax laws or regulations;
  - provision of tax advocacy services with respect to tax disputes; or
  - preparation of tax calculations for the purpose of preparing accounting entries.
- 2 The provision of tax services may create a self-review threat where the advice or other service affects or will affect the financial statements subject to audit or review by the member or firm, or an advocacy threat where the services involve resolution of a tax dispute with tax authorities. The existence and significance of any threat will depend on factors such as:
- the nature of the tax service that is provided;
  - the degree of subjectivity involved in determining the appropriate treatment of tax advice in the financial statements;
  - the extent to which the outcome of the tax service has or will have a material effect on the financial statements subject to audit or review by the member or firm ;
  - the level of tax expertise of the client's employees;
  - the extent to which the advice is supported by tax law or regulation, other precedent or established practice; and
  - whether the tax treatment is supported by a private ruling or has otherwise been cleared by the tax authority before the preparation of the financial statements.

Providing tax planning advice where the advice is clearly supported by tax authorities or other precedent, by established practice or has a basis in tax law that is likely to prevail does not ordinarily create a threat to independence, unless the circumstances described in Rule 204.4(34)(a) exist.

- 3 The significance of any threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Examples of such safeguards include:
- using professionals who are not members of the assurance engagement team to perform the tax service;
  - having a tax professional, who was not involved in providing the tax service, advise the assurance engagement team on the service and review the financial statement treatment;
  - obtaining advice on the service from an external tax professional; and
  - obtaining pre-clearance or advice from the tax authorities.

#### **Preparation of tax returns**

- 4 Tax return preparation services may involve assisting an audit or review client with its tax reporting obligations by drafting and completing information, including the amount of tax due, as reported on prescribed forms, and as required to be submitted to the applicable tax authorities. Such tax returns are subject to audit or other review by tax authorities. Accordingly, the provision of such services does not ordinarily create a threat to independence provided that management takes responsibility for the returns including any significant judgments made.

#### **Preparation of valuations for tax purposes**

- 5 A firm may be requested to perform a valuation to assist an audit or review client or a related entity with its tax reporting obligations or for tax planning purposes.

Rule 204.4(25) permits the provision of certain valuation services for tax purposes only. Where the valuation is performed for tax purposes only and the valuation relates to amounts that will affect the financial statements subject to audit or review by the member or firm only through accounting entries related to taxation, a threat to independence would not ordinarily be created if the amounts related to the valuation are not material to such financial statements or if the valuation is subject to external review at the discretion of a tax authority or similar regulatory authority.

However, a valuation service that is not subject to such an external review and which results in amounts that are material to the financial statements subject to audit or review by the member or firm, may create a threat to independence. The existence and significance of any threat created will depend upon factors such as:

- the extent to which the valuation methodology is supported by tax law or regulation, other precedent or established practice and the degree of subjectivity inherent in the valuation; and
- the reliability and extent of the underlying data.

The significance of any threat created should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level.

#### **Provision of tax planning or other tax advisory services**

- 6** Members and firms often provide tax planning or advisory services in order to create tax-efficient outcomes for their clients. Where a member or firm has provided tax planning or other tax advice to an audit or review client or a related entity, Rule 204.4(34)(a) prohibits the member or firm from performing the audit or review engagement if:

- the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
- the outcome or consequences of the advice has or will have a material effect on the financial statements; and
- the engagement team has reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.

Where the efficacy of implementing such tax planning or other tax advice depends upon a particular accounting treatment or presentation there may be pressure to adopt an accounting treatment or presentation that is inconsistent with the relevant financial reporting framework. If such an inconsistency were to exist, the member or firm would be prohibited from performing the audit or review engagement. Accordingly, where the circumstances set out in 204.4 (34) (a) exist, the member or firm must review the materiality of the effect of the tax planning or other tax advice and the appropriateness of the related accounting treatment or presentation with the audit or engagement team as soon as possible prior to completion of the tax planning or other tax advisory service.

#### **Provision of tax advocacy services**

- 7** Tax advocacy services generally involve assisting a client in the resolution of a disputed tax matter with tax authorities. Such services may involve the provision of litigation support services, legal services or both. Accordingly, members and firms should evaluate whether the provision of such a tax advocacy service involves the provision of a service that would be prohibited pursuant to Rules 204.4(29)(a) or (b), (30) or (31).

**Audit or review clients that are not reporting issuers or listed entities**

- 8 Rules 204.4(29)(a) and (30) do not preclude members and firms from providing a tax advocacy service that involves assistance in the resolution of a dispute with a tax authority to an audit or review client that is not a reporting issuer or listed entity and where the assistance does not involve acting as an advocate before a public tribunal or court.

Members and firms are also not precluded by Rules 204.4(29)(a) and (30) from providing a tax advocacy service that involves assistance in the resolution of a dispute with a tax authority to an audit or review client that is not a reporting issuer or listed entity where the assistance involves acting as an advocate before a public tribunal or court provided that the disputed matter involves amounts that are not material to the financial statements subject to audit or review by the member or firm.

Rules 204.4(29)(a) and (30) do not preclude members and firms from responding to specific requests for information, providing factual accounts or testimony about the work performed or assisting the client in analyzing the tax issues.

**Audit clients that are reporting issuers or listed entities**

- 9 Rules 204.4(29)(b) and (31) do not preclude members and firms from providing a tax advocacy service that involves assistance in the resolution of a dispute with a tax authority to a reporting issuer or listed entity audit client and where the assistance does not involve acting as an advocate before a public tribunal or court.

Pursuant to Rules 204.4(29) and (31), members and firms may not provide a tax advocacy service that involves assistance in the resolution of a dispute with a tax authority to a reporting issuer or listed entity audit client and where the assistance involves acting as an advocate before a public tribunal or court whether or not the amounts involved are material to the financial statements subject to audit or review by the member or firm.

Rules 204.4(29)(b) and (31) do not preclude members and firms from responding to specific requests for information or providing factual accounts or testimony about the work performed.

Members and firms are cautioned that an engagement to provide a permitted tax advocacy service may, in its performance, escalate to a point where the advocacy or self-review threat so created cannot be reduced to an acceptable level by the application of safeguards. Accordingly, the guidance in paragraph 3 of the Guidance to Rule 204.4(29) applicable to litigation support services may also be helpful when considering the provision of tax advocacy services. One of the factors that impacts the significance of any such threat created is whether the tax advocacy service involves acting as advocate before a public tribunal or court, which for this purpose is an adjudicative body that is independent of the tax authority.

**Preparation of tax calculations for the purpose of preparing accounting entries for a reporting issuer or listed entity**

- 10 Rule 204.4(34)(b) permits, in the event of an emergency situation and under specified conditions, a member or firm to prepare tax calculations of current and future tax liabilities or assets for a reporting issuer or listed entity audit client or a related entity for the purpose of preparing accounting entries that are subject to audit by the member or firm. Such emergency situations might arise when, due to events beyond the control of the member or firm and the client or related entity,
- there are no viable alternative resources to those of the member or firm with the necessary knowledge of the client's or related entity's business to assist in the timely

- preparation of such tax calculations, and
- a restriction on the member's or firm's ability to provide the services would result in significant difficulties for the client or related entity, for example, as might result from a failure to meet regulatory reporting requirements, in the withdrawal of credit lines, or would threaten the going concern status of the client or related entity. Significant difficulties would not be created simply by virtue of the fact that the client or related entity would be required to incur additional costs to engage the services of an alternative service provider.

Members and firms are also required by Rule 204.5(c) to document both the rationale supporting the determination that the situation constitutes an emergency and compliance with the provisions of subparagraphs (i) through (iv) of Rule 204.4(34)(b).

Members, firms and network firms should fully assess and consider the circumstances that would constitute an emergency situation. Emergency situations are rare, non-recurring and would arise only when clearly beyond the control of the member or firm and the client or related entity. Caution should be exercised when deciding to undertake services under this exception.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements*****Provision of non-assurance services prior to commencement of audit or review services***

- (35) (a) *Where a member, firm, a network firm or a member of the firm or a network firm has provided a non-assurance service referred to in Rules 204.4(22) to (34) to a client prior to the engagement of the member or firm to perform an audit or review engagement for the client but during or after the period covered by the financial statements subject to audit or review by the member or firm, the member or firm shall not perform the audit or review engagement unless the particular non-assurance service was provided before the engagement period and the member or firm:*
- (i) *discusses independence issues related to the provision of the non-assurance service with the audit committee;*
  - (ii) *requires the client to review and accept responsibility for the results of the non-assurance service; and*
  - (iii) *precludes personnel who provided the non-assurance service from participating in the audit or review engagement,*
- such that any threat created by the provision of the non-assurance service is reduced to an acceptable level.*

***Provision of previous non-assurance services to an entity that has become a reporting issuer or listed entity***

- (35) (b) *Where a member, firm, a network firm or a member of the firm or a network firm has performed a non-assurance service referred to in Rules 204.4 (22) to (34) for an audit or review client that has become a reporting issuer or listed entity and the provisions of Rules 204.4(22) to (34) would have precluded the member or firm from performing an audit engagement for a reporting issuer or listed entity, the member or firm shall not perform an audit engagement for the client unless the member or firm:*
- (i) *discusses independence issues related to the provision of the non-assurance service with the audit committee;*
  - (ii) *requires the client to review and accept responsibility for the results of the non-assurance service; and*
  - (iii) *precludes personnel who provided the non-assurance service from participating in the audit engagement,*
- such that any threat to independence created by the provision of the non-assurance service is reduced to an acceptable level.*

**GUIDANCE – Rule 204.4(35)**

- 1 The firm and those on the engagement team should be independent of the assurance client during the period of the assurance engagement.

**Audit or review engagements**

- 2 In the case of an audit or review engagement, independence is also required during the

period covered by the financial statements reported on by the member or firm. When an entity becomes an audit or review client during or after the period covered by the financial statements on which the member or firm will report, the member or firm should consider whether any threats to independence may be created by financial or business relationships with the client during or after the period covered by the financial statements, but prior to the acceptance of the engagement.

Similarly, in the case of an assurance engagement that is not an audit or review engagement, the member or firm should consider whether any financial or business relationships may create threats to independence.

- 3** In the situation described in Rule 204.4(35)(a), the member or firm is required to take a number of measures to reduce any threat created by the provision of the non-assurance service as described in the Rule to an acceptable level.

The determination as to whether any such threat has been so reduced will require the member or firm to consider the nature and impact of the threat to independence and take any further measures that are necessary to reduce it to an acceptable level. Such further measures might include engaging another firm to review the results of the non-assurance service or having another firm re-perform that service to the extent necessary to enable the other firm to take responsibility for the non-assurance service.

If the provision of the non-assurance service creates such a significant threat to independence that compliance with the requirements of Rule 204.4(35)(a) would still not reduce any such threat to an acceptable level, the member or firm is required to decline the audit or review engagement.

Members and firms are reminded that, even where a non-assurance service that is not specifically addressed by the provisions of Rules 204.4(22) to (35) has been provided to an audit or review client, a threat to independence may still be created by the provision of the non-assurance service. In such circumstances, members and firms are required, in accordance with the provisions of Rule 204.3, to evaluate any threats so created and apply safeguards to reduce them to an acceptable level or decline the audit or review engagement.

### **Audit clients that are reporting issuers or listed entities**

- 4** When an entity becomes a reporting issuer or listed entity by virtue of a public offering, the auditor of the entity is required, from that period forward until the entity ceases to be a reporting issuer or listed entity, to comply with the specific prohibitions contained in Rule 204.4 that relate to an audit of a reporting issuer or listed entity. For example, bookkeeping services may not be provided following the date of an initial public offering, except in emergency situations. The provision of bookkeeping services to the entity prior to that date would not impair the firm's independence provided the services were not prohibited by Rule 204.4(23) and provided the firm had complied with the provisions of Rule 204.4(35)(b).

### **Documentation**

- 5** Members and firms are also required by Rule 204.5(e) to document:
- a description of the previously provided non-assurance service;
  - the results of the discussion with the audit committee;
  - any further measures applied to address the threat created by the provision of the previous non-assurance service; and
  - the rationale to support the decision of the member or firm.

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Fees**

(36) A member or firm shall not provide an assurance service for a fee that the member or firm knows is significantly lower than that charged by the predecessor member or firm, or contained in other proposals for the engagement, unless the member or firm can demonstrate:

- (a) that qualified members of the firm have been assigned to the engagement and will devote the appropriate time to it; and
- (b) that all applicable assurance standards, guidelines and quality control procedures have been followed.

(36.1) (a) A member or firm shall not provide, directly or indirectly, an assurance service on a contingent fee basis.

(b) A member or firm shall not provide an assurance service to a client to whom he or she provides, directly or indirectly, any non-assurance service on a contingent fee basis when the outcome of the non-assurance service and the amount of the fee is dependent on a contemporaneous or future judgment related to a matter that is material to the subject matter of the assurance engagement.

(c) A member or firm shall not perform an audit or review engagement for a client to whom he or she provides, directly or indirectly, any non-assurance service on a contingent fee basis when:

- (i) the contingent fee that is charged by the firm to the audit or review client is or is expected to be material to the firm;
- (ii) a member of the audit or review engagement team for that client will be entitled to a portion of that contingent fee and that portion is material to that member of the audit or review engagement team; or
- (iii) the outcome of the non-assurance service and the amount of the contingent fee is dependent on a contemporaneous or future judgment related to a matter that is material to the financial statements that are subject to audit or review by the member or firm.

(d) A member or firm shall not perform an audit or review engagement if a network firm that participates in a significant part of the audit or review engagement provides a non-assurance service on a contingent fee basis to the audit or review client and that contingent fee is expected to be material to that network firm.

**Relative size of fees of a reporting issuer or listed entity audit client**

(37) (a) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity when the total revenue, calculated on an accrual basis, for any services provided to the client and its related entities for the two consecutive fiscal years of the firm most recently concluded prior to the date of the financial statements subject to audit by the member or firm, represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in each such fiscal year, unless:

- (i) the member or firm discloses to the audit committee the fact that the total of such



*revenue represents more than 15% of the total revenue of the firm, calculated on an accrual basis, in each of those fiscal years; and*

- (ii) *another professional accountant who is not a member of the firm performs a review, that is substantially equivalent to an engagement quality control review, of the audit engagement, either*
  - (A) *prior to the audit opinion in respect of the financial statements being issued, or*
  - (B) *subsequent to the audit opinion in respect of the financial statements being issued but prior to the audit opinion on the client's financial statements for the immediately following fiscal period being issued.*

*Thereafter, when the total revenue, calculated on an accrual basis, for any services provided to the client and its related entities continues to represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in the firm's most recently concluded prior fiscal year, the member or firm shall not perform the audit unless the requirements of paragraphs (37)(a)(i) and (ii)(A) are met.*

- (b) *A member shall not perform the review required by Rule 204.4(37)(a)(ii) if the member or the member's firm would be prohibited, pursuant to any provision of Rule 204, from performing an audit of the financial statements referred to in Rule 204.4(37)(a).*

## GUIDANCE – Rule 204.4(36), (36.1) and (37)

### Fees – Pricing

- 1 Rule 204.4(36) provides that a member or firm may not provide an assurance service at a fee level that the member or firm knows is significantly lower than that charged by the predecessor member or firm, or contained in other proposals for the engagement, unless the member or firm can demonstrate that the engagement will be performed properly by qualified staff and in accordance with all applicable professional standards.

### Contingent fees

- 2 Rule 204.4(36.1) sets out the circumstances under which a contingent fee may not be charged for the provision of a non-assurance service to an assurance client.
- 3 However, a threat to independence may also be created by a contingent fee arrangement with an assurance client in situations when such a fee is not prohibited by Rule 204.4(36.1). The significance of any threat created will depend on such factors as:
  - the range of possible fee amounts;
  - whether an appropriate authority determines the outcome of the matter upon which the contingent fee will be determined;
  - the nature of the service; and
  - the effect of the event or transaction on the subject matter of the assurance engagement.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- having another professional accountant review the relevant assurance work or otherwise advise as necessary; and



- using professionals who are not members of the engagement team to provide the service.
- 4 Corporate finance services are often provided on a contingent fee basis. When, in accordance with Rule 204.4(33), a member or firm is permitted to provide a corporate finance service to an assurance client and the corporate finance service is provided on a contingent fee basis, a threat to independence may be created. The significance of any threat created will depend on such factors as:
- the level of sophistication of the parties to the transaction and whether those parties are carrying out additional due diligence regarding the transaction;
  - whether amounts or disclosures in the financial statements of the client have a material impact on the fee;
  - whether the outcome of the corporate finance service depends upon a judgment relative to a material matter related to the subject matter of the assurance engagement, such as a material balance in the financial statements of the client; and
  - the materiality of the amount of the contingent fee to the member or firm.

The evaluation of the materiality of the amount of the contingent fee to a member requires that consideration be given to whether there is any member involved in providing the corporate finance service who is expected to receive compensation that is material to that member as a consequence of the firm receiving the contingent fee and who is also a member of the assurance engagement team.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- having another professional accountant review the relevant assurance work or otherwise advise as necessary; and
  - using professionals who are not members of the engagement team to provide the service.
- 5 Value billing, which is specifically set out as an exception to the definition of a contingent fee, should not be used to justify what is in substance an otherwise inappropriate contingent fee arrangement.

### **Fees — Overdue**

- 6 A self-interest threat may exist if fees due from an assurance client for professional services remain unpaid for a long time, especially if a significant portion is not paid before the assurance report for the following year is issued. Generally the payment of such fees should be required before that report is issued. The following safeguards may be applicable:
- discussing the level of outstanding fees with the audit committee; and
  - involving another member of the firm who is not part of the engagement team, or a professional accountant who is not a member of the firm, to provide advice or review the work performed.

Members are cautioned that the overdue fees might create the same threats to independence as a loan to the client. Therefore, members should consider whether, because of the significance of such threats, it is appropriate for the firm to continue to provide assurance services to that client.

## Fees — Relative size

- 7 When the total fees generated from an assurance client represent a significant proportion of a member's or firm's total fees, the financial dependence on that client, or group of clients of which it is a part, including the possible concern about losing the client, may create a self-interest threat. The significance of the threat will depend upon factors such as:

- the structure of the firm; and
- whether the member or firm is well established in practice.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

- taking steps to reduce the dependency on the client;
- discussing the extent and nature of fees with the audit committee;
- having firm policies and procedures to monitor and implement quality control of assurance engagements;
- involving another member of the firm who is not on the engagement team to review the work done or advise as necessary;
- arranging for external quality control reviews; or
- consulting a third party, such as a professional regulatory body or a professional accountant who is not a member of the firm.

## Relative size of fees of a reporting issuer or listed entity audit client

- 8 Rule 204.4(37)(a) provides that, unless specified measures are taken, a member or firm may not perform an audit engagement for a client that is a reporting issuer or listed entity, when, for the two consecutive fiscal years of the firm most recently concluded prior to the date of the financial statements subject to audit by the member or firm, the total revenue, calculated on an accrual basis, for services provided to that client and its related entities represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in each such fiscal year. The measures required to be taken by the Rule are:

- disclosing, to the audit committee, that the revenue exceeds the 15% threshold; and
- completion, by another professional accountant who is not a member of the firm, of either a "pre-issuance" or "post-issuance" review of the audit engagement.

The Rule requires that either such review be substantially equivalent to an engagement quality control review. In the case of a "pre-issuance" review, the review is to be completed prior to the audit opinion in respect of the financial statements being issued. A "post-issuance" review may be completed after the audit opinion in respect of the financial statements has been issued but prior to the audit opinion on the client's financial statements for the immediately following fiscal period being issued.

The Rule also requires the performance of a "pre-issuance" review if the total revenue, calculated on an accrual basis, for any services provided to the client continues to represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in the firm's most recently concluded fiscal year.

### *New August 26, 2016:*

- *New 204.4(36.1)*
- *New Guidance paragraphs 1 to 5, with paragraphs 6, 7 and 8 consequentially renumbered.*
- *Changed wording in Guidance paragraphs 6 and 7 to professional "accountant" from "colleague"*

**RULE:****204.4      *Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements******Evaluation or compensation of partners***

- (38)      *A member who is or was a key audit partner shall not be evaluated or compensated based on the member's solicitation or sales of non-assurance services to the particular client or a related entity if such solicitation or sales occurred during the period during which the member is or was a key audit partner.*

**GUIDANCE – Rule 204.4(38)**

- 1      Evaluating or compensating a member of the engagement team for an audit or review client for selling non-assurance services to that audit or review client, may create a self-interest threat. The significance of the threat will depend on such factors as:
  - the structure of the firm;
  - the size of the fee for the assurance service; and
  - the size of the fee for the non-assurance service.

The significance of the threat should be evaluated and, if it is other than clearly insignificant, safeguards should be applied to reduce it to an acceptable level. Such safeguards might include:

  - discussing the nature and extent of the fees with the audit committee;
  - having firm policies and procedures to monitor and implement quality control of assurance engagements;
  - involving another member of the firm who is not a member of the engagement team to review the work done or advise as necessary; or
  - being subject to external practice inspection.
- 2      Rule 204.4(38) does not preclude such a key audit partner from being evaluated or compensated in relation to performing such services and sharing in the profits of the audit practice and the profits of the firm. Such a partner's evaluation may take into account a number of factors, including the complexity of his or her engagements, the overall management of the relationship with the client including the provision of non-audit services, and the attainment of specific goals for the sale of assurance services to a client for which the partner is a key audit partner or for the sale of any services to a client for which the partner is not a key audit partner.

Members and firms should consider documenting their evaluation and compensation processes and systems in order to demonstrate compliance with the requirements of Rule 204.4(38).

**RULE:****204.4      *Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements******Gifts and hospitality***

- (39)      *A member or student who participates on an engagement team for an assurance client and the member's or student's firm shall not accept a gift or hospitality, including a product or service discount, from the client or a related entity, unless the gift or hospitality is clearly insignificant to the member, student or firm, as the case may be.*

**RULES:****204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements****Client mergers and acquisitions**

- (40) (a) *A member or firm shall not perform or continue with an audit or review engagement for an entity where, as a result of a merger or acquisition, another entity merges with or becomes a related entity of the audit or review client, and the member or firm has a previous or current activity, interest or relationship with the other entity that would, after the merger or acquisition, be prohibited pursuant to any provision of Rule 204 in relation to the audit or review engagement, unless:*
- (i) *the member or firm terminates, by the effective date of the merger or acquisition, any such activity, interest or relationship;*
  - (ii) *the member or firm terminates, as soon as reasonably possible and, in all cases, within six months following the effective date of the merger or acquisition, any such activity, interest or relationship and the requirements of Rule 204.4(40)(b) are met; or*
  - (iii) *the member or firm has completed a significant amount of work on the audit or review engagement and expects to be able to complete the engagement within a short period of time, the member or firm discontinues in the role of audit or review service provider on completion of the current engagement and the provisions of Rule 204.4(40)(b) are met.*
- (b) *Notwithstanding the existence of the previous or current activity, interest or relationship described in Rule 204.4(40)(a), the provisions of Rule 204.4(40)(a)(ii) and (iii) permit the member or firm to perform or continue with the audit or review engagement provided that:*
- (i) *the member or firm evaluates and discusses with the audit committee the significance of the threat created by any such activity, interest or relationship and the reasons why the activity, interest or relationship is not terminated or cannot reasonably be terminated by the effective date of the merger or acquisition, or within six months thereof, as the case may be;*
  - (ii) *the audit committee requests the member or firm to complete the audit or review engagement;*
  - (iii) *any person involved in any such activity or who has any such interest or relationship will not participate in the audit or review engagement or as an engagement quality control reviewer; and*
  - (iv) *the member or firm applies an appropriate measure or measures, as discussed with the audit committee, to address the threat created by any such activity, interest or relationship.*
- (c) *Where the previous or current activity, interest or relationship described in Rule 204.4(40)(a) creates such a significant threat to independence that compliance with the requirements of paragraphs 204.4(40)(a) and (b) would still not reduce any such threat to an acceptable level, the member or firm shall not perform or continue with the audit or review engagement.*

**GUIDANCE – Rule 204.4(40)**

- 1 Where an activity, interest or relationship that would impair independence is not terminated by the effective date of the merger or acquisition, Rule 204.4(40)(b) describes the circumstances in which the member or firm may perform or continue with the audit or review engagement, including a requirement that the member or firm apply an appropriate measure or measures, as discussed with the audit committee. Examples of such a measure or measures are:
  - having another public accountant review the audit or review or any relevant non-assurance work as appropriate;
  - engaging another firm to evaluate the results of any relevant non-assurance service or to re-perform any relevant non-assurance service to the extent necessary to enable it to take responsibility for the service; and
  - having another professional accountant, who is not a member of the firm performing the audit or review engagement, perform a review that is equivalent to an engagement quality control review.
- 2 Rule 204.4(40)(c) provides that even if all of the other requirements of the Rule are met, where an activity, interest or relationship creates such a significant ongoing threat to independence that compliance with paragraphs 204.4(40)(a) and (b) will still not reduce the threat to an acceptable level, the member or firm is required to resign from the particular audit or review engagement. In determining whether the activity, interest or relationship continues to create such a significant threat that the member or firm would be required to resign, consideration should be given to:
  - (a) the nature and significance of the activity, interest or relationship;
  - (b) the extent, if any, to which the activity, interest or relationship continues to affect the financial statements subject to audit or review by the member or firm;
  - (c) the nature and significance of the new relationship with the other entity, for example, whether that other entity becomes a parent, a subsidiary or the client itself; and
  - (d) the adequacy of the actions taken, as described in Rule 204.4(40)(b), to address the activity, interest or relationship.

In addition, members and firms are reminded of the requirement pursuant to Rule 202.2 to perform professional services with an objective state of mind.

**Documentation**

- 3 Members and firms are also required by Rule 204.5(f) to document:
  - a description of the activity, interest or relationship that will not be terminated by the effective date of the merger or acquisition and the reasons why it will not be terminated;
  - the results of the discussion with the audit committee and measures applied to address the threat created by any such activity, interest or relationship; and
  - the rationale to support the decision of the member or firm.

**RULES:****204.5 Documentation**

- (a) *A member or firm who, in accordance with Rule 204.3, has identified a threat that is not clearly insignificant, shall document a decision to accept or continue the particular engagement. The documentation shall include the following information:*
  - (i) *a description of the nature of the engagement;*
  - (ii) *the threat identified;*
  - (iii) *the safeguard or safeguards identified and applied to eliminate the threat or reduce it to an acceptable level; and*
  - (iv) *an explanation of how, in the member's or firm's professional judgment, the safeguards eliminate the threat or reduce it to an acceptable level.*
- (b) *A member or firm who, in an emergency situation, provides an accounting or bookkeeping service to a reporting issuer or listed entity audit client in accordance with the requirements of Rule 204.4(24) shall document both the rationale supporting the determination that the situation constitutes an emergency and that the member or firm has complied with the provisions of subparagraphs (i) through (iv) of the Rule.*
- (c) *A member or firm who, in an emergency situation, prepares tax calculations of current and future income tax liabilities or assets for a reporting issuer or listed entity audit client in accordance with the requirements of Rule 204.4(34)(b), for the purpose of preparing accounting entries that are subject to audit by the member or firm shall document both the rationale supporting the determination that the situation constitutes an emergency and that the member or firm has complied with the provisions of subparagraphs (i) through (iv) of the Rule.*
- (d) *A member or firm who, in accordance with the requirements of Rule 204.4(35)(a), performs an audit or review engagement for a client where the member, firm, a network firm or a member of the firm or a network firm has provided a non-assurance service referred to in Rules 204.4(22) to (34) to the client prior to the engagement period but during or after the period covered by the financial statements subject to audit or review by the member or firm, shall document:*
  - (i) *a description of the previously provided non-assurance service;*
  - (ii) *the results of the discussion with the audit committee;*
  - (iii) *any further measures applied to address the threat created by the provision of the previous non-assurance service; and*
  - (iv) *the rationale to support the decision of the member or firm.*
- (e) *A member or firm who, in accordance with the requirements of Rules 204.4(35)(b), performs an audit engagement for a client that has become a reporting issuer or listed entity where the member, the firm, a network firm or a member of the firm or a network firm provided a non-assurance service to the client prior to it having become a reporting issuer or listed entity and the provisions of Rules 204.4(22) to (34) would have precluded the member or firm from performing an audit engagement for a reporting issuer or listed entity, shall document:*

- (i) *a description of the non-assurance service;*
  - (ii) *the results of the discussion with the audit committee;*
  - (iii) *any further measures applied to address the threat created by the provision of the non-assurance service; and*
  - (iv) *the rationale to support the decision of the member or firm.*
- (f) *A member or firm who, in accordance with the requirements of Rules 204.4(40)(a) and (b), performs or continues with an audit or review engagement where, as a result of a merger or acquisition, another entity merges with or becomes a related entity of the audit or review client, and the member or firm has a previous or current activity, interest or relationship with the other entity that would, after the merger or acquisition, be prohibited pursuant to any provision of Rule 204 in relation to the audit or review engagement, shall document:*
  - (i) *a description of the activity, interest or relationship that will not be terminated by the effective date of the merger or acquisition and the reasons why it will not be terminated;*
  - (ii) *the results of the discussion with the audit committee and measures applied to address the threat created by any such activity, interest or relationship; and*
  - (iii) *the rationale to support the decision of the member or firm.*



**204.6 Breach of a provision of Rule 204.3 or 204.4****RULES:**

- (a) *When a member or student identifies a breach of any of the provisions of Rule 204.3 or 204.4 with respect to an assurance engagement, the member or student shall immediately communicate the nature of the breach in accordance with the firm's policies and procedures that address the reporting of such breaches.*
- (b) *The individual who has received notification of the breach shall ensure that:*
  - (i) *the significance of the breach is evaluated;*
  - (ii) *the actions set out in (d) to (h) are taken; and*
  - (iii) *the nature of the breach is communicated to a network firm, when appropriate.*
- (c) *Notwithstanding the provisions of Rule 204.2, when a breach of the provisions of Rule 204.3 or 204.4 is identified, the affected assurance engagement may be continued provided that:*
  - (i) *the activity, interest or relationship that caused the breach is terminated, suspended or eliminated and the consequences of the breach are addressed;*
  - (ii) *any legal or regulatory requirements that apply with respect to the breach are met;*
  - (iii) *the significance of the breach and its impact on objectivity and the ability to issue an audit opinion, review engagement report, or other assurance report, as applicable, is evaluated and a conclusion is reached that it is possible to take action that is appropriate in the circumstances to satisfactorily address the consequences of the breach such that a reasonable observer would be likely to conclude that objectivity has not been compromised, and*
  - (iv) *concurrence with that conclusion is obtained in accordance with the provisions of paragraph (d) below:*
    - (A) *in the case of an assurance engagement that is not an audit or review engagement, from the audit committee or those charged with governance, or the party that engaged the firm, as appropriate; or*
    - (B) *in the case of an audit or review engagement, from the audit committee or those charged with governance.*
- (d) *(i) When a conclusion is reached that action has been or can be taken that is appropriate in the circumstances to satisfactorily address the consequences of the breach, the matter shall be discussed with the audit committee or those charged with governance, or, in the case of an assurance engagement that is not an audit or review engagement, the party that engaged the firm, and concurrence with that conclusion shall be obtained.*
  - (ii) *In the case of an assurance engagement that is not an audit or review engagement, the timing for such a discussion shall take into account the circumstances of the engagement and the breach.*
  - (iii) *In the case of an audit or review engagement, such a discussion shall take place as soon as possible, unless an alternative timing for reporting less significant breaches has been specified by the audit committee or those charged with governance and the breach is less significant. In addition, the following matters shall be communicated in writing to the*

- audit committee or those charged with governance:*
- (A) *the nature, duration and significance of the breach;*
  - (B) *how the breach occurred and was identified;*
  - (C) *the action taken or proposed to be taken and the rationale as to how the action will satisfactorily address the consequences of the breach and enable the audit or review engagement to continue;*
  - (D) *a description of the firm's policies and procedures relevant to the breach designed to provide reasonable assurance that independence is maintained and any steps that the firm has taken or proposes to take to reduce or avoid the risk of further breaches occurring; and*
  - (E) *the conclusion that objectivity has not been compromised.*
- (e) (i) *If a conclusion is reached that it is not possible to take action that is appropriate in the circumstances to satisfactorily address the consequences of the breach, the matter shall be discussed, as soon as possible, with the audit committee or those charged with governance, or, in the case of an assurance engagement that is not an audit or review engagement, the party that engaged the firm, and the necessary steps shall be taken to terminate the engagement in compliance with any applicable legal or regulatory requirements relevant to terminating the engagement.*
- (ii) *If the audit committee or those charged with governance, or party that engaged the firm does not concur with the conclusion that action can be taken to satisfactorily address the consequences of the breach, the necessary steps shall be taken to terminate the engagement in compliance with any applicable legal or regulatory requirements relevant to terminating the engagement.*
- (f) *If the breach occurred prior to the issuance of a previous audit opinion, review engagement report or other assurance report,*
- (i) *consideration shall be given to the impact of the breach, if any, on any previously issued audit opinions, review engagement reports or other assurance reports;*
  - (ii) *the matter shall be discussed with the audit committee or those charged with governance, or, in the case of an assurance engagement that is not an audit or review engagement, the party that engaged the firm; and*
  - (iii) *consideration shall be given to whether it is necessary to withdraw such opinions or reports.*
- (g) *The following matters shall be documented:*
- (i) *the breach;*
  - (ii) *the action taken;*
  - (iii) *key decisions made;*
  - (iv) *the consideration of the impact of the breach, if any, on previously issued audit opinions, review engagement reports or other assurance reports;*
  - (v) *the conclusion, if such a conclusion is reached, that objectivity has not been compromised such that an audit opinion, review engagement report or other assurance report can be issued;*

- (vi) *an analysis supporting that conclusion;*
  - (vii) *all the matters discussed with the audit committee or those charged with governance, or the party that engaged the firm; and*
  - (viii) *discussions, if any, with CPA Ontario, a relevant regulator or other oversight authority.*
- (h) *In the event of a breach of the provisions of Rule 204.3 or 204.4 that results in a conclusion to withdraw any previously issued audit opinion, review engagement report or other assurance report, information concerning any such breach shall be reported to CPA Ontario.*

## GUIDANCE- RULE 204.6

- 1 Rule 204.6 addresses a situation when a member or student identifies,
- (a) the existence of an activity, interest or relationship that, had it been identified prior to the commencement of the assurance engagement, would have either prohibited the provision of the engagement or would have created a threat to independence which would have required the evaluation of its significance and the application of safeguards to reduce it to an acceptable level, or
  - (b) that the safeguards implemented to address a threat that was previously identified have not been effective in reducing the threat to independence to an acceptable level.

Such circumstances constitute a breach of Rule 204 and may occur despite the firm having policies and procedures designed to provide reasonable assurance that independence is maintained. A consequence of such a breach may be that termination of the assurance engagement is necessary.

- 2 When a member or student identifies that such a breach has occurred, Rule 204.6 requires that:
- the breach be reported immediately in accordance with the firm's policies and procedures that address the reporting of such breaches;
  - the activity, interest or relationship that caused the breach be terminated, suspended or eliminated; and
  - the consequences of the breach be addressed.

The firm is required by the *CPA Canada Handbook – Assurance* (CSQC1) to establish policies and procedures designed to provide it with reasonable assurance that it is notified of breaches of independence requirements and to enable it to take appropriate actions to resolve such situations. CSQC 1 also requires that such notification be provided to specified individuals within the firm.

- 3 When a breach is identified the individual who has received notification of the breach is required to ensure that an evaluation is made of the significance of that breach, its impact on objectivity and whether an audit opinion, review engagement report, or other assurance report may still be issued or a previously issued report needs to be withdrawn. Such an evaluation requires the exercise of professional judgment, taking into account whether a reasonable observer would be likely to conclude that objectivity would be compromised. The significance of the breach will depend on factors such as:
- the nature and duration of the breach;
  - the number and nature of any previous breaches with respect to the assurance

- engagement;
  - whether a member of the engagement team had knowledge of the activity, interest or relationship that caused the breach;
  - whether the individual who caused the breach is a member of the engagement team or another individual for whom there are independence requirements;
  - if the breach relates to a member of the engagement team, the role of that individual;
  - if the breach was caused by the provision of a professional service, the impact of that professional service, if any, on the subject matter of the engagement; and
  - the extent of the threat or threats created by the breach.
- 4 Depending upon the significance of the breach, it may be necessary to terminate the assurance engagement or withdraw a previously issued assurance report, or it may be possible to take action that is appropriate in the circumstances to satisfactorily address the consequences of the breach.
- 5 Examples of actions that may be appropriate include:
- removing the relevant individual from the engagement team;
  - conducting an additional review of the affected assurance engagement work or re-performing that work to the extent necessary, in either case using different personnel;
  - recommending that the client engage another firm to review or re-perform the affected assurance engagement work to the extent necessary; and
  - when the breach relates to a non-assurance service that affects the subject matter of the assurance engagement, engaging another firm to evaluate the results of the non-assurance service or having another firm re-perform the non-assurance service to the extent necessary to enable it to take responsibility for the service.

*New August 26, 2016: Rule 204.6 and related Guidance*

**RULES:****204.7      *Members Must Disclose Prohibited Interests and Relationships***

- (a) *A member or student who has a relationship or interest, or who has provided a professional service, that is precluded by this Rule shall advise in writing a designated partner of the firm of the interest, relationship or service.*
- (b) *A member or student who has been assigned to an engagement team for an assurance client shall advise, in writing, a designated partner of the firm of any interest, relationship or activity that would preclude the person from being on the engagement team.*

**RULE:****204.8      Firms To Ensure Compliance**

*A firm that performs an assurance engagement shall ensure that members of the firm do not have a relationship or interest, do not perform a service and remain free of any influence that would preclude the firm from performing the engagement pursuant to Rules 204.1, 204.3, 204.4 or 204.9.*

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**GUIDANCE – Rule 204.8**

- 1 Members of the firm include all those persons who are associated with the firm in carrying out its activities. Members of the firm, including employees, who are not under the jurisdiction of CPA Ontario could have an interest or relationship or provide a service that would result in the firm being prohibited from performing a particular engagement. Rule 204.8 requires a member who is a partner or proprietor of a firm to ensure that the firm and all members of the firm, including those who are not members of CPA Ontario, do not have a relationship or interest, do not perform a service and remain free of any influence that would preclude the firm from performing the engagement pursuant to Rules 204.1, 204.3, 204.4 or 204.9.

**204.9      Independence: Insolvency Engagements****DEFINITIONS:**

*For purposes of Rule 204.9,*

*“the Acts” means the Companies’ Creditor Arrangement Act, the Bankruptcy and Insolvency Act, the Winding-up and Restructuring Act and relevant provincial or territorial legislation, or any combination of them, as the circumstances may require.*

*“agent for a secured creditor”, “liquidator”, “inspector”, “receiver”, “receiver-manager”, “trustee”, and “trustee in bankruptcy” all have the meanings ascribed to them under the Acts.*

**RULE:**

*A member or firm who engages or participates in an engagement to act in any aspect of insolvency practice, including as a trustee in bankruptcy, a liquidator, a receiver or a receiver-manager, shall be and remain independent such that the member, firm and members of the firm shall be and shall remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or member of the firm.*

**GUIDANCE – Rule 204.9**

- 1 Rule 204.9 deals with objectivity and independence in insolvency practice. This Guidance sets out how, in Council’s opinion, a reasonable observer might be expected to view certain situations related to insolvency practice.
- 2 A firm and a member, or member of the firm, and their respective immediate families, should not acquire directly or indirectly in any manner whatsoever any assets under the administration of the member or firm, provided that any of the foregoing may acquire assets from a retail operation under administration of the member or firm where those assets are available to the general public for sale and that no special treatment or preference over and above that granted to the public is offered to or accepted by the firm, the member or the member of the firm and their respective immediate families.
- 3 A member or firm should avoid being placed in a position of conflict of interest and, in keeping with this principle, should not accept any appointment, unless expressly permitted by the court as a receiver, receiver-manager, agent for a secured creditor, or liquidator, or any other appointment under the Acts, except as an inspector, in respect of any debtor, where the member or firm is, or at any time during the two preceding years was:
  - a director or officer of the debtor;
  - an employer or employee of the debtor or of a director or officer of the debtor;
  - related to the debtor or to any director or officer of the debtor; or
  - the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel of the debtor.
- 4 Where a conflict of interest may exist, or may appear to exist, a member or a firm should make full disclosure to, and obtain the consent of, all interested parties and, in keeping with this principle, should not accept any appointment:

- as trustee where the member or firm has already accepted an appointment as receiver, receiver-manager, agent of a secured creditor, liquidator, trustee under a trust indenture issued by the bankrupt corporation or by any corporation related to the bankrupt corporation, or on behalf of any person related to the bankrupt without having first made disclosure of such prior appointment. The member or firm should inform the creditors of the bankrupt of the prior appointment as soon as reasonably possible;
  - as receiver, receiver-manager, agent for a secured creditor or on behalf of any person related to the bankrupt where the member or firm has already accepted an appointment as trustee without first obtaining the permission of the inspectors of the bankrupt estate. Where inspectors have not been appointed at the time that the second appointment is to be taken, the member or firm should obtain the approval of the creditors of the bankrupt of having taken the second appointment as soon as reasonably possible; and if the second appointment is taken before obtaining the approval of the creditors, it should be taken subject to their approval;
  - as receiver, receiver-manager, agent for a secured creditor or trustee in respect of any corporation where the member or firm is, or at any time during the two-year period commencing at the date of the last audit report or the last review engagement report was, the trustee (or related to such trustee) under a trust indenture issued by such corporation or by any corporation related to such corporation without first obtaining the permission of the creditors secured under such trust indenture. Upon the acceptance of any such appointment as trustee, the member or firm should inform the creditors of the bankrupt corporation of the prior appointment as (or relationship to) the trustee under a trust indenture issued by the bankrupt corporation or by any corporation related to the bankrupt corporation as soon as reasonably possible;
  - as receiver, receiver manager, agent for a secured creditor, liquidator of an insolvent company in respect of any corporation where the member or firm is related to an officer or director of such corporation; or
  - as receiver, receiver-manager, agent for a secured creditor, or trustee in respect of any person or corporation where the member or firm is a creditor, or an officer or director of any corporation that is a creditor, of such person or corporation unless the relationship is sufficiently remote that the member or firm can act having independence in fact and appearance.
- 5 For purposes of paragraphs 3 and 4 of this Guidance, persons are related to each other if they are defined as such under the Acts.
- 6 A member or firm engaged in insolvency practice should ensure there are no relationships with retired partners which may be seen to impair the member's or firm's independence. For more information on retired members, refer to the information set out in the Guidance related to the definition of "member of a firm" in the Definitions section of Rule 204.



**204.10 Disclosure of Impaired Independence****RULE:**

*A member or firm engaged in the practice of public accounting or any related business or practice, who provides a service not subject to the requirements of Rules 204.1 to 204.9, shall disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's or firm's independence such that the professional judgment or objectivity of the member, firm or member of the firm would appear to be impaired, and such disclosure shall be made in the member's or firm's written report or other written communication accompanying financial statements or financial or other information and the disclosure shall indicate the nature of the activity or relationship and the nature and extent of the interest.*

**GUIDANCE – Rule 204.10**

- 1 Members and firms who provide a professional service which does not require the member or firm to be independent are required by Rule 204.10 to disclose any influence, interest or relationship which, in respect of the professional service, would be seen by a reasonable observer to impair the member's or firm's independence. Members and firms should refer to Rules 204.1 to 204.9 and the related Guidance when determining whether they must be independent and would appear to be independent with respect to particular engagements.
- 2 Such disclosure is required whether or not any written report or other communication is provided and should indicate the nature of the influence or relationship and the nature and extent of the interest. Any written communication concerning or accompanying financial statements or financial or other information must include such disclosure.
- 3 Independence is not required for compilation engagements. Where the provider of the compilation service may be seen to be lacking independence, the disclosure requirement of Rule 204.10 applies.
- 4 For the purposes of Rule 204.10 the preparation of accounting records or journal entries in connection with a compilation engagement is not an activity that requires disclosure in the Notice to Reader unless such preparation involves complex transactions as contemplated by paragraph 11 of the Guidance to Rule 204.4(22) to 204.4(24).
- 5 Tax return services may require disclosure in respect of some of the information filed with the return. If the return is simply the assembling and reporting of information provided by the taxpayer, then the member or firm involved has simply processed that information and disclosure should not be necessary.
- 6 Members and firms are cautioned that disclosure under Rule 204.10 does not relieve them from their obligation to comply with the CPA Code and in particular Rules 201, 202, 205 and 206.

*204.11 to .19 Reserved for future use*

**204.20 Audits under elections legislation****DEFINITIONS:**

*For purposes of Rule 204.20 and its related Guidance:*

**“the Act”** means the Canada Elections Act or the relevant provincial or territorial legislation.

**“electoral candidate”** means a candidate as defined by the Act.

**“registered agent”, “registered party”, “official agent”, “registered association”, “leadership contestant”, “nomination contestant”** and **“election period”** have the meaning given to them in the Act.

**RULE:**

*A member or firm who performs an audit under federal, provincial, territorial or other legislation in relation to an electoral candidate, registered agent, registered party, official agent, registered association, leadership contestant, or a nomination contestant shall comply with the provisions of Rules 204.1 and 204.3.*

**GUIDANCE – Rule 204.20****Introduction**

- 1 The Act requires the filing of audited returns by the chief agents of registered parties, the official agents of electoral candidates and, in some cases, the financial agents of registered associations, leadership contestants and nomination contestants. Each return is to be reported on by an auditor who is a member in good standing of a corporation, an association or a body of professional accountants and includes a firm.

**Ineligibility Provision - Statutory**

- 2 The Act lists a number of persons (hereinafter referred to as “ineligible persons”) who cannot act as auditors for a registered party, electoral candidate, registered association, leadership contestant or nomination contestant. These are:
  - an election officer or a member of the staff of a returning officer;
  - an electoral candidate;
  - an official agent of an electoral candidate;
  - a chief agent of a registered party or an eligible party;
  - a registered agent of a registered party;
  - electoral district agents of registered associations;
  - leadership contestants and their leadership campaign agents;
  - nomination contestants and their financial agents; and
  - financial agents of registered third parties.
- 3 The Act prohibits an ineligible person from participating in the audit examination of the records or in the preparation of the audit report of an electoral candidate, a leadership contestant or a nomination contestant (except to respond to the auditor’s request for information). There is no similar restriction placed on the auditor of a registered party or a registered association. An

eligible person may be appointed as auditor for an electoral candidate notwithstanding that the person is a member of a firm that has been appointed as an auditor for a registered party or for an electoral candidate in another electoral district.

### Extension of Ineligibility Provisions

- 4 Without wishing to extend the statutory prohibitions unduly, CPA Ontario considers that there are additional interests or relationships to those spelled out in the Act, which could impair, or appear to impair, an auditor's objectivity. This Guidance, therefore, sets out the profession's views on unacceptable interests or relationships, in respect of audits under the Act, encompassing both those prohibited by the statute and those unacceptable professionally.
- 5 Requirements that are too restrictive, coupled with the widespread involvement of members, as citizens, in the political process, could make it almost impossible for the audit provisions of the Act to be given practical effect. Accordingly, this Guidance seeks to cover only the more obvious interests and relationships which might be considered unacceptable. Too narrow an interpretation could, in view of the many conceivable conflicts of interest, make it almost impossible for members or firms to serve the community's needs.

### Audit of a Candidate

- 6 A member or firm may not be complying with Rule 204.1 if the member or firm were to act as auditor of an electoral candidate as well as being:
  - a paid worker during an election period for any electoral candidate or any registered party;
  - a volunteer worker during an election period for that electoral candidate or the registered party of that electoral candidate where:
    - the member or firm exercises any function of leadership or direction in that electoral candidate's or that party's campaign organization, or
    - the member or firm carried on any significant function involving the raising, spending or custody of that electoral candidate's or that party's campaign funds;
 or if a member's immediate family member, or another person in the firm is:
  - a returning officer, deputy returning officer, assistant returning officer or election clerk in the electoral district of that electoral candidate or is the electoral candidate, official agent of that electoral candidate or a registered agent of that electoral candidate's registered party;
  - a paid worker during an election period for that electoral candidate or that electoral candidate's registered party;
  - a volunteer worker as described above, during an election period, for that electoral candidate or the registered party of that electoral candidate.
- 7 Where a member is an "ineligible person" in respect of a particular electoral candidate, the application of Rule 204.1 means that the firm of which that member is associated may not act as auditor of that electoral candidate.

As noted in paragraph 3, the ineligible persons described in the Act may not participate in the audit examination of any electoral candidate's return. As an extension of this, a member or firm who could not act as auditor for an electoral candidate because of any of the relationships detailed in paragraph 6 above, should also not participate in the audit examination of a candidate's return.

### Audit of a Registered Party, Registered Association, Leadership Contestant or Nomination Contestant

- 8 In addition to the statutory prohibitions set out in the Act, a member or firm may not be complying with Rule 204.1 if the member or firm were to act as auditor of a registered party, registered association, leadership contestant or nomination contestant and the member, or an immediate family member, or another person in the firm is a paid worker or volunteer worker who exercises any function of leadership or direction or carried on any significant function involving the raising, spending or custody of funds belonging to the party, association or contestant, as the case may be.

### Other considerations

- 9 Generally, members or firms contemplating acting as auditors for registered parties, electoral candidates, associations or contestants should be alert to any circumstances, not described in this Guidance, which may place them in the position of impairment of objectivity or where an appearance of impairment might be presented. This type of question tends to arise, for example, where a donation of cash or of professional services is made. Members, as citizens, have the same responsibility to be involved in the political process as other citizens; such involvement may include financial support of a registered party, candidate association or contestant by a member, the member's immediate family or other persons in the firm. The making of a financial contribution or the donation of professional services does not, of itself, necessarily create an impairment of objectivity, in these particular circumstances.

Members or firms should recognize, however, the need to apply judgment to the question of the amount of any such contribution and must be satisfied that any such contribution does not in fact impair their objectivity or independence.

It is of paramount importance that a member or firm accepting an appointment under the Act makes such acceptance known to all other persons in the firm so as to avoid any conflict arising within the provisions of the Act concerning ineligible persons.

## 205 False or misleading documents and oral representations

### RULE:

*A member or firm shall not*

- (a) sign or associate with any letter, report, statement, representation or financial statement which the member or firm knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor*
- (b) make or associate with any oral report, statement or representation which the member or firm knows, or should know, is false or misleading.*

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### GUIDANCE – Rule 205

- 1 A member or firm who is not in public practice is subject to Rule 205 just as is the member or firm in public practice. It is recognized that this may place such a member or firm in a difficult position with respect to the organization employing the member or firm or entities engaging the member's or firm's services. However, professional duty prohibits a member or firm from being associated with financial statements or other information, whether written or oral, which the member or firm knows, or should know, to be false or misleading.
- 2 When a member or firm finds it necessary to become disassociated from false or misleading information, it would be prudent for the member or firm to consider obtaining legal advice.
- 3 Members are reminded that plagiarism and other forms of academic dishonesty are examples of association with false or misleading representations.

## 206 Compliance with professional standards

### RULES:

- 206.1** *A member or firm shall perform professional services in accordance with generally accepted standards of practice of the profession.*
- 206.2** *A member who, as a member of an entity's audit committee or board of directors or their equivalent, is required to participate in the review or approval, by such committee or board, of the entity's financial statements prepared in accordance with an appropriate financial reporting framework, shall carry out that responsibility with the care and diligence that a competent member would exercise in fulfilling that role.*

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### GUIDANCE – Rule 206

#### Appropriate Financial Reporting Frameworks

- 1 Compliance with Rule 206 necessarily involves the exercise of professional judgment in determining the application of an appropriate financial reporting framework to financial statements. In this regard, the member or firm should refer to the *CPA Canada Handbook – Accounting* or *CPA Canada Public Sector Handbook* (both referred to as “the Handbook”), and to the best of the member or firm’s knowledge and ability, having exercised reasonable due diligence, should ensure that the framework is applied in consideration of the spirit and intent of the applicable financial reporting framework. Other sources of accounting practices, such as recent pronouncements of other standard setting bodies that use a conceptual framework similar to the Handbook, other accounting literature and accepted industry practices, may be considered provided that they do not conflict with the Handbook or the key concepts underlying the conceptual framework of the Handbook and are appropriate in the circumstances.
- 2 Where a specific issue is not addressed by the Handbook, the member or firm should conduct such research and consult such authoritative sources and experts as are necessary in the circumstances to ensure that the presentation is consistent with the relevant conceptual framework of the Handbook. When exercising professional judgment in such situations, members and firms are reminded that no practice should be adopted solely on the basis of its use generally or within a particular industry. Further, the existence of unreasonable interpretations of a source does not constitute evidence that a practice is consistent with the conceptual framework or other sources of accounting standards. No practice should be adopted if it is likely that most parties, exercising professional judgment, would reject the practice because it would result in a conclusion that the financial statements are misleading.
- 3 Members and firms should document the results of research undertaken and any other considerations influencing the choice or acceptance of accounting practices or policies and application of an appropriate financial reporting framework.

#### Practice of Public Accounting

- 4 Members or firms engaged in the practice of public accounting should foster an environment within their firms that encourages the discussion and understanding of the application of financial reporting frameworks and other standards of practice of the profession and provides for a process to deal with professional dissent. Members and firms should encourage others within the firm who disagree with the application of those frameworks and standards in a particular situation to communicate that disagreement to an individual in the firm designated for that purpose.

- 5 A member who participates in an engagement to provide assurance on the financial statements of an entity and who believes the financial statements of the entity contain a misstatement should communicate that belief to the person responsible for the assurance engagement. If, after consultation, the member continues to believe that the financial statements contain a misstatement, the member should communicate that belief to one of the firm's senior partners. Where possible, the communication should be dated and issued prior to the issuance of the financial statements and should be retained by the member and firm for a reasonable period of time.
- 6 Before communicating with one of the firm's senior partners, the member referred to in Paragraph 5, should consider:
- (a) whether the concern results in a material misstatement of the financial statements;
  - (b) whether the member possesses sufficient expertise and knowledge of the circumstances; and
  - (c) whether the member should first discuss the matter with another person in the firm.
- 7 A member who is responsible for issuing an assurance report on an entity's financial statements and who believes that the financial statements prepared by the entity's management contain a misstatement should refer to the guidance contained in the *CPA Canada Handbook - Assurance* and:
- take those steps that are necessary to ensure that the financial statements are not misleading; or
  - issue a report with an appropriate reservation; or
  - resign from the engagement in accordance with appropriate statutory requirements.

### Preparation of Financial Statements

- 8 It is management's responsibility to ensure that an entity's financial statements are presented fairly in accordance with an appropriate financial reporting framework. A member who has the final responsibility for determining management's application of a financial reporting framework to the entity's financial statements must take reasonable and effective steps to ensure that the entity follows an appropriate financial reporting framework. In doing so, the member may obtain advice and counsel from others.
- 9 Members often have responsibility for or oversight of the application of an appropriate financial reporting framework to the preparation of an entity's financial statements. In some cases, a member's responsibility or oversight may be limited to a component of the financial statements, in which case Rule 206.1 applies to that member in respect of a financial reporting framework applicable to that component of the financial statements as well as to the member who has final responsibility for determining management's application of a financial reporting framework to the financial statements of an entity, taken as a whole. The member who has the final responsibility for determining management's application of a financial reporting framework to the financial statements of an entity is responsible for the application of the financial reporting framework in respect of each component of the financial statements and cannot claim undue reliance on the opinion of the member having responsibility for or oversight of a particular component of the financial statements.
- 10 A member who has participated in management's application of a financial reporting framework to all or a portion of the financial statements and who believes the financial statements of the entity have been misstated should communicate that belief to the person



who has final responsibility for determining management's application of the financial reporting framework. If, after consultation, the member continues to believe the presentation is not appropriate, the member should communicate that belief to the entity's audit committee or, where there is no audit committee, the board of directors. Where possible, the communication should be dated and issued prior to the approval of the financial statements by the audit committee or the board, as the case may be.

The member should also communicate that belief to the person responsible for providing assurance on the financial statements. Before communicating with the entity's assurance provider, the member should consider obtaining legal advice.

- 11 Before communicating with the audit committee, board of directors or the entity's assurance provider, the member referred to in Paragraph 10 should consider matters including:
- (a) whether the concern results in a material misstatement of the financial statements;
  - (b) whether the member possesses sufficient expertise or knowledge of the circumstances; and
  - (c) whether the member should first discuss the matter with a more senior employee of the entity.
- 12 A member may prepare or approve financial statements that are not, and are not intended to be, presented in accordance with an appropriate financial reporting framework. Rule 206.1 does not apply when a member prepares or approves financial statements, which are
- (i) prepared solely for internal use within the entity; or
  - (ii) prepared for specified users under the terms and according to the accounting principles agreed to by the preparer and the specified users.

Such financial statements are not general-purpose financial statements.

### Provision of other professional services

- 13 Members or firms providing professional services that do not involve public accounting services or the preparation of financial statements should take reasonable steps to determine whether the professional services that they provide are governed by other professional standards. When such standards exist, the member or firm should become familiar with them, determine their appropriateness to particular engagements and apply them accordingly. For example, other professional services that may be governed by other professional standards include, but are not limited to, business valuation, insolvency, financial planning and investigative and forensic accounting services.

### Service on audit committees and boards of directors

- 14 A member who sits on an entity's audit committee or board of directors is expected to use the professional skills and knowledge that a competent member would possess in fulfilling the member's responsibilities on such committee or board. Competency in the Chartered Professional Accountancy profession is not static and cannot be defined without regard to time and context. Whether a member is competent is necessarily a question of fact at a point in time. Competency does not require a member who sits on an audit committee or board of directors to be an expert in financial accounting, auditing or reporting matters; nor does it require the member to act as a professional advisor to the audit committee or board. However, as noted below, it does require the member to identify and raise the issues that should be discussed by the audit committee or board of directors.

A member who sits on an audit committee or board of directors should encourage the audit committee or board of directors to have substantive discussions with management and with the entity's assurance provider. The *CPA Canada Handbook - Assurance* provides useful guidance on the role that members of the audit committee or board members can play in the oversight of an entity's financial reporting process.

Matters that members who sit on an audit committee or board of directors should discuss with management and the assurance provider are the issues that a competent member would raise, which include, but are not limited to:

- the issues involved, and related judgments made by management, in selecting accounting policies and formulating significant accounting estimates and disclosures;
- any disagreement within management or between management and the assurance provider with respect to the application of an appropriate financial reporting framework and the resolution thereof;
- the assurance provider's conclusions regarding the reasonableness of the estimates made by management and the bases therefor; and
- the independence of the assurance provider.

In addition to the above, a member who sits on an entity's audit committee or board of directors should take reasonable steps to ensure the audit committee or board of directors discusses with management the overall performance of the assurance provider.

Members who are directors of entities should be familiar with the applicable requirements of regulatory bodies and other authoritative pronouncements on corporate governance matters.

## All members and firms

**15** Members and firms are reminded of their obligations under the CPA Code:

- to bring to the attention of CPA Ontario any information concerning an apparent breach of the CPA Code or any information raising doubt as to the competence, capacity to practise or integrity of another member (Rule 211.1);
- not to sign or associate with any financial statement that the member or firm knows, or should know, is false or misleading (Rule 205); and
- to report to CPA Ontario those matters that are required to be reported by Rules 101.2 and 102.

## 207 Unauthorized benefits

### RULE:

*A member or firm shall not, without consent, in connection with any transaction, involving a client or an employer, hold, receive, bargain for, become entitled to or acquire, directly or indirectly, any fee, remuneration or benefit for personal advantage or for the advantage of a third party without the consent of the client or employer, as the case may be.*

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### GUIDANCE – Rule 207

- 1 Members are reminded that the term “employer” is defined to include, among other things, an individual or organization that obtains professional services from a member on a voluntary basis. Accordingly, members providing professional services, with or without remuneration, are also governed by Rule 207, for example when serving an organization such as a not-for-profit or charitable organization.

## 208 Confidentiality of information

### RULES:

**208.1** *A member or firm shall not disclose any confidential information concerning the affairs of any client, former client, employer or former employer except when:*

- (a) properly acting in the course of carrying out professional duties;*
- (b) such information should properly be disclosed for purposes of Rules 101, 211 or 302;*
- (c) such information is required to be disclosed by order of lawful authority or, in the proper exercise of its duties, by CPA Ontario;*
- (d) justified in order to defend the member, firm or any associates or employees of the member or firm, against any lawsuit or other legal proceeding or against alleged professional misconduct or in any legal proceeding for recovery of unpaid professional fees and disbursements, but only to the extent necessary for such purpose; or*
- (e) the client, former client, employer or former employer, as the case may be, has provided consent to such disclosure.*

**208.2** *A member or firm shall not use confidential information of any client, former client, employer or former employer, as the case may be, obtained in the course of professional work for such client or employer:*

- (a) for the advantage of the member or firm,*
- (b) for the advantage of a third party; or*
- (c) to the disadvantage of such client or employer*

*without the consent of the client, former client, employer or former employer.*

**208.3** *A member or firm shall:*

- (a) take appropriate measures to maintain and protect confidential information of any client, former client, employer or former employer, as the case may be and to ensure that access to such information by another person is limited to those with legitimate purpose to access the information; and*
- (b) obtain the written agreement of any such person to carefully and faithfully preserve the confidentiality of any such information and not to make use of such information other than as shall be required in the performance of appropriate professional services.*

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### GUIDANCE – Rule 208

- 1** The duty to keep a client's or employer's affairs confidential should not be confused with the legal concept of privilege. The duty of confidentiality precludes the disclosure of a client's or employer's affairs without the knowledge and consent of the client or employer. The duty of confidentiality to clients or employers and former clients or employers does not expire with time. As confidential information becomes dated, the duty may be of less practical concern to a client or employer, but the duty continues.

The duty of confidentiality also includes establishing, maintaining and upholding appropriate policies and processes to protect confidential information. Such policies and processes include limiting access to the information and implementing appropriate measures to address a situation when the duty of confidentiality has been breached.

- 2 The duty of confidentiality does not excuse a member or firm from complying with a legal requirement to disclose the information. However, the courts have held that a member or firm faced with a subpoena or other request to disclose information should be aware of the member's obligation to bring to the attention of the court or other authority the member's or firm's duty of confidentiality to the client or employer. If there is doubt as to the legitimacy or scope of a claim for disclosure, legal advice should be sought. Ultimately, in a dispute, a court will determine, based on the facts, whether the confidentiality of the information should be maintained.
- 3 A member or firm will not be in contravention of any provision governing confidentiality by reason of obtaining legal advice with respect to the duty of confidentiality, nor will discussing a possible claim in confidence with an insurer constitute a breach of the duty of confidentiality .
- 4 One of the underlying issues when dealing with conflicts of interest is controlling the degree to which persons in an organization share client confidential information. (See also Rule 210.) Rule 208 prohibits the improper use of confidential information, but does not restrain its disclosure within an organization. Members or firms may find they are in a position of conflict of interest due to the general legal presumption that the knowledge of one person in an organization is shared with or attributed to others in the organization.

This legal presumption that knowledge is shared within an organization may be rebutted if the firm can demonstrate that effective institutional mechanisms are in place to limit the sharing of confidential information within the organization.

This basis of sharing information within an organization recognizes that different persons in an organization have different needs for information in order to properly fulfil their responsibilities. For example:

- an assurance provider must have information on all aspects of a client's affairs that might affect the assurance provider's opinion on the financial statements;
  - a tax practitioner, in the course of preparing or reviewing an income tax return, must have information on all aspects of a client's affairs that might affect the income tax return;
  - a person who is employed in the internal audit area of an organization may need to obtain confidential information from a member who is employed in the financial reporting area;
  - a forensic accountant undertaking an investigation of a client's affairs might only require information relating to the subject of the inquiry;
  - it may be appropriate for a member who is providing a professional opinion or other advice on a matter to seek the advice of another person in the organization; or
  - a compliance officer or person in a similar position may need access to confidential information held by a member, for example, within a financial institution or an organization providing financial planning services.
- 5 Where appropriate, members and firms should also inform clients and potential clients that the use of mechanisms to safeguard their confidential information means that a member or firm serving a particular client may not be aware of information that is confidential to another client, which would assist the member's or firm's client and advance that client's interest.

- 6** Members and firms are reminded that the use of electronic communications and storage media may require the use of additional precautions to protect confidential information, such as password, firewall and back up protection. In addition the use of “cloud” or other off-shore computing and storage may increase security requirements as well as concerns related to access to information that is provided by anti-terrorism legislation in some jurisdictions. Members and firms should be particularly aware of these concerns as well as applicable privacy legislation. It may be prudent to provide appropriate disclosure of information related to storage and security policies to clients and other affected parties.

## 209 Borrowing from Clients

### DEFINITIONS:

*For the purposes of Rules 209.1(b) and the related Guidance:*

**“family”** means any of the following persons

- (a) a spouse (or equivalent); or
- (b) a parent (or equivalent), child, sibling, grandparent, grandchild, aunt, uncle, niece, nephew or first cousin who is related to the member or the member’s spouse (or equivalent).

### RULES:

**209.1** A member or firm shall not, directly or indirectly, borrow from or obtain a loan guarantee from a client unless either;

- (a) the loan or guarantee has been made under normal commercial terms and conditions, and;
  - (i) the client is a bank or similar financial institution whose business includes lending money to the public; or
  - (ii) the client is a person or entity, a significant portion of whose business is the private lending of money;
- or
- (b)
  - (i) in the case of a member, the client is a family member or an entity over which a family member exercises significant influence; or
  - (ii) in the case of a firm, the client is a family member of a partner or shareholder of the firm or an entity over which a family member of a partner or shareholder of the firm exercises significant influence.

**209.2** Rule 209.1 does not apply to:

- (a) the financing of a bona fide business venture between a member or firm and a client that is not an assurance client;
- (b) amounts received from a client as a retainer or as a deposit on account of future services to be provided by the member or firm; or
- (c) a loan received from a member’s employer.

**209.3** For purposes of Rule 209.1, a client includes a person or entity who has, within the previous two years, engaged the member or firm to provide a professional service and who relies on membership in or registration with CPA Ontario as giving the member or firm particular competence to provide that professional service.

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### GUIDANCE – Rule 209

- 1 It is a fundamental principle of the profession that members and firms provide professional services to their clients that are free of prejudice, conflict of interest or undue influence that

may impair sound professional judgment. When a member or firm borrows money from a client, there is an inherent conflict between the interests of the member or firm and those of the client. Accordingly, members and firms who enter into the types of financing or borrowing arrangements that are allowed under Rule 209.1 or 209.2 are cautioned that they must comply with all of the other provisions of the CPA Code including, but not limited to:

- 201 – Maintenance of the good reputation of the profession;
  - 202 – Integrity and due care and Objectivity;
  - 204 – Independence;
  - 208 – Confidentiality of information; and
  - 210 – Conflicts of interest
- 2 When a member borrows money from or has a loan guaranteed by a client who is a family member or an entity over which a family member exercises significant influence, the member should consider setting out the terms and conditions of the loan or guarantee in writing. Before the loan or guarantee is made, the member should also consider advising the client to obtain independent advice with respect to the matter. Similar considerations should apply when a firm borrows money from or has a loan guaranteed by a family member of a partner or shareholder of the firm or an entity over which a family member of a partner or shareholder of the firm exercises significant influence.
- 3 Rule 209.1 applies only to new borrowings or guarantees or amendments to the terms of existing borrowings or guarantees that occur after the lender becomes a client. When an existing lender or guarantor becomes a client, the member or firm should be mindful of the need to provide services with due care and an objective state of mind and, accordingly, should consider whether the loan should be repaid or the guarantee released.



## 210 Conflicts of Interest

### DEFINITIONS:

*For purposes of Rule 210 and the related Guidance:*

**“affected party”** is a party who is or may be affected by a conflict of interest as contemplated by Rule 210.2.

**“client”** includes any person or entity for whom the member or firm, or any other person engaged in the practice of public accounting or a related business or practice in association with the member or firm, provides or is engaged to provide a professional service.

### RULES:

**210.1** A member or firm shall determine, in relation to a particular matter, and before agreeing to undertake or continuing to provide any professional service, whether a conflict of interest may exist as contemplated by Rule 210.2.

**210.2** (a) Subject to the provisions of Rule 210.3, a member or firm shall not undertake or continue to provide any professional service to any client or employer in circumstances where there is a conflict of interest between:

- (i) the interest of the member or firm and that of the client or employer;
- (ii) the interests of two or more clients or employers; or
- (iii) the interests of the client or employer and those of a third party, where the interest of the third party and the member or firm are aligned.

(b) Subject to the provisions of Rule 210.3, a member or firm shall not undertake or continue to provide any professional service to any client or employer in circumstances where an interest described in paragraph (a) relating to a former client or former employer creates a conflict of interest in respect of any such proposed or current professional service.

**210.3** Where the agreement to provide any professional service would result in a conflict of interest under Rule 210.2 or where a previously unidentified conflict of interest under Rule 210.2 arises or is discovered in the course of providing any professional service, the member or firm must decline to provide the professional service or withdraw from providing all of the affected professional services unless:

- (a)
  - (i) the member or firm is able to rely upon conflict management techniques that are generally accepted and the use of such techniques will not breach the terms of any agreement to provide professional services or any duty to another client, employer or third party;
  - (ii) the member or firm informs each affected party of the existence of the conflict of interest and the techniques that will be used to manage it; and
  - (iii) the member or firm obtains the consent of each affected party to accept or continue the professional services engagement or engagements; or
- (b) the affected parties have knowledge of the conflict of interest and their agreement for the member or firm to accept or continue the professional services engagement is implied by their conduct, in keeping with commonly accepted practice.

- 210.4** *Where a member or firm has determined, in accordance with Rule 210.3, that a professional service in respect of which a conflict of interest exists may be undertaken, the member or firm shall document:*
- (a) *in the case of a conflict of interest in relation to which consent is not implied by the affected parties' conduct in keeping with commonly accepted practice:*
    - (i) *the nature of the conflict of interest that has been identified;*
    - (ii) *the conflict management technique that has been used to manage the conflict of interest;*
    - (iii) *the rationale for the choice of the technique and its effectiveness; and*
    - (iv) *the disclosure that has been made, as necessary, to each of the affected parties; or*
  - (b) *in the case of a conflict of interest in relation to which consent is implied by the affected parties' conduct in keeping with commonly accepted practice, the basis on which the member or firm has concluded that:*
    - (i) *the affected parties have knowledge of the conflict of interest; and*
    - (ii) *their agreement for the member or firm to accept or continue the professional services engagement has been implied.*

## GUIDANCE – Rule 210

### A Glossary of terms

- 1** The following terms to which this Guidance refers are described here in relation to their use as available means of managing conflicts of interest:

“above the wall”

“Above the wall” is a term used to describe one or more partners or other senior members of a firm or other organization who have access to information about engagements undertaken by the firm or organization and can therefore see both sides of a conflict of interest. These individuals need to be particularly careful to avoid any improper use or dissemination of confidential information to parties on either side of the wall. Partners or other persons in the firm or organization who are “above the wall” will be precluded from participating in the provision of professional services about which they have information received in their positions above the wall.

“fire wall”

A “fire wall” (sometimes referred to as a “Chinese wall” or “ethics wall”) is a conflict management technique maintained in a firm or other organization to restrict the flow of confidential information within the firm or organization only to those who require it in order to fulfill the terms of an engagement. A fire wall is intended to ensure that confidential information is not improperly communicated, inadvertently or otherwise, to others within the firm or organization.

“cone of silence”

A “cone of silence” is an arrangement achieved by means of an undertaking by an affected person not to disclose confidential information relating to a specific party or the provision of a specific professional service to any party. In some circumstances, a cone of silence is achieved implicitly by special conduct of the person. In such circumstances, there should be observable evidence that the cone of silence is effective. Cones of silence may be used to demonstrate foresight of the need to maintain the confidentiality of information about any party and thereby assist in the management of conflicts of interest arising in various professional service areas of a firm or other organization.

“conflict management techniques”

“Conflict management techniques” is used in a general sense to describe effective measures that are formally undertaken by a firm or other organization to manage conflicts of interest and to restrict the flow of confidential information from one person in a firm or organization to another. Such measures may include internal training, internal barriers such as fire walls, cones of silence, restricted access to files, physical separation of personnel or departments and formal firm or organization policies and procedures.

“need to know basis”

The “need to know basis” refers to a policy of restricting the flow of confidential information inside a firm or other organization to those persons who properly require the information to pursue the interest of a party.

## **B Identifying conflicts of interest**

- 2** Members and firms are required to determine whether there exist conflicts of interest as between themselves and the parties to whom they provide or propose to provide professional services, or between the duties and obligations owed to one party and the duties and obligations owed to another party. Where such a conflict of interest is found to exist, the member or firm must decline to provide, or withdraw from providing the professional service, unless the conflict of interest can be managed and consent has been obtained or the agreement of the affected party to proceed or continue to provide the professional services is implied by the conduct of the affected party.

Members and firms are reminded that a conflict of interest may be created by a relationship with, or a professional service that was provided to, a former client or former employer. Rule 210.2(b) precludes the provision of professional services where such a conflict of interest exists. The rule is not intended to preclude members or firms from accepting employment with a competitor employer or providing services to a competitor client. However, members and firms are reminded that:

- each situation requires the exercise of professional judgment to determine whether a conflict of interest exists and to comply with Rule 210 as necessary; and
- Rule 208 prohibits the sharing of confidential information.

- 3** When faced with a possible conflict of interest, members and firms should also refer to Rule 206 which requires compliance with generally accepted standards of practice of the profession and Rule 207 which prohibits members or firms from obtaining unauthorized benefits.

Conflicts of interest in employment situations

- 4** Conflicts of interest in an employment situation may arise when;

- a member provides a professional service in relation to a particular matter for two or more parties whose interests with respect to that matter are in conflict;
- the interests of the member with respect to a particular matter and the interests of a party to whom the member provides professional services related to the same matter are in conflict; or
- the member has a financial interest, including one arising from a compensation or incentive arrangement, or knows of a financial interest held by a close or immediate family member, and the member has the opportunity to manipulate information for financial gain.

Examples of such situations include:

- serving in a management or governance position for two employers and acquiring confidential information from one employer that could be used by the member to the advantage or disadvantage of the other employer;
- providing a professional service to each of two parties in a partnership employing the member to assist them to dissolve their partnership;
- preparing financial information for certain members of management of the entity employing the member who are seeking to undertake a management buy-out;
- being responsible for selecting a vendor for the member's employer when an immediate family member of the member could benefit financially from the transaction;
- serving in a governance capacity for an employer that is approving certain investments for the company where one of those specific investments will increase the value of the personal investment portfolio of the member or an immediate family member; or
- eligibility of a member for a profit-related bonus when the value of the bonus could be affected by decisions made by the member.

Conflicts of interest in a public accounting or related business or practice

- 5** Conflicts of interest in a public accounting or related business or practice generally arise in three broad types of circumstance described as follows.

#### Independence Issues

As provided in Rule 204, the provision of assurance and insolvency services must be objective, both in fact and appearance. In considering conflicts of interest with respect to an assurance or insolvency engagement, members and firms should refer to Rule 204.

#### Protecting confidential information

As provided in Rule 208, members and firms must protect confidential information. The only exceptions to this obligation are set out in the Rule itself.

#### Pursuit of clients' interests

Members and firms have an obligation to all of their clients to provide professional services with integrity and due care. Since members or firms may have a number of clients, they may encounter conflicting client interests when fulfilling their obligations to each client. While a member or firm may be able to provide services to clients whose interests conflict, the extent of obligations to each client must be considered and professional judgment exercised to determine whether any particular conflict of interest must be avoided, or whether consent must be obtained or the situation reflects commonly accepted practice where the agreement of the client to act is implied by the client's conduct. The member or firm must also consider whether the conflict of interest can be managed appropriately.

**C Commonly accepted practice**

- 6 The following situations involve implied agreement and reflect commonly accepted practice:

“The firm is acting as auditor for several clients who happen to compete in the same industry. They have hired us for our experience with their industry, and respect our reputation for protecting confidential information.”

It is reasonable for members or firms to conclude that affected parties with knowledge of the circumstances who do not object to a conflict of interest at the outset of an engagement have accepted the conflict of interest.

“I am doing an audit for Company XYZ and they have asked me to do some consulting as well. As an assurance provider, my duty is to report to the shareholders. As a consultant engaged by management, my duty is to the corporation.”

Members and firms must be aware of the implications to their objectivity and independence when providing consulting services to an assurance client and should refer to Rule 204 in relation to such situations.

**D Management of conflicts of interest**

- 7 There will be instances where a conflict of interest will arise that can be appropriately managed provided the circumstances are clear to all parties and there is consent on the part of all parties to proceed.

- The following conflict of interest situations may or may not be acceptable to the public:

“I would like to call upon an expert within my organization or firm to assist on a particular matter for one of my clients. This expert is already committed to another client.”

Whether this situation creates a conflict of interest depends on many factors, including the number of experts in the firm.

“My organization or firm has two separate clients who have asked it to take on a merger and acquisition assignment—however, each client is focused on acquiring the same target company.”

Whether this situation creates a conflict of interest depends on the ability to use distinct teams on each engagement and the effectiveness of procedures put in place to safeguard confidential information.

“I have been asked to pursue a strategic marketing study for one of my clients—however, the firm is already undertaking a similar marketing study for another client in the same market.”

Whether this final example is a conflict of interest that can be managed will depend on the ability of the firm to use appropriate conflict management techniques on the two engagements.

- There is a rebuttable presumption that the following conflict of interest situations are unacceptable and, if the presumption is not rebutted, must be avoided:

“I have been asked by the husband and 50% shareholder of a client, Company X, for assistance in purchasing the shares of the other 50% shareholder (his wife) in settling the distribution of assets in a divorce settlement.”

“I have been asked to complete a merger and acquisition assignment for my client but the takeover target is already a client (or former client) of my organization or firm.”

“The firm is conducting a job search engagement for a client. I have found an excellent candidate to fill the position—only this candidate is currently employed by one of our firm’s clients.”

## **E Conflicts of interest encountered by type of professional service area**

- 8** Conflicts of interest may arise or change during the course of providing a professional service. This is particularly true when a member or firm is asked to provide any professional service in a situation that is potentially adversarial, even though the parties who engage the member or firm may be in accord initially. Therefore, members or firms must consider the possible existence and management of conflicts of interest throughout the course of providing any professional service.

## **9 Consulting services**

- A member or firm may provide professional services in a variety of engagements such that there are conflicts of interest which may be acceptable in one type of engagement but which are unacceptable in another. Since consulting engagements usually have clearly stated objectives and a defined life span, the issue of possible conflicts of interest is often dealt with in the terms of the engagement (i.e., the extent of the member’s or firm’s obligations are agreed to by contract).
- Consulting engagements may be generally regarded in three categories for the purpose of considering the issue of conflict of interest, as follows:
  - Process and design consulting engagements, which generally involve the provision of specialized knowledge to assist a party to achieve an objective that the party has chosen. It is usual for a consultant to provide such assistance to a wide range of parties, some of whom may have competing interests. Often, the consultant is selected for specialized expertise. The parties recognize that, in the future, the consultant is likely to make that expertise available to others, having built on experience gained along the way. If a specific conflict of interest arises later, it would be prudent to communicate with the affected parties and obtain consent as necessary.
  - Strategic consulting often involves a consultant assisting a party in the selection of optimum business strategies. Strategic consulting is likely to involve the most highly sensitive and confidential business information. Consultants providing these types of services typically recognize this sensitivity and do not work for parties who are in direct competition. It is, however, recognized that the business strategies selected often become publicly known within a short time frame. It is also recognized that the experience that is gained and the research and information that is gathered in relation to one such consulting assignment develops skill and proficiency on the part of a consultant that is relevant to another such assignment. Therefore it is possible that, after a suitable time, a consultant may undertake work for a direct competitor of a party to whom consulting services have been provided previously. However, whether such a situation is acceptable is a matter which should be expressly addressed in the consulting engagement contract.
  - Search consulting involves assisting a party to locate information or resources that are necessary for the party to attain an objective. Since the information or resource is likely to exist within another commercial enterprise, the opportunity for a conflict of interest to arise is particularly great. For this reason, it is customary for the

consultant to disclose at the outset the nature and extent of any limitations on the scope of the search.

Members and firms are reminded that the provision of search consulting services for audit or review clients is limited by Rule 204.4(32).

## 10 Taxation services

- A member or firm providing professional tax services in the form of tax assistance and advice is likely to provide such services to a wide variety of parties who are entitled to expect their affairs to be kept confidential. Such a member or firm is expected to provide each party with the benefit of all of his or her professional knowledge, except as outlined in the next paragraph.
- Such a member or firm is not expected to provide every client with the benefit of all of his or her professional knowledge when the member or firm and one client agree, preferably in writing, that particular knowledge that the member or firm possesses may not be disclosed to third parties because it is proprietary to the first client. The member or firm should make other clients aware that this restriction might exist from time to time.
- A member or firm may be asked to provide tax-planning advice to two parties who will use that advice to pursue an objective that only one of them can achieve. Since both of the parties are in pursuit of the same objective, there is an initial presumption that in such a situation, only the first request to act in the matter can be accepted. It may, however, be possible for different persons within the firm or organization to act for each party through the use of effective conflict management techniques, thus rebutting the initial presumption that both parties cannot be served.
- A member providing professional tax services as part of a firm or other organization may obtain only the information that relates to his or her specific professional services engagement. In such a case, provided that it is possible to satisfy the onus of demonstrating that the firm's or organization's knowledge of a particular party is not automatically shared, it is reasonable to believe that the member will not possess all of the firm's or organization's knowledge of that party .

## 11 Merger/Acquisition services

- Due to the nature of the work provided in relation to mergers and acquisitions, it is recognized that providing such professional services to one party may run contrary to the interest of another affected party to whom services are provided by the firm or organization. It would be prudent to disclose and address this possibility within an engagement letter or the terms of the contract.
- A member or firm involved in mergers and acquisitions is expected to use a variety of conflict management tools to provide the greatest possible assurance that confidentiality of the work will be maintained unless otherwise agreed with the affected party. Such a firm or organization will be expected to regularly employ fire walls and to impose cones of silence on those who are consulted in the work. Where consultations beyond the firm or organization are required, the use of confidentiality agreements will be necessary.
- When a firm or organization discloses the possibility of conflicts of interest in an engagement letter and uses conflict management techniques such as fire walls, it should be recognized that if their use is challenged in a court of law, the firm or organization will be required to demonstrate that its conflict management techniques are effective.
- When one or more of the firm's or organization's merger and acquisition practitioners are working for parties pursuing approximately the same objective within approximately the same time frame, the firm or organization, with the permission of each affected



party, is expected to obtain the consent of all such parties. If such consent cannot be obtained from all affected parties, the firm or organization should resign from all affected engagements .

## 12 Valuation services

- A member providing valuation services may or may not be a chartered business valuator (CBV). Members or firms providing valuation services recognize the need to avoid conflicts of interest by not acting for two or more parties whose interests may conflict, except after adequate disclosure to and with the consent of all parties.
- Members or firms providing valuation services must take care not to create a conflict of interest by agreeing to provide any professional service that will put them in a position of advocacy against another party to whom they are providing or have provided professional services when the member or firm has confidential information of that party. For example, such a member or firm should not agree to provide any professional service in relation to one shareholder group of a company that is being broken up (butterfly transaction) where the member or firm has previously provided professional services to all shareholders of the company. Similar considerations also exist where the parties are a married couple who are divorcing.

## 13 Assurance services

- A member or firm may be asked to provide assurance services for two or more clients who have competing commercial interests. The assurance provider is required to deal with the conflict of interest by obtaining the consent of each client unless there is implied agreement on the part of all clients for the member or firm to act. In either case, the member or firm is required to use procedures to protect confidential information.
- A member or firm may possess confidential information obtained from one assurance client that is important to the fulfilment of the assurance engagement of a second client. For example, a member or firm may learn during the course of an assurance engagement that the assurance client is in serious financial difficulty. If the member or firm also undertakes an assurance engagement for a major supplier of the assurance client, the member or firm will possess confidential information that could result in a material change to the financial statements of the supplier-client. The member or firm may not rely on this confidential information to complete the engagement for the supplier-client. If the supplier-client is unaware of the information relating to the first client, the member or firm has a conflict of interest that must be resolved.
- A member or firm may possess confidential information gained in the course of an assurance engagement that would be useful in the provision of other professional services by the member or firm. Despite this, such confidential information obtained in the course of the assurance engagement must be protected from disclosure or use for other purposes unless prior permission is obtained from the client.
- An assurance provider has the right to obtain the information that is required in order to carry out the assurance engagement. For this reason, the assurance provider is expected to have all knowledge concerning the client that the firm possesses that is relevant to the assurance engagement. Clients are expected to give assurance partners the information directly but may authorize assurance partners to seek out the information from others within the firm. Information protected by legal privilege would be dealt with by following the protocol for enquiries established by the lawyers involved. The refusal of a client to permit the assurance provider to obtain information that is necessary to carry out the engagement may create a scope limitation that must be addressed in the assurance provider's report.



- A member or firm engaged to provide an assurance report to the shareholders on a set of financial statements might be asked by one shareholder for confidential information from the audit working papers to be used by that shareholder in a dispute with another shareholder. Since the assurance provider's duty is to the shareholders as a group and not to individual shareholders, such a request would present a conflict of interest as well as a breach of confidentiality.
- Members and firms should refer to Rule 204 for assistance regarding conflicts of interest that may affect independence and objectivity with respect to an assurance engagement.

#### **14 Services to employers**

- A member who is employed by an organization may face situations that give rise to conflicts of interest, as outlined in paragraph 4 of this Guidance. For example, a member may be asked to prepare financial information for certain members of management of an organization employing the member who are seeking to undertake a management buyout. In such a situation, the member may be able to manage the conflict of interest by obtaining consent of all of the parties, taking steps to ensure that information is shared appropriately and fairly with all parties, providing information and not advice and advising all parties to obtain independent advice. If the member is one of the parties participating in such a buyout, the member should be particularly aware that confidential information cannot be used for personal advantage.

#### **15 Serving with a not for profit organization**

- A member who serves with a not for profit organization may also face situations that give rise to conflicts of interest. For example, the member may be asked to assist in selection of a supplier to the organization, such as a software supplier, because of expertise in that area. When the member has a personal connection or relationship with a potential supplier, the member may be able to manage the conflict of interest by disclosing that information, showing no preferential treatment for that supplier and refraining from involvement in the final selection decision.

#### **16 Forensic accounting & litigation support services**

- A member or firm providing forensic accounting and litigation support services may engage in a number of different types of activity that will involve different expectations from a party to whom such a service is provided. The most common different circumstances are finder of fact (including fraud investigations, breach of law investigations), quantification of losses and expert accounting and auditing testimony (including where a member or firm employs other experts such as actuaries, engineers, and economists).
- In almost all circumstances, there is the real possibility that an engagement will become part of a dispute. There is, therefore, the expectation that the member or firm will respect the obligation to such parties to not act against them. This expectation may be modified in circumstances where the party contracted with the member or firm for a narrow and unrelated purpose (such as a productivity improvement consulting assignment or an employee search assignment), but the member or firm will only be able to rebut the presumption if it is clear the information received from the affected party is not relevant to the matter in dispute.
- In the case where a professional service is currently being provided to more than one party, such services may be provided with the consent of both parties. The use of tools such as consent, cones of silence and fire walls will assist the member or firm to demonstrate that confidential information will be protected.

- It would ordinarily be appropriate for a member or firm to act as a finder of fact for parties on the opposing sides of a conflict where both parties agree to use the fact finding report as an agreed statement of fact within the legal process.

## 17 Actuarial services

A member providing actuarial services may be a member of the Canadian Institute of Actuaries. Conflicts of interest should be less likely in actuarial assignments. However, when actuaries become involved in areas such as merger and acquisitions where conflicts of interest frequently do arise, they are expected to conduct themselves as other members working in those areas.

## 18 Insolvency services

A member providing insolvency and corporate recovery services may be a licensed trustee and a member of the Canadian Association of Insolvency and Restructuring Professionals. Since much of this work is carried out under the auspices of the court or other authorities, there are other requirements that deal with potential conflicts in the various roles in which a member may serve. Although these requirements prevent members from serving roles for different classes of creditor, they do permit the grouping of creditors of a single class into one pool, even though some of these creditors may have conflicting interests.

## F The process for dealing with conflicts of interest

### 19 Step 1: Identify conflicts of interest or potential conflicts of interest

In order to identify conflicts of interest or potential conflicts of interest when accepting a new engagement, a member should seek information from others within the firm or organization as to the interests of other parties to whom professional services are provided and their affiliations. While many conflicts of interest are obvious from the beginning, others may arise during the course of providing professional services. Often, identifying conflicts of interest is more difficult than dealing with them.

### 20 There are three types of conflict of interest, which may overlap, described as follows.

Professional conflicts of interest

Members and others within their firms are required by the profession to observe the CPA Code. Members are also expected to encourage an ethics-based culture within their organizations. In order to preserve the highest possible standards for the CPA profession, each of them is expected to engage only in activities that will maintain the good reputation of the profession and serve the public interest. When this obligation runs contrary to the interest of a party to whom the member or firm provides professional services, a professional conflict of interest exists.

Legal conflicts of interest

Legal conflicts of interest arise primarily out of obligations in relation to specific contractual agreements. A member or firm has a duty within the standards of the profession to pursue the interests of a party to whom the member or firm provides professional services and to protect confidential information. Thus, when two parties have conflicting interests, the member or firm cannot fulfill a duty to both unless appropriate conflict management techniques are in place.

In addition, when a member or firm is acting within the framework of litigation or potential litigation, the courts will want to ensure that the legal process is not compromised by participants, who act as experts, being influenced by interests or relationships which impair or might impair their objectivity.

### Business conflicts of interest

Business conflicts of interest occur when the business interest of a party to whom the member or firm provides professional services is contrary to the business interest of the member or firm or the business interest of another affected party. A business conflict of interest raises management, not professional, issues for the member or firm and can be resolved without reference to the CPA Code, unless it also involves a professional or legal conflict of interest. Business conflicts of interest include the following examples:

- a particular agreement to provide a professional service may require too large a commitment of scarce resources of the member or firm;
- the provision of certain services to a party may preclude the provision of other, more lucrative, services to the same party; or
- the member or firm is dissatisfied with the risk/reward analysis.

**21** Members or firms should develop a process to identify conflicts of interest (a “conflict identification process”) that is appropriate to their circumstances. In some cases, this process may include a database with information about each party to whom professional services are provided and a system that allows for timely access to the database by those within a firm or organization so that real or potential conflicts of interest can be recognized promptly. Inquiries about conflicts of interest should be documented. The database should be kept up-to-date, and should not include confidential information.

**22** For areas of professional service where conflicts of interest must usually be avoided rather than managed, a member’s or firm’s conflict identification process will likely need to be more extensive and formal and should include the identification of a person or persons in the firm or organization to act above the wall as a conflict management officer or officers.

**23** An effective conflict identification process will allow a member or firm to identify conflicts of interest (or possible conflicts of interest) early on when agreeing to provide or providing professional services. The earlier a potential conflict of interest is identified, the greater the chance the member or firm will be able to choose to manage it, rather than have to decline or terminate the provision of the professional services.

**24** A member or firm who is associated with an international firm or organization, will have to exercise professional judgment when deciding who should be consulted when seeking information about conflicts of interest and possible conflicts of interest. Consultation will normally be limited to the country or countries in which the particular professional service will be provided unless the member or firm is aware of the potential for conflicts of interest arising in a broader geographical area. The nature of the association and the interests of the party to whom the professional services will be provided are two factors the member or firm should consider.

**25 Step 2: Assess the conflicts of interest**

After conflicts of interest and possible conflicts of interest have been identified, a member or firm should exercise professional judgment as to whether such conflicts must be avoided altogether by declining to provide the professional service, or whether they can be appropriately managed.

**26** When assessing a conflict of interest, members or firms should consider the following questions.

- Is the conflict solely a business conflict of interest such that it does not require any action under the CPA Code?

- Is it necessary to obtain consent or is the conflict one where agreement to proceed can be implied from the affected party's conduct, in keeping with commonly accepted practice?
- Does the conflict impair the member's or firm's independence and objectivity with respect to an assurance engagement?
- Does the conflict hinder the member's or firm's ability to perform the required duties?
- What will be the impact on the party's ability to obtain professional services should the member or firm choose to decline the engagement? In smaller communities, where there may be less access to professional services, there may be more occasions when it is necessary to manage conflicts of interest.
- Would a reasonable person be satisfied that the proposed conflict management approach is satisfactory to manage the conflict?
- Is it likely the requested service will go before a court where another affected party will be an opposing party? Unless the member or firm has been asked to act as a fact finder or is providing information that is not contested, a court is likely to find it unacceptable for a member or firm to represent two parties who are litigating against each other.
- Will the conflict management techniques available to the member or firm be effective in managing the conflict? This will be determined by the facts of the situation and the onus will be on the member or firm, where necessary, to demonstrate to the courts that the conflict management techniques are effective in protecting confidential information.
- Will the member's or firm's decision to avoid the conflict by terminating the provision of the professional service be a commercially satisfactory solution for the party or parties in conflict? In many cases, the solution to avoid the conflict by terminating the provision of the professional services to each of the parties will not be commercially satisfactory.

**27** Once a member or firm has identified a conflict of interest and assessed its impact, the member or firm may decide to:

- decline/terminate the provision of the professional service - for those conflicts of interest that are not possible or appropriate to manage, the member or firm should inform the affected parties that the provision of professional services will be declined or terminated; or
- develop an effective conflict management approach - for manageable conflicts of interest, the next step is to develop an effective conflict management approach. Members or firms must be aware that the decision to manage such a conflict may be subjected to challenge later; or
- agree to provide the professional service - for those conflicts of interest that, by reason of their commonly accepted practice, a determination may be made that it is not necessary to implement a conflict management approach or obtain consent.

### **28 Step 3: Develop a conflict management approach**

Once the member or firm has identified a conflict of interest that is potentially manageable, the next step is to examine the various conflict management techniques that are available to manage the conflict. A conflict management approach is then developed, incorporating the various conflict management techniques selected. While no specific approach is prescribed, each conflict management approach must be effective and the member or firm must be able to demonstrate that it is effective. The member or firm should then proceed only after providing disclosure to and obtaining consent from, each affected party.

**29** Choose the conflict management techniques

The following conflict management techniques may be incorporated in an effective conflict management approach.

#### Organization Structure

An organization, including a firm, may organize itself in a variety of ways to deal with conflict of interest issues, such that the organization itself becomes an effective conflict management technique. Depending on factors such as the size of the organization, some or all of the following conflict management techniques may be adopted as part of its organizational structure:

- adopt conflict of interest management policies that provide those in the organization with guidance on dealing with such conflicts. These policies should recognize the role of professional judgment in the process and require persons in the organization to be able to demonstrate that the interests of the clients of the organization will be served at a high professional standard. The policies should also require that clients be informed as to what they should expect when agreeing to allow an organization with a conflict of interest to act on their behalf.
- implement a reporting structure related to potential conflicts of interest that is overseen by one or more persons within the organization. The role of the responsible person(s) is to (a) identify, at the outset, potential conflicts of interest, and decide whether to avoid such conflicts or manage them and (b) be informed of possible conflicts of interest and provide assistance to others within the organization on exercising professional judgment with respect to conflict management. The person(s) determining or managing a particular conflict of interest should be above the wall with respect to that conflict.
- create separate areas of practice for specialty functions within the organization, which may act as a barrier to the passing of confidential information from one practice area to another within an organization. The flow of information from one area to another should be restricted by policies and procedures. Such policies and procedures would not preclude the cross-departmental sharing of information by members of a particular client service team. Within each separate area, members of the organization must understand the expected limitations in sharing confidential client information across areas. It is recognized that the larger and more complex the organization, the more likely the need for creating separate areas of practice.
- establish policies and procedures to limit access to files. Much of the information obtained throughout the course of an engagement is retained in the files of the organization, either electronically or paper-based. To maintain the confidentiality of these files, an organization may put in place a formal system that limits access to these files to persons who are working directly on the engagement, logs access to files, and documents any access exceptions. The physical segregation of particular confidential information may further enhance its protection. Broad access to non-public information that has been retained by an organization may be viewed by its clients as contrary to its responsibility to protect confidential information.
- use blanket or engagement-specific confidentiality agreements signed by employees, which will emphasize the need to protect confidential information.
- in those professional service areas where it is likely conflicts of interest will arise on a regular basis, use code names or numbers to assist in the use of fire walls and other conflict management tools.

#### Fire walls

The effectiveness of fire walls will be improved by the use of internal procedures such as

designating an above the wall person to monitor the activities within the fire wall(s) and to ensure that the organization as a whole is not acting in an inappropriate manner. This person would:

- ensure that the organization did not engage in activities that it was not appropriate or possible to manage;
- ensure that persons joining or leaving a team within the organization do not create new unacceptable conflicts of interest;
- document the teams' respect for the wall; and
- avoid involvement in or detailed knowledge of information contained within the wall.

Fire walls should involve some combination of the following organizational arrangements:

- physical segregation of people and files;
- an educational program, normally recurring, to emphasize the importance of not improperly or inadvertently divulging confidential information;
- strict and carefully defined procedures for dealing with a situation where it is felt that the wall should be crossed, and maintaining proper records where this occurs;
- monitoring by compliance officers of the effectiveness of the wall; or
- disciplinary sanctions where there has been a breach of the wall.

#### Cones of silence

Cones of silence may be used to:

- demonstrate foresight of the need to maintain confidentiality of information and thereby assist an organization to manage conflicts of interest arising in various areas of its practice;
- allow a specialist within an organization to work on a minor aspect of an engagement without being brought formally within a fire wall; or
- demonstrate the commitment of those involved.

In some rare circumstances, a cone of silence is demonstrated implicitly by the special conduct of a member or another person in the organization. In such circumstances, there should be observable evidence that the cone of silence will be effective.

#### Other techniques

##### Management oversight

In some cases, the active involvement of ownership of the organization in the management and oversight of the organization acts as a conflict management technique. For example, a member may face a conflict of interest created when the member is eligible for a profit-related bonus as well as having responsibility for decisions that could affect the value of the bonus. However, the owners' active involvement in and familiarity with the business, along with the owners' oversight and authorization of any such bonus, acts to control the possibility of manipulation of results,

##### Internal or external review

The review of financial information by either internal or external audit or review can also act as a conflict management technique by establishing accountability and oversight of transactions, evaluating the reasonableness of accounting and other policies and monitoring adherence to them.



## Existence of “whistleblower”/Code of Conduct policies

“Whistleblower” policies and protection, and training and education regarding ethical conduct and conflicts of interest are also conflict management techniques. Not only does the existence of such policies and processes deter activity that might constitute a conflict of interest, it also develops a culture where conflicts of interest are more likely to be identified and reported so that they can be properly addressed.

**30** The limitations on the use of organization structure, fire walls and cones of silence must always be recognized and considered in terms of whether the organization’s obligations to its clients can be fulfilled. A professional judgment must always be made in light of the particular facts and circumstances. Conflict management techniques that are set up on an ad hoc basis, after a conflict of interest is identified, will not be seen to protect confidential information that may already have been shared within an organization. Ongoing conflict management techniques used on a regular basis are more likely to be effective and be seen to be effective than those set up on an ad hoc basis.

**31** The uses of conflict management techniques to restrict information flows between units or individuals within an organization may not be effective when:

- a client expects to have complete access to all of the organization’s resources. The use of a fire wall to protect the interest of another client may not be acceptable to the client;
- a member, firm or organization is not able to demonstrate clearly that they have been and will continue to be highly effective in preventing the sharing of confidential information;
- there is a single department, operating unit or a large number of people coupled with a high turnover rate within the wall; or
- a member or firm attempts to hide behind the wall. The existence of a fire wall does not relieve a member or firm from making the appropriate enquiries or exercising professional judgment.

**32** Provide disclosure and obtain consent

A fundamental underpinning to the management of conflicts of interest involves consent by the parties to whom professional services are provided. Unless the conflict of interest is one that reflects commonly accepted practice such that each affected party’s agreement can be inferred from that party’s conduct, consent should be obtained by:

- notifying each affected party of the existence of such a conflict; and
- either obtaining the agreement from each affected party to proceed in spite of the conflict or declining to provide or terminating the professional service giving rise to the conflict.

**33** The onus is on the member or firm to be able to demonstrate that consent has been obtained.

- In cases where the conflict of interest is one referred to in Rule 210.3(b), the agreement must be implied by the affected party’s conduct and acceptance of the circumstances. In all other cases, it is desirable to obtain consent in writing. When such written consent is not obtained, an acknowledgement of the affected party’s verbal consent and the details thereof must be noted in the member’s or the firm’s files. The more direct the conflict is between existing or potential parties to whom professional services are provided, the more important it is to ensure that each of the affected parties know that their interests may conflict with the interests of other parties to whom the member or firm provides professional services and that the member or firm has effective measures in place to

ensure that confidentiality is maintained. In each case, members or firms should use professional judgment in determining the nature and extent of disclosures required to be made to each affected party and the need to obtain consent.

- In some cases a member may be eligible for a profit-related bonus where the value of the bonus could be affected by decisions made by the member. In such cases, consent may be understood to have been obtained where there is a system of internal control and review over the bonus, such as appropriate authorization and oversight and written employment contracts setting out the terms of the bonus arrangement.
- 34** If notifying the affected parties of the existence of a conflict of interest would, in itself, constitute a breach of confidentiality, the member or firm will have no choice but to decline the engagement.
- 35** The appropriateness of managing a particular conflict of interest is likely to depend on the particular facts and circumstances. As circumstances evolve, affected parties who initially agreed to allow a member or firm with a conflict of interest to act may change their position. The risk and consequences of this possibility should be considered at the outset.
- 36** When a member or firm enters into discussions with an affected party about the impact of possible conflicts of interest on the party's interest, the member or firm should specifically address how the obligations to the party will be met and what restrictions, if any, there will be on access to the expertise of the organization.
- 37** The courts may recognize the contractual clarification of a member's or firm's obligations by considering written or implied terms, disclosure, and the consent or agreement of the affected party. Such clarification might, for example, be provided by:
- an engagement letter or contract to clarify the member's or firm's and the affected party's obligations in an engagement. The following wording might be used to inform a party of potential conflicts of interest in an engagement, restrictions that could apply and the use of conflict management techniques to protect confidential information:
 

"We provide a wide range of services for a large number of clients and may be in a position where we are providing services to clients whose interests may conflict with your own. We cannot be certain that we will identify all such situations that exist or may develop and it is difficult for us to anticipate all situations that you might perceive to be in conflict. We therefore request that you notify us promptly of any potential conflict affecting the Contract of which you are, or become, aware. Where the above circumstances are identified by us or you and we believe that your interests can be properly safeguarded by the implementation of appropriate procedures, we will discuss and agree with you the arrangements that we will put in place to preserve confidentiality and to ensure that the advice and opinions which you receive from us are wholly independent of the advice and opinions that we provide to other clients. Just as we will not use information confidential to you for the advantage of a third party, we will not use confidential information obtained from any other party for your advantage.";
  - written expression in publicly available policy statements of obligations undertaken, which also appears to be a tool that a member or firm may use to further demonstrate the management of possible conflicts of interest; or
  - to the extent that the matter is not dealt with in the foregoing, clarification of a member's or firm's obligations that is included in final reports, proposals, etc.
- 38** In the engagement letter, public policy statement or contract, the relationship may be clarified by:



- clearly defining the obligations owed to the other party. This may be accomplished through an exclusion clause;
- clearly delineating the rights and duties of all parties; and
- a conflict of interest is managed in part by a party's consent, including provisions that set out the consequences should the party withdraw such consent. It might be agreed, for example, that in such circumstances the member or firm would (or would not) be able to continue to act for one of the other parties, and if so, which one.

### 39 Step 4: Assess the effectiveness of a conflict management plan

After choosing the conflict management techniques that will be relied upon, the member or firm should assess the overall effectiveness of the plan. The onus will be on the member or firm to be able to demonstrate that the conflict management techniques are effective in protecting confidential information. In a particular case, the court may not accept the use of conflict management techniques to manage a conflict of interest. Members and firms must assess the risk of such a finding by a court on a case-by-case basis and, where appropriate, obtain legal advice.

### 40 When assessing the effectiveness of the selected conflict management techniques, members and firms should ask the following questions:

- Will the conflict management techniques work effectively in practice? For example, it may not be possible to obtain the consent of two parties as the mere disclosure of the issue to one party might involve the disclosure of confidential information of the other party.
- Are the persons required to perform the work able to remain within a cone of silence or behind a fire wall for the required period of time?

### 41 Step 5: Re-evaluate the plan during engagement

A professional services relationship will often exist for an extended period of time during which the party's interests may change. When in the course of an engagement for a party, conflict or possible conflict with an engagement for another party is discovered, a member or firm should consider the following actions:

- resign from both assignments without disclosure of the detailed reasons if such disclosure would also disclose confidential information; or with appropriate disclosure of the detailed reasons if confidential information can be protected;
- obtain consent from both parties to continue their engagements in spite of the conflicts of interest;
- seek the consent of both parties to continue for one party; and
- after obtaining the required consent, use existing conflict management techniques such as cones of silence or fire walls, to protect confidential information in appropriate circumstances.

### 42 When the discovery of a conflict of interest occurs while an engagement is in progress, it may be more difficult to then implement conflict management techniques to protect confidential information. It will also be difficult to clarify the member's or firm's obligations by indicating that the member or firm intends to accept engagements for parties whose interests may from time to time conflict with those parties to whom the member or firm is already providing professional services.

### 43 If, however, conflict management techniques such as cones of silence or fire walls have been

in place from the outset of both professional services assignments, and the parties have been informed at the outset of possible conflicts of interest, the task of dealing with new conflicts of interest that arise is made easier.

## **G Documentation**

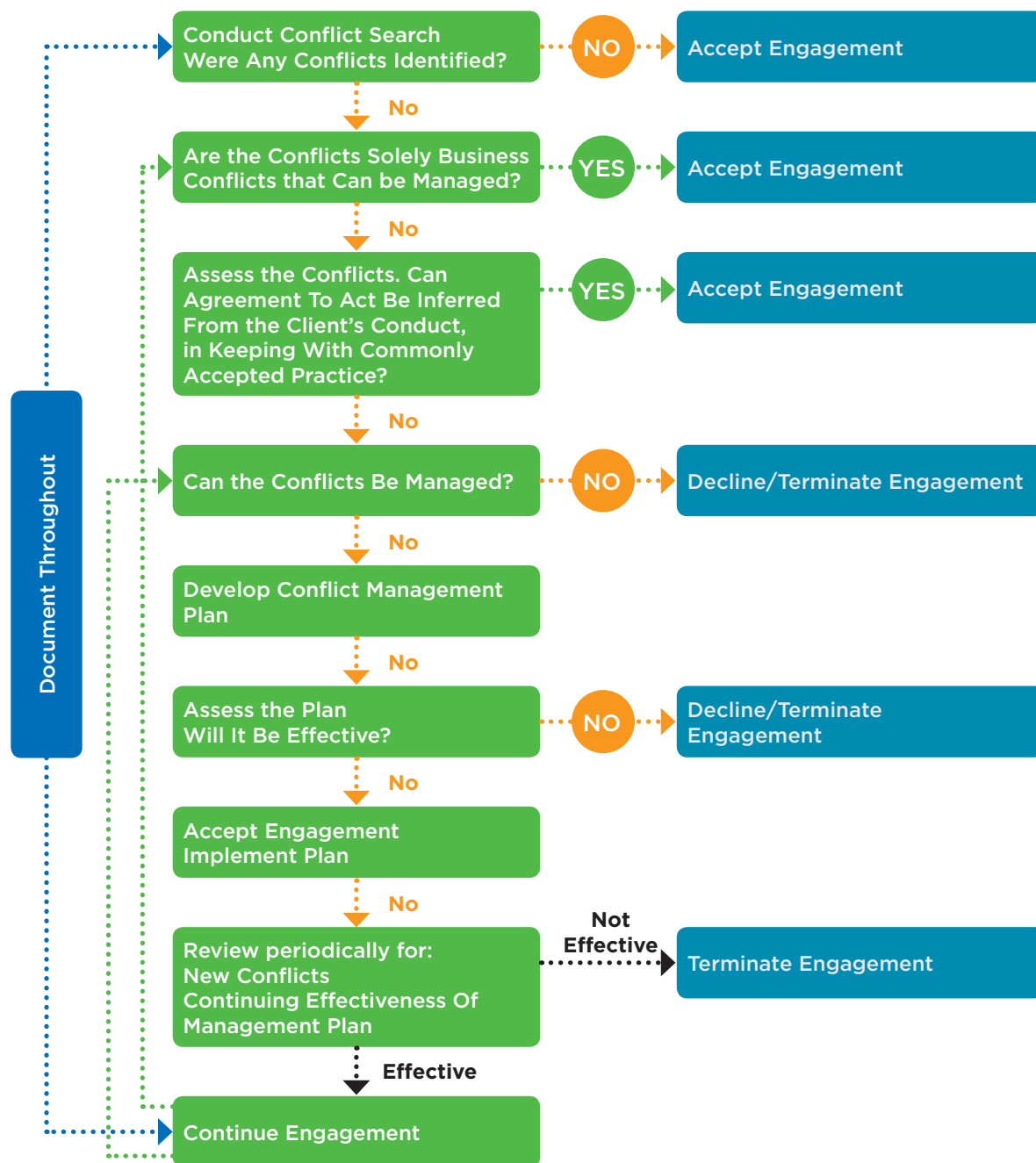
- 44** Since problems with the management of conflicts of interest may arise in the future, it is important to document the process by which such conflicts are assessed and managed. Rule 210.4 sets out specific requirements with respect to documentation which, in general terms, will normally include considerations with respect to the identification of conflicts of interest; the assessment of such conflicts and the facts considered in making the assessment; the conflict management plan adopted with the reasons why the member or firm believes the plan will be effective; and the ongoing assessment of the plan's effectiveness. When the professional judgment of the member or firm is comprehensively documented, both at the outset and while providing the service, the member or firm is more likely to be able to establish that a particular conflict of interest was identified and managed appropriately.

## **H Other conflict of interest considerations**

- 45** When developing a conflict management approach, the member or firm must ensure that the conflict management techniques selected are robust enough to demonstrate that the affected parties' interests will be served within the terms of the engagement or contract.
- 46** The use of such techniques requires the use of professional judgment since ultimately their effectiveness and acceptability will be judged using the standard of "the expectation of an informed, reasonable observer".
- 47** Where relationships or engagements exist for extended periods of time, the question of potential conflicts of interest should be addressed at least annually, perhaps as part of the ongoing review of client continuance decisions or professional services contracts.

### Conflicts of interest management decision chart

The following flowchart outlines a process for dealing with conflicts of interest which can be applied to decisions made in relation to the provision of both public accounting and other professional services.



## 211 Duty to report breach of the CPA Code

### RULES:

**211.1** *A member or firm shall promptly report to CPA Ontario any information concerning an apparent breach of this CPA Code or any information raising doubt as to the competence, integrity or capacity to practise of another member or firm, unless such disclosure would result in:*

- (a) *the breach of a statutory duty not to disclose;*
- (b) *the reporting of information by a member or firm exempted from this rule for the purpose and to the extent specified by Council;*
- (c) *the loss of solicitor-client privilege;*
- (d) *the reporting of a matter that has already been reported; or*
- (e) *the reporting of a trivial matter.*

**211.2** *A member or firm required to report under Rule 211.1 and who is engaged, or is in consultation with a view to being engaged, with respect to a civil or criminal investigation need not report to CPA Ontario any information obtained in the course of such engagement or consultation concerning an apparent breach of this CPA Code or any information raising doubt as to the competence, integrity or capacity to practise of another member or firm until such time as:*

- (a) *the client or employer has provided consent to the release of the information;*
- (b) *the member or firm becomes aware that the information is known to third parties other than legal advisors; or*
- (c) *it becomes apparent to the member or firm that the information will not become known to third parties other than legal advisors.*

### GUIDANCE – Rule 211

- 1 It is in the public interest that a member or firm be required to report to CPA Ontario apparent breaches by another member or firm of the CPA Code. The good reputation of the profession could adversely be affected if such matters were not reported. Rules 211.1 and 211.2 are not intended to require the reporting of a trivial matters or minor perceived faults of another member or firm. Each mistake or omission by a member or firm is not necessarily a breach of the CPA Code. In deciding when to report, a member or firm should believe that the matter raises doubts as to the competence, reputation or integrity of another member or firm.
- 2 Rule 211.1 sets out specific situations where it does not apply. For example, the Rule does not apply to disclosure of information obtained
  - in the course of the member's employment by an organization, such as a government taxation authority, where there is a legal requirement imposed by statute to maintain the confidentiality of information obtained through this employment;
  - in the member's role as a practice inspector or member advisor, who has been exempted for the purpose and to the extent specified by Council; or
  - in the course of an engagement, such as a litigation support engagement, where disclosure will result in the loss of solicitor-client privilege.

- 3 Under certain circumstances, such as the forensic investigation of a fraud, Rule 211.2 permits the reporting of the matter to be delayed until
  - the client has provided consent to the release of such information;
  - the information has become known to third parties other than legal advisors; or
  - it becomes apparent to the member or firm that the information will not become known to third parties other than legal advisors.
- 4 Rule 211.2 attempts to strike a balance between the duty to the client and the duty to protect the public interest and maintain the reputation of the profession. Clients may assume that a member or firm will not disclose information without consent, resist the obligation of the member or firm to report and even be reluctant to engage a member or firm because of the reporting obligation. In addition, reporting without the client's knowledge or consent could result in a claim against the member or firm. Thus the client must be informed that while the member or firm will seek consent to report the information, ultimately, if the consent is not forthcoming, the obligation to the public and the profession will prevail and the member or firm will be obliged to report.
- 5 A member or firm reporting a matter does not have to carry out an investigation or reach a decision as to whether the CPA Code has been breached. However, it is not enough simply to have a suspicion that there has been professional misconduct. What must be reported are the facts as known to the member or firm along with any supporting documentation.
- 6 If a member or firm knows that a matter involving apparent misconduct on the part of another member or firm has come to CPA Ontario's attention, the member or firm does not have a duty to report the matter. The member or firm must report if the member or firm knows that certain facts have been concealed, distorted or otherwise not reported.
- 7 Having reviewed Rules 211.1 and 211.2 and this Guidance, a member or firm in doubt as to whether a matter should be reported should consult CPA Ontario staff for advice. In certain circumstances, such as those described in paragraph 4 above, the member or firm should also consider obtaining legal advice.

## 212 Handling property of others

### RULES:

#### 212.1 Handling of trust funds and other property

- (a) *A member or a firm that, receiving, handling or holding money or other property in any capacity as a trustee, or as a receiver or receiver/manager, guardian, administrator/manager or liquidator, shall do so in accordance with the terms of the engagement, including the terms of any applicable trust, and the law relating thereto and shall maintain such records as are necessary to account properly for the money or other property; unless otherwise provided for by the terms of the trust, money held in trust shall be kept in a separate trust bank account or accounts.*
- (b) *When a member or a firm receives a retainer for the provision of future services and no written agreement has been executed regarding the terms which must be met for disbursement of the retainer, the member or firm shall consider and handle the retainer as funds held in trust in accordance with paragraph (a) above.*

#### 212.2 Handling property of others

*A member or firm, in the course of providing professional services, shall handle with due care any entrusted property.*

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### GUIDANCE – Rule 212

- 1 In this Guidance the term “trust funds” includes all amounts received by a member or firm to be held or disbursed on the instructions of the person from whom or on whose behalf the amounts are received, such person being referred to as “client”.
- 2 While it may be prudent to obtain legal advice with respect to complying with the law relating to trusts, the following should assist in understanding the Rule:
  - each trust relationship should be documented in writing;
  - trust funds, unless subject to written instructions to the contrary, should be deposited without delay to a separate bank account, a “trust account”, which may be an account in the name of a specific client, but should in all cases include in its title the word “trust”;
  - trust funds and property of others are to be separated from the member’s or firm’s assets and used only for the purpose for which they are intended;
  - withdrawals or disbursements from a trust account should be limited to:
    - funds properly required for payment to or on behalf of the client; or
    - funds properly required for or toward payment of the member’s or firm’s fees for services rendered or disbursements for which a billing has been rendered and approved, preferably in writing, by the client;
  - in the absence of express agreement to the contrary, any interest earned on trust funds should be accounted for to the client;
  - records should be maintained to show clearly trust funds received, paid or held on behalf of clients, clearly distinguishing the funds of each client from those of other clients and from the member’s or firm’s own funds;
  - members and firms should establish appropriate safeguards and controls over receipts and disbursements of trust accounts;

- members and firms should be prepared at all times to account for the trust funds or other property together with any income, dividends or gains generated, to any person who is entitled to any such accounting; and
  - members and firms should consider using a lawyer or financial institution where amounts are large or the situation is unusual or contentious.
- 3** Matters that should be addressed by a written retainer agreement include:
- the manner and timing for billings to be rendered and approved;
  - how the retainer is to be applied, for example whether it is to be applied as billings are approved or is to be held and applied to a final invoice;
  - a requirement for the member or firm to provide periodic reporting to the client regarding outstanding billings and the balance of the retainer;
  - the manner and timing of refunds of any retainer if the engagement cannot be completed or is completed in an amount which is less than the balance of the retainer; and
  - how any dispute with respect to billings is to be resolved.
- 4** There may be occasions when other property is received in trust in lieu of funds. Appropriate safeguards and controls should be established over these properties including, if applicable, the safekeeping of securities or other negotiable instruments.
- 5** If the engagement is one governed by bankruptcy and insolvency legislation, members or firms should refer to the provisions of such legislation and any regulations and directives enacted thereunder.
- 6** Members or firms acting as executors, administrators or trustees should refer to the provisions related to independence as set out in Rule 204.

## 213 Unlawful activity

### **RULE:**

*A member or firm shall not associate with any activity that the member or firm knows, or should know, to be unlawful.*



## 214 Fee quotations and billings

### RULE:

*A member or firm shall*

- (a) *obtain adequate information before providing a fee quotation to perform any professional service; and*
- (b) *render billings for professional services on a fair and reasonable basis and provide such appropriate explanations as are necessary to understand the billing.*

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### GUIDANCE – Rule 214

- 1 A prospective client may wish to obtain some indication of the fee for a member's or firm's services. A member or firm discussing a possible assignment may not be in a position to quote a fee or fee range without becoming more familiar with the requirements of the client. For example, in an audit assignment it would generally be necessary to become familiar with the prospective client's accounting policies and procedures and internal controls. In an accounting assignment it would generally be necessary to assess the prospective client's books and records and the application of the related accounting policies. Without becoming so familiarized or making an appropriate assessment, it would not be possible to estimate the fee.
- 2 As provided in Rule 205, a member or firm should not sign or associate with any letter, report, statement, representation or financial statement which the member or firm knows or should know is false or misleading. Accordingly, a member or firm should not make a representation that specific professional services in current or future periods will be performed for either a stated fee, estimated fee, or fee range, if it is likely at the time of the representation that such fees will be substantially increased and the prospective client is not advised of that likelihood.
- 3 A member or firm obtaining work for a fee significantly lower than that charged by the predecessor, or quoted by others, should be aware that there may be a perception that independence, where required, and/or quality of work could be impaired. Accordingly, a member or firm should be satisfied that a fee quoted to a client for the performance of professional services is sufficient to ensure that:
  - independence, where required, will not be impaired;
  - the quality of work will not be impaired; and
  - due care will be applied to comply with all professional standards in the performance of those services.
- 4 Factors to consider when assessing the fairness and reasonableness of fees for professional services include:
  - the level of training and experience of the persons engaged in the work;
  - the time expended by the persons engaged in the work;
  - the degree of risk and responsibility which the work entails;
  - the priority and importance of the work to the client;
  - the value of the work to the client; and
  - any other circumstances which may exist (e.g. fees fixed by a court or other public authority, fees in insolvency work and the administration of estates and trusts which, by

statute or tradition, are often based on a percentage of realizations and/or assets under administration).

- 5 If a client makes a reasonable request for additional detail and explanation in order to understand a billing, a member or firm is expected to provide such information.

## 215 Contingent fees

### DEFINITIONS:

*For the purpose of Rule 215 and the related Guidance:*

**“partner”** means a member’s partner, whether or not a member of CPA Ontario, in either the member’s public accounting practice or a related business or practice.

### RULES:

- 215.1** A member or firm engaged in the practice of public accounting or in a related business or practice shall not offer or engage to perform a professional service for a contingent fee, where the service is:
- (a) one in respect of which independence is required in accordance with the provisions of Rule 204;
  - (b) a compilation engagement; or
  - (c) preparation of an income tax return.
- 215.2** Other than in respect of an engagement described in Rule 215.1, a member or firm engaged in the practice of public accounting or in a related business or practice may offer or engage to perform a professional service for a contingent fee provided the client has agreed in writing to the basis for determining the fee before the substantial completion of the engagement and:
- (a) the fee arrangement does not constitute an influence, interest or relationship which impairs or, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member or a partner of the member in respect of an engagement for which independence is required in accordance with the provisions of Rule 204; or
  - (b) the fee arrangement is not one which influences, or in the view of a reasonable observer would influence, the result of a compilation engagement performed or an income tax return prepared by the member or a partner for the same client.

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### GUIDANCE – Rule 215

- 1 A member or firm is entitled to charge for professional services such fees as the member or firm considers to be fair and reasonable for the work undertaken. Generally it is prudent to refer to fees and the basis on which they are to be computed in an engagement letter to the client or potential client.
- 2 When providing a professional service for a contingent fee, a member or firm must bear in mind the requirements of Rules 202, 203, 205 and 206. These rules require a member or firm to perform services with integrity and due care; to sustain professional competence in all functions in which the member practices; not to associate with any letter, report, statement or representation which the member or firm knows or should know is false or misleading; and to comply with the generally accepted standards of practice of the profession.
- 3 When permitted by the CPA Code to provide a professional service on a contingent fee basis, a member or firm also must ensure that such a contingent fee arrangement does not, in the view

of a reasonable observer, create an influence which would impair professional judgment or objectivity with respect to another engagement for the same client which requires objectivity on the part of the member or firm. .

- 4 The following examples of engagements undertaken on a contingent fee basis are provided as guidance to assist members and firms in determining whether their professional judgment or objectivity may be compromised with respect to the types of engagements for which objectivity is required by the CPA Code or would be seen to influence the result of a compilation engagement or the preparation of an income tax return.

Examples of professional services which might be undertaken on a contingent fee basis, provided that other relevant provisions, including Rule 204, would also permit the provision of such professional services to an assurance client are:

- commodity tax refund claims; and
- preparing notices of objection to tax assessments and reassessments.

Examples of professional services engagements which, if undertaken on a contingent fee basis, may be seen to impair professional judgment or objectivity with respect to another engagement for the same client which requires objectivity on the part of the service provider are:

- executive search services;
- assisting with income tax appeals;
- valuation engagements which involve the expression of a professional opinion;
- assisting with the purchase or sale of all or part of a business;
- financing proposals, the success of which is dependent, in whole or in part, upon the client's financial statements or the client's future oriented financial information;
- litigation support and forensic investigations which use financial statements or other financial information of the client or result in reports which impact on or bear a relationship to the client's financial statements;
- business interruption insurance claims; and
- re-engineering or efficiency studies, the results of which could materially impact on the client's financial statements or other financial information.

- 5 The examples in paragraphs 3 and 4 are not intended to be exhaustive or conclusive in determining whether a particular engagement may be undertaken on a contingent fee basis. A member or firm must always exercise professional judgment in concluding whether a particular engagement may be undertaken on a contingent fee basis in accordance with Rule 215.2.

- 6 Rule 214 permits members or firms to render billings, commonly referred to as value billings, based on criteria which include;

- the level of training and experience of the persons engaged in the work;
- the time expended by the persons engaged in the work;
- the degree of risk and responsibility which the work entails;
- the priority and importance of the work to the client;
- the value of the work to the client; and
- any other circumstances which may exist (e.g. fees fixed by a court or other public authority, fees in insolvency work and the administration of estates and trusts which, by statute or tradition, are often based on a percentage of realizations and/or assets under administration).

However, value billing should not be used to justify what is in substance an otherwise inappropriate contingent fee arrangement.

- 7** Members and firms are cautioned that professional engagements may be subject to standards of other professional bodies or organizations which must be considered in determining whether contingent fees are appropriate for a particular engagement. In all such cases, the higher or more stringent standard must be applied.

## 216 Commission or similar compensation arrangements

### DEFINITIONS:

*For the purpose of Rule 216 and the related Guidance:*

**“assurance client”** means an entity in respect of which a member or firm has been engaged to perform an assurance engagement as contemplated in the CPA Canada Handbook-Assurance. In the application of Rule 216, “assurance client” includes its related entities, and the reference to an assurance client, a client or an entity that is an assurance client shall be read as including all related entities of the assurance client, client or entity as the case may be.

**“clearly insignificant”** means trivial and inconsequential.

**“client”** means any person for whom professional services are performed or to whom products or services are sold or provided by the member or firm directly or through referral to others. In the application of Rule 216, references to “client” shall be read as including all related entities of the client.

**“compensation”** includes, but is not limited to, a commission, rebate, preference, discount, benefit or other consideration, whether monetary or non-monetary, but does not include a fee for services.

**“consent”** means fully informed and voluntary, documented consent, given after disclosure of sufficient information and with sufficient time to make a knowledgeable decision, provided that if more than one person is involved, each needs to provide consent.

### RULES:

**216.1** A member or firm engaged in the provision of professional services to a client may pay or receive any compensation in relation to obtaining a client or the referral of products or services of others, provided that:

- (a) the prohibitions outlined in Rule 216.2 do not apply;
- (b) the member or firm, in respect of the particular products or services to which the compensation relates, shall:
  - (i) identify threats to the objectivity of the member or firm arising from the proposed payment or receipt of compensation;
  - (ii) evaluate the significance of those threats; and
  - (iii) if the threats are other than clearly insignificant:
    - (A) disclose the compensation to the client in writing;
    - (B) obtain the consent of the client prior to payment or receipt of the compensation; and
    - (C) identify and apply any additional safeguards as appropriate to reduce the threats to an acceptable level.

*Where safeguards are not available to reduce the threat or threats to an acceptable level, the member or firm shall not pay or accept the compensation.*

**216.2** Other than as allowed by Rule 216.3 and Rule 216.4, a member or firm shall not directly or

*indirectly pay or receive any compensation in relation to or in respect of:*

- (a) *obtaining an assurance client;*
- (b) *the referral of an assurance client to others;*
- (c) *the referral of products or services of others to an assurance client; or*
- (d) *the provision of other professional services to an assurance client.*

**216.3** *A member or firm engaged or employed in the practice of public accounting may pay, in relation to obtaining a client or assurance client, a commission or other compensation to any person who is a partner, shareholder or employee of the member or firm or who is another member or firm engaged or employed in the practice of public accounting.*

**216.4** *A member or firm may pay or accept compensation in connection with the sale and purchase of a public accounting practice.*

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## GUIDANCE – Rule 216

### Commission-based compensation arrangements

- 1 A member or firm may be asked by an investment dealer, portfolio manager, insurance broker or software provider to act as agent or sub-agent for the sale of securities or software, provision of investment advice or portfolio management services, or the placement of insurance. A member or firm may also be asked to refer clients or assurance clients directly to a third-party provider of such products or services. A member or firm may, at the same time, be receiving fees from clients or assurance clients for professional services which include advice on the utilization of surplus funds or on insurance coverage. There is a high probability of a conflict of interest between this position and that of providing a referral or acting as agent or sub-agent for the sale of products or provision of services. Acceptance of compensation, whether in the form of money or otherwise, from third parties for such referrals or agency services represents a threat to the principle of objectivity which is fundamental to our profession.

### Commission-based compensation permitted with safeguards

- 2 When providing a professional service in respect of which Rule 216.1 may permit a member or firm to pay or accept compensation, the member or firm is required to first identify threats to objectivity that may arise in the context of the services to be provided and the proposed compensation methodology, and to identify and apply safeguards to reduce such threats to an acceptable level. Professional services, in this context, could include referral of the client to the products or services of a third party, including software, investment or insurance products and wealth management services, or sale to the client of such products or services by the member or firm acting as agent or sub-agent for the third party. An example of such circumstances is where a firm recommends purchase by the client of particular accounting software to assist the firm in providing accounting or bookkeeping services to the client.
- 3 Appropriate safeguards must take into account the nature of the client and the client relationship (for example: Is the client sophisticated? Does the relationship give rise to a fiduciary duty?) At a minimum, member or firm must disclose the proposed compensation to the client in writing and obtain the client's consent to receipt of the proposed compensation. Other appropriate safeguards may include, without limitation:
  - prior disclosure of the relationship between the member or firm and the provider of the product or service;
  - ongoing disclosure of the compensation, including any periodic fees that may result to the member or firm after the initial purchase/referral; and

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- in appropriate circumstances, prior identification and discussion of alternative products or service providers, or alternative compensation structures with the client, allowing the client to make the final choice as to the products or services to be provided and the basis for compensation of the member or firm.

### Consent

- 4 Consent may be written, or else provided in an electronic or digital format that provides a similar level of evidence, such as an electronic signature.

### Incidental advice

- 5 Rule 409 exempts taxation advice provided on an incidental basis from regulated services, provided certain conditions are met. These conditions are primarily applicable to members working for larger financial institutions such as banks or investment dealers. Members who provide taxation services incidental to wealth management services, who meet the conditions set out in Rule 409, may not be considered to be providing accounting services to the public. However, they could be considered to be providing professional services and, if so, are required to adopt the threats and safeguards approach discussed above in connection with the provision of services that could result in the receipt of compensation by the member.

### Alternative compensation where commission-based compensation prohibited

- 6 The effect of Rule 216.2 is that a member or firm engaged in the provision of assurance or other professional services to an assurance client is not permitted to receive compensation for a referral of products or services of others to that assurance client. In this case, the self-interest threat to the principles of objectivity and independence is likely too great to be obviated by the application of safeguards.

In order to provide other professional services to assurance clients, the member or firm must bill in respect of those services in a manner that does not involve receipt of compensation by the member or firm. Such billing methods may include an hourly fee for service, fees based on a percentage of assets under administration, or another arrangement provided it is documented, and approved and paid directly by the client. Where a member or firm establishes arrangements and corporate or other structures in order to facilitate transactions involving the receipt or payment of commission-based compensation, such arrangements or structures are unlikely to change the substance of these transactions. CPA Ontario will consider the substance and effect of any such transactions when making a determination as to whether a breach of the CPA Code has occurred.

Note that for the purposes of Rule 216.2 “member or firm” includes any related business or practice of the member or firm. Compensation received by any such related party of the member or firm is considered to be indirectly received by the member or firm. “Compensation” includes non-monetary compensation, and it also includes compensation in respect of related parties of the assurance client.

### Other regulatory regimes

- 7 Members and firms are reminded that transactions giving rise to the payment or receipt of compensation for the referral of the products or services of others are frequently governed by statute or other regulations setting out specific additional licensing, registration, disclosure and other requirements.

*New August 26, 2016: Rule 216 Commission or similar compensation arrangements. This replaces Rule 216 Payment or receipt of commissions, which has been repealed.*



## 217 Advertising, Solicitation and Endorsements

### DEFINITIONS:

*For the purpose of Rule 217 and the related Guidance:*

**“endorsement”** means:

- (a) *public promotion, support, sponsorship, recommendation, guarantee, sanction or validation of any product or service of another person or entity;*
- (b) *public indication or implication that the member or firm either:*
  - (i) *uses a product or service of another person or entity; or*
  - (ii) *has an association with a product or service of another person or entity that is of a nature that has enabled the member or firm to formulate an opinion or belief as to the quality of the product or service or the benefits to be derived by the purchasers or users of the product or service; or*
- (c) *agreement, including by acquiescence, to the use of the member’s or firm’s name in connection with any of the activities described in (a) or (b).*

### RULES:

#### Advertising

- 217.1** *Advertising and promotion A member or firm may advertise or seek publicity for the member’s or firm’s services, achievements or products and may seek to obtain new engagements and clients by various means, but shall not do so, directly or indirectly, in any manner*
- (a) *which the member or firm knows, or should know, is false or misleading or which includes a statement the contents of which the member or firm cannot substantiate;*
  - (b) *which makes unfavourable reflections on the competence or integrity of the profession or any member or firm; or*
  - (c) *which otherwise brings disrepute on the profession.*

#### Solicitation

- 217.2** *Notwithstanding Rule 217.1, a member or firm shall not, either directly or indirectly solicit, in a manner that is persistent, coercive or harassing, any professional engagement.*

#### Endorsements

- 217.3** *A member or firm may advertise or endorse any product or service of another person or entity that the member or firm uses or otherwise has an association with, provided the member or firm has sufficient knowledge or expertise to make an informed and considered assessment of the product or service. However, in doing so,*
- (a) *the member or firm must act with integrity and due care;*
  - (b) *the member or firm must be satisfied that the endorsement*

- (i) *is not false or misleading or does not include a statement the contents of which the member or firm cannot substantiate,*
- (ii) *does not make unfavourable reflections on the competence or integrity of the profession or any member or firm, and*
- (iii) *does not otherwise bring disrepute on the profession; and*
- (c) *when associating the CPA designation with an endorsement, the member or firm must conduct appropriate procedures to support the assertions made about the product or service.*

## GUIDANCE – Rule 217

### 217.1 Advertising

- 1 It is in the public interest and in the interest of all members and firms of CPA Ontario that members and firms be allowed to advertise or otherwise promote services available and the basis of fees charged. Members or firms should be able to receive publicity, identifying them as members or firms of CPA Ontario, in areas which reflect their competence and knowledge, in matters which are within the scope of activities of members of CPA Ontario, and in matters of community or public interest. Advertising and publicity should contribute to public respect for the profession and thus to the professional standing of all members. It is the responsibility of the member or firm to ensure that any promotional material produced by or under the control of the member or firm is factual, and that any commentary is not misleading.
- 2 As guidance to members or firms, the following outlines what is acceptable conduct in a number of areas. Unless specifically noted, this Guidance also applies to members or firms otherwise engaged or employed, and to firms or corporations engaged, in a related business or practice. The objective is to ensure that advertising or other promotional communication is accurate and factual.
- 3 Members and firms that engage public relations, recruiting or other agents are responsible for ensuring that no activity for which the agent is engaged contravenes the CPA Code. While there are matters in which the use of skilled assistance can be advantageous, it should be recognized that there is an inherent danger of contravention of the CPA Code and that close control must be exercised to avoid breaches.
- 4 A member or firm may be the subject of, or may be referred to, in any bona fide news story (including interviews and commentaries) or may publish any work (including any professional paper, report, article, etc.) related to the member's or firm's professional services, provided that the member or firm uses all best efforts to ensure that none of the contents of such news story or work violates the requirements of Rule 217.

### False or misleading advertising

- 5 It is not appropriate for members and firms to use advertising or promotional communications or media, including electronic media, that bring disrepute on the profession.
- 6 Members and firms should ensure, at all times, that any public reference (in promotional material, websites, stationery, reports, etc.) to themselves or their services is accurate. The following are examples of false or misleading references:
  - any implication that the practising unit is larger than it is, such as by use of plural descriptions or other misleading use of words;

- any implication that a person is a partner of a firm, when the person is not;
  - any implication that separate firms sharing office space, staff or other resources or in other cost-sharing arrangements are in partnership or otherwise share ownership of a firm;
  - any implication that a person is entitled to practise (“as a public accountant,” as appropriate) by including his or her name in public announcements of a practising firm if the person is not licensed (“as a public accountant,” as appropriate);
  - any reference to representation or association which is not in conformity with the facts;
  - the use of obsolete or out of date information;
  - any reference to particular services of any person or firm where the person or firm is not currently able to provide those services;
  - any statement that the practice is restricted to one or more functions, if assignments are accepted in other practice functions; and
  - any statement that may create false or unjustified expectations as to the results of an engagement.
- 7 Any reference to fees which is intended for the information of the public (including prospective clients) should not be misleading. The following are examples of false or misleading fee references:
- fee information if the service at the fee specified will not be available on an ongoing basis for a reasonable length of time;
  - a quotation of specific fee information if the service at the fee specified is conditional upon the acceptance by the client of other services, unless such condition is disclosed;
  - a “rate per hour” or fee or fee range for specified services which does not give a reasonable description of the services included;
  - fee information which quotes an unqualified “average rate”, fee or fee range for services when a particular assignment might likely be billed at a significantly higher amount; and
  - fee information, using terms such as “from \$X”, where fees, rates or ranges are not sufficiently representative of those normally charged.
- 8 Members and firms should ensure that any controllable public references to them, their services or accomplishments, whether written or oral, are not false or misleading.

### Unfavourable reflections

- 9 Since any member or firm may be able to offer services similar to those offered by others, it is not appropriate for any member or firm to claim superiority with respect to the competence or integrity of any other member or firm.

### Use of the term “specialist”

- 10 Individuals who have earned the designation “Chartered Professional Accountant” have demonstrated a high level of education and professional experience. To hold oneself out as a specialist is to imply possession of particular skills, talents and experience.
- 11 Specialization must be distinguished from expertise. Expertise implies extraordinary knowledge about a specific subject – no matter how broad or how narrow. Specialization implies a concentration of professional skills developed and applied over a meaningful period of time. A person may be an expert without being a specialist.

- 12** Members or firms designating themselves or related businesses or practices as specialists must be prepared to substantiate the claim. Failure to provide advice to a specialist standard after accepting an engagement to do so may have serious legal consequences.
- 13** A member seeking identification as a specialist should meet the following minimum criteria:
- the member recognized as such by peers, clients and business associates or holds a credential, designation or both, in a particular professional service area;
  - a significant percentage of the member's, time over a sustained period has been spent in the specialty;
  - the member has completed courses and/or successfully completed appropriate examinations, if applicable, for the specialty;
  - the member continues to complete professional development relevant to the specialty, such as attendance at courses, teaching or writing; and
  - the member continues to devote a significant percentage of time to the specialty.
- 14** Improperly claiming specialist status may violate one or more of the following rules:
- Rule 201.1, which requires members and firms to act in a manner that will maintain the good reputation of the profession;
  - Rule 202, which requires members and firms to perform their services with integrity and due care;
  - Rule 203.1, which requires members to sustain their professional competence in all functions in which they practise;
  - Rule 205, which prohibits members and firms from being associated with false or misleading documents and oral representations;
  - Rule 210, which requires members and firms to avoid conflicts of interest; and
  - Rule 217.1(a), which requires members and firms to refrain from making statements that cannot be substantiated.
- 15** Firms intending to identify themselves as specialists should meet the following minimum criteria:
- the firm is recognized as such by peers, clients and business associates;
  - a significant percentage of the firm's time over a sustained period has been spent in the specialty;
  - firm members have completed courses and/or successfully completed appropriate examinations, if applicable, for the specialty;
  - firm members continue to complete professional development relevant to the specialty, such as attendance at courses, teaching or writing; and
  - the firm continues to devote a significant percentage of time to the specialty.

## 217.2 Solicitation

- 1** Solicitation is an approach to a client or prospective client for the purpose of offering services. The approach may be made in person, through direct mail (including fax or e-mail) or via a third party such as a telemarketer. Regardless of the method used, the approach must comply with relevant legislation as well as the Rules which govern integrity, conflict of interest, payment of commissions and advertising or which otherwise regulate members and firms.
- 2** Communication with a prospective client should cease when the prospect so requests either

directly to the member or firm or through CPA Ontario. Any continued contact will be regarded as harassment, which is contrary to the Rule.

- 3 Participation in a trade or a financial services show or in a seminar arranged for or promoted by a non-member is not prohibited by the Rules, provided that the conduct of the member or firm and any references to the member or firm are in accordance with the Rules and the follow up of contacts are in accordance with Paragraphs 1 and 2 of this Guidance.
- 4 The distribution of technical information such as a tax letter to prospective clients and others is not prohibited.
- 5 Members and firms may serve the interests of the public and the profession by presenting educational and informational seminars and may distribute invitations to attend seminars and provide related informational material. Seminars may be advertised as permitted by Rule 217.1. Such advertising may invite the public to request brochures, letters or other descriptive or informational material from the members or firms responsible for the seminar. Members and firms may arrange, promote, present or otherwise be responsible for such seminars, with or without a fee, subject to the Rules.

#### **Clientele of a deceased member**

- 6 When a member who is a sole proprietor dies, the member's executors should be provided a reasonable opportunity to arrange for transfer of the deceased member's clients to another member or firm. CPA Ontario may be able to assist the estates of deceased members in such circumstances. It is recognized that, in some cases, clients may require immediate service and may not be able to await the orderly disposal of the practice. Any member or firm who is approached to take over the account of a prospective client who had been served by a deceased member should notify the executor upon assuming the account.

### **217.3 Endorsements**

- 1 When endorsing a product or service that the member or firm uses in business or professional practice, the member or firm should first make an appropriate investigation or assessment of the product or service so as to be able to express an opinion or state a belief about it.
- 2 When endorsing a personal product or service, the member or firm should have sufficient familiarity or acquaintance with the product or service to make an informed and considered decision about it.
- 3 When endorsing any product or service, a member or firm must take care to ensure that the endorsement does not or would not create a conflict of interest or impair objectivity.

## 218 Retention of documentation and working papers

### RULE:

*A member or firm shall take reasonable steps to maintain information for which the member or firm is responsible, including retaining for a reasonable period of time such working papers, records or other documentation which reasonably evidence the nature and extent of the work done in respect of any professional service.*

### GUIDANCE – Rule 218

- 1 Cases may arise where a member or firm may be required to substantiate procedures carried out in the course of providing professional services. If the files do not contain sufficient documentation to confirm the nature and extent of the work done, the member or firm concerned may well have great difficulty in showing that proper procedures were in fact carried out. The importance of adequate documentation cannot be over-emphasized; without it, a member's or firm's ability to outline and defend professional work is seriously impaired.
- 2 There is an obligation to keep the documentation for a reasonable period of time. Unfortunately, it is not possible to give an all-encompassing guideline as to what is reasonable. What is reasonable varies with the circumstances. One of the problems is that an action based in negligence arises, not when the negligent work is done, but when the damage caused by the negligent work becomes known, or ought to have become known, to the person who is harmed. At a minimum, documentation should not be destroyed until legal advice has been obtained with respect to any limitation periods that may apply.
- 3 Further, a member or firm should retain documents for a period of time to provide professional services effectively and to properly serve clients and employers. That time period will depend on the risk associated with the professional service provided and the nature of the specific information that is contained in the files. While a general guideline might be as short a period as the minimum time period required by statute, some documentation may need to be retained indefinitely. Such documentation could include:
  - financial statements;
  - agreements, contracts and leases;
  - minutes;
  - investment/share capital information;
  - written opinions;
  - tax files and assessment notices;
  - detailed continuity schedules for such items as fixed assets and future taxes;
  - estate plans, wills and similar documents; or
  - other files, information and records as appropriate.
- 4 Members and firms may find it helpful to take reasonable steps to segregate information that is property of the client ("client information") from information that is proprietary to the member or firm ("proprietary information") or to ensure that they have the ability to easily segregate such client information. The client may choose to engage another professional service provider in the future, or access to the client information may be demanded through litigation discovery or other legal means. Therefore, it is in the interest of the member or firm to be able to provide client information without also disclosing proprietary information. For example, a member or

firm in public practice should either segregate or be able to easily separate client information, including books and records, general ledgers, account groupings, account compositions, continuity schedules and similar client information from audit or review programs and working papers, tax review documentation and other proprietary information.

- 5 When the member or firm maintains the client's books and records on behalf of the client, it will be particularly helpful if such client books and records are maintained separately from documentation related to any other service that the member or firm may provide to the client. Copies of the books and records should be provided to the client on a timely and regular basis.
- 6 Members and firms are reminded that Rule 208 establishes, among other things, requirements for members and firms to maintain and protect confidential information in a manner and format that permits it to remain accessible to those who should properly access it and that limits inappropriate access to it.

## 300 PROFESSIONAL COLLEAGUES

### 301 Reserved for future use



## 302 Communication with predecessor

### RULES:

- 302.1** *A member or firm ("successor") shall not accept an engagement with respect to the practice of public accounting or the provision of a professional service not inconsistent therewith, where the successor is replacing another member, firm or other professional ("predecessor"), without taking reasonable steps to communicate with such predecessor and enquire whether there are any circumstances that should be taken into account which might influence the decision whether or not to accept the engagement.*
- 302.2** *A member or firm shall respond promptly to the communication referred to in Rule 302.1.*
- 302.3**
- (a) *When responding as required by Rule 302.2, if a member or firm was unable to continue with or resigned from an engagement with respect to the practice of public accounting, the member or firm shall inform the successor of the fact of the withdrawal or resignation, as the case may be.*
  - (b) *When a member or firm has been informed of the circumstances described in Rule 302.3(a), the member or firm shall obtain the necessary information to make an informed decision as to whether to accept the client by:*
    - (i) requesting such further information from the client; or
    - (ii) requesting permission from the client to obtain such further information from the predecessor.

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### GUIDANCE – Rule 302

- 1 The purpose of the Rule is to protect a potential successor from accepting an engagement before that member or firm has knowledge of the circumstances under which the predecessor's services were discontinued. Knowledge of these circumstances might well influence that successor against accepting the engagement. The recommended procedure outlined below should be followed.
- 2 When a successor has been asked by a prospective client to accept an engagement it is recommended that the client be advised that the predecessor should be notified of the proposed change by the client. The successor should then enquire of the predecessor whether there are any circumstances that should be taken into account which might influence the decision whether or not to accept the engagement. No work should be commenced on the account until the successor has communicated with the predecessor, except that in the client's interest, acceptance of the offered engagement should not be unduly delayed through the failure of the predecessor to reply, if every reasonable effort has been made to communicate with the predecessor.
- 3 Rule 302.2 requires a member or firm to respond promptly to a communication of this nature and to advise whether or not the member or firm withdrew or resigned from the engagement. If there are no circumstances of which the successor should be made aware, a simple response to this effect is all that is necessary. If the withdrawal or resignation resulted from incapacity of the member or firm to continue, that should be communicated. If, on the other hand, the predecessor is aware of circumstances that should be taken into account which might influence

the decision whether or not to accept the engagement or the reason for the withdrawal or resignation does not relate to the member's or firm's capacity, the predecessor should first consider the question of confidentiality. If it appears that the circumstances cannot be disclosed because of confidentiality, the response to the successor should state that there are, in the opinion of the predecessor, circumstances which should be taken into account, but that they cannot be disclosed without the consent of the client. For example, such circumstances may arise where the existence of a suspected fraud has given rise to the withdrawal or resignation. Further, in some cases, such as when the withdrawal or resignation is the result of a conflict of interest, it may not be possible to disclose additional information even with the consent of the client. Where confidentiality is in doubt, the predecessor should consider obtaining legal advice.

- 4 When making an engagement acceptance decision, the successor is required to seek additional information in order to make an informed decision as to whether the circumstances of the withdrawal or resignation are such that the engagement should not be accepted. Such additional information may be obtained directly from the client or permission may be sought from the client to obtain such further information from the predecessor. The nature and reasonableness of any information obtained directly from the client or a refusal of permission from the client to contact the predecessor are factors that should be carefully considered by the successor when making the client acceptance decision.
- 5 The successor should also enquire of the predecessor whether there is any ongoing business of which the successor should be aware, in order to ensure that the client's interests are protected. On the part of the predecessor, there must be readiness to co-operate with the successor, recognizing that the client's interests are paramount whether or not there are fees owing to the predecessor by the former client.
- 6 Members and firms should be cognizant of the provisions of any federal and provincial legislation, including securities legislation regulating changes in professional engagements or requiring notification of such changes to predecessors.
- 7 The attention of members and firms is drawn to the provisions of various federal and provincial statutes, and to any regulations, guidelines or policy pronouncements issued pursuant to such statutes, which place requirements on the acceptance of audit appointments. These include securities legislation and related pronouncements, such as national policies issued by the Canadian Securities Administrators, the provisions of statutes governing financial institutions, and the audit appointment provisions of the Canada Business Corporations Act and the Business Corporations Act (Ontario).

## 303 Provision of client information

### RULES:

- 303.1** (a) *A member or firm shall, upon written request of the client and on a timely basis, supply reasonable and necessary client information to the member's or firm's successor. Such co-operation is required with any successor accountant ("successor"), including a non-member.*
- (b) *A member or firm ("predecessor") shall co-operate with the successor on an engagement.*
- 303.2** *A member or firm shall transfer promptly to the client or, on the client's instructions, to another party, all property of the client which is in the member's or firm's possession or control. Such property shall be transferred in the medium in which it is maintained by the member or firm, or such other medium that is mutually agreeable, that will facilitate a timely and efficient transfer which best serves the client's interests. Ordinarily, when electronic copies of the property of the client are readily available, the client's interests will be best served when such information is provided as electronic data, rather than in printed form, provided that supplying the information in such a form will not violate licensing, copyright or similar legal agreements or proprietary rights.*

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### GUIDANCE – Rule 303

- 1 When a client decides, for any reason, to change from one professional service provider to another, the change should be facilitated on the basis of the following fundamental assumptions:
  - the client's interests be placed ahead of the interests of the member or firm;
  - the client is free to have work performed by the professional service provider of the client's choice; and
  - professional courtesy and co operation be maintained in complying with the client's wishes.
- 2 A predecessor should supply reasonable information to the successor about the client. Ordinarily, predecessors are not expected to supply copies of more than information related to the previous year's financial statements and applicable tax returns, unless the predecessor is remunerated for time and expenses to do so.
- 3 A reasonable request for information related to the client includes an opportunity for the successor to discuss with the predecessor the following:
  - the client's accounting policies and consistency of application;
  - the work carried out by the predecessor with respect to material balances in the client's financial statements; and
  - the financial statement groupings and account balance composition (for example, future income taxes) where the client does not have the information.

Members and firms are reminded that the *CPA Canada Handbook – Assurance* includes requirements with respect to obtaining audit evidence related to opening balances. Professional courtesy dictates that the predecessor should co-operate with the successor for the purpose of meeting this requirement through discussion and review of working papers. In addition, the client's interests are likely to be best served when the predecessor co-operates as fully

as possible with successors for this purpose. Reasonable opportunity to review and discuss working papers does not preclude the use of appropriate waivers or releases. However, appropriate waivers or releases should not include requirements for confidentiality which would contravene the successor's obligation to report breaches by another member pursuant to Rule 211 or prevent the successor from otherwise properly serving the best interests of the client.

- 4 Members or firms providing professional services other than public accounting services may also receive requests for client information from successor service providers. Provided that appropriate authorization has been provided by the client, the predecessor should supply reasonable information about the client to the successor. For example, it may be reasonable to supply the successor with:
  - financial statements, copies of wills and other relevant client information that was provided by a client in relation to the preparation of a financial plan;
  - flow charts, procedural manuals and other documentation provided by a client in relation to an engagement to develop systems and controls;
  - environmental scans, procedural manuals and other documentation provided by the client in relation to a management consulting service; and
  - tax information and balances required for a reorganization or other tax planning purpose.
- 5 Rule 303 is not intended to require the transfer of certain proprietary information. Accordingly, predecessors are not expected to supply copies of audit or review programs and working papers or tax review documentation.
- 6 Property of the client does not include information that is proprietary to the member or firm, such as audit or review programs and working papers, review documentation, software or other proprietary material or information. Property of the client does include the work product that is prepared for the client by the service provider, unless the use and distribution of the work product is limited or otherwise protected by specific written agreement between the client and service provider.
- 7 The medium that facilitates a timely and efficient transfer may vary depending on the nature of the engagement and the nature of the property of the client. For greater clarity and without limiting the general meaning of "property of the client", such property includes original transaction documents (cheques, receipts, invoices, for example), banking records, ledgers and similar records. It would also ordinarily include tax returns and information related to financial statement groupings, account balance composition and continuity schedules that have been prepared by the predecessor accountant for the client's benefit. In addition, it includes any of the foregoing or other property of the client that is readily available in electronic form where the client does not also have an electronic copy of the records or information.
- 8 "Property of the client that is readily available in electronic form" is not intended to include electronic information that cannot be easily segregated from proprietary information of the member or firm. Basic financial information such as trial balances, leadsheets and continuity schedules should always be provided, but need not be provided electronically if they are incorporated into software that includes audit or review programs and working papers or tax review documentation. Accordingly, while members and firms should always consider which readily available transfer medium will best serve the interests of the client, members and firms are not required to provide client information electronically in every case.
- 9 Paragraph 5 of the Guidance to Rule 218 includes information on facilitating the separation of information that is property of the client from proprietary information of the member or firm. Such separation of information is recommended to facilitate the ease with which a predecessor can co-operate with a successor to properly serve the client's interests.

## 304 Joint engagements

### RULE:

*A member or firm accepting an engagement jointly with another member or firm shall accept joint and several responsibility for any portion of the work to be performed by either; no member or firm shall proceed in any matter within the terms of such joint engagement without due notice to the other member or firm.*

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### GUIDANCE – Rule 304

- 1 In order to properly serve the interests of the client and prevent misunderstandings, members or firms should take reasonable steps to clarify the specific responsibilities of each participant in a joint engagement, preferably by an agreement in writing, and explain the responsibilities to the client.

## 305 Communication of special engagements to incumbent

### RULES:

- 305.1** *A member or firm engaged in the practice of public accounting or providing a professional service not inconsistent therewith, shall, before commencing any engagement for a client for which another member or firm is the duly appointed auditor or accountant, first notify such auditor or accountant of the engagement, unless the client makes an unsolicited request, evidenced in writing, that such notification not be given.*
- 305.2** *Rule 305.1 applies only where the services to be provided under the terms of the engagement are included in the practice of public accounting or relate to a professional service not inconsistent therewith.*

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### GUIDANCE – Rule 305

- 1 It is important for auditors and accountants to be fully informed about all matters related to their clients' affairs. When a second member or firm is asked by a client of another member or firm to undertake a special engagement, the circumstances of that special engagement may be relevant to the work of the first member or firm in relation to an assurance or compilation engagement. In some cases, the auditor or accountant may have information that is relevant to the performance of the special engagement. For example, the client may be seeking a "second opinion" with respect to a matter that is the subject of a dispute between the client and its auditor or accountant. The client's interests are most likely to be best served when there is full co-operation among professional service providers. Additionally, full co-operation ensures that all of the members or firms who are providing services to the client have the appropriate information to exercise appropriate due care in providing such services.
- 2 When a client makes a request that the potential service provider not provide notification to the auditor or accountant, the potential service provider should inform the potential client of the impact of such a request on the assurance or compilation engagement. In addition, the potential service provider should carefully consider whether the circumstances may be such that the special engagement should be declined.

## 306 Responsibilities owed to an incumbent

### RULES:

#### 306.1 Responsibilities on accepting engagements

*A member or firm accepting an engagement, whether by referral or otherwise, to provide professional services to a client of another member or firm having a continuing professional relationship with that client shall not take any action which may impair the ongoing relationship of the other member or firm with the client.*

#### 306.2 Responsibilities on referred engagements

*A member or firm receiving an engagement for services by referral from another member or firm shall not provide or offer to provide any additional services to the referred client without the agreement of the referring member or firm. The interest of the client being of overriding concern, the referring member or firm shall not unreasonably withhold such agreement.*

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### GUIDANCE – Rule 306

- 1 The client's overall interests are best served when professional service providers are aware of any relevant services that may be provided to the client by another service provider. Such knowledge is of particular importance to providers of assurance services to develop sufficient knowledge of the client. However, such knowledge also assists other service providers to avoid duplicating services and to plan and co-ordinate services where necessary to better serve the client.

## 400 PUBLIC ACCOUNTING PRACTICES

### 401 Practice names

#### RULE:

*A member or firm shall engage in the practice of public accounting only under a name or style which:*

- (a) is not misleading;*
- (b) is not self-laudatory;*
- (c) does not contravene professional good taste; and*
- (d) has been approved in a manner specified by the Council.*

#### GUIDANCE – Rule 401

- 1 It is in the interest of all members of CPA Ontario that members and firms be allowed to conduct their practices under names which reflect their individual preferences and which are appropriate for their particular marketplaces. This Guidance provides assistance for members and firms in the selection of practice names and in the identification with other professional service organizations.
- 2 Members, firms and related businesses or practices should ensure, at all times, that any information contained in their practice names about themselves, their firms or their services is accurate. The following are examples of practice names containing inappropriate information:
  - any implication in the practice name that the practising unit is larger than it is, such as by use of plural descriptions or other misleading use of words. The use of “and Company” or similar wording in a practice name is permitted, if it is not misleading with respect to the total number of full-time equivalent persons, whether members or not, performing professional services within the practice;
  - any implication in the practice name that a person is a partner or a former partner of a practice, when the person is not;
  - any reference to representation or association which is not in conformity with the facts;
  - any implication that separate firms sharing office space, staff or other resources or in other cost-sharing arrangements are in partnership or otherwise share ownership of a practice;
  - any reference in the practice name to particular services provided where the practice is not currently able to provide those services; and
  - any statement in the practice name that may create false or unjustified expectations as to the results of a particular engagement.
- 3 When a member or firm engaged in the practice of public accounting or related business or practice participates in an organization whose members practise public accounting internationally, with professional engagements accepted and reports or opinions issued in the international name, the member, firm or related business or practice may refer to such international name on professional stationery and in name plates, directory listings, announcements and brochures by using terms such as “internationally”, “globally” “international firm”, or “global firm”. General references to “offices throughout the world” or



“offices in principal cities throughout the world” imply broad coverage and should be used only where the international organization’s members practise public accounting in many countries.

- 4 A member or firm engaged in the practice of public accounting or a related business or practice may have an arrangement with another person or organization whereby one acts for the other in a particular location, and the assignment, by agreement, may be in the name of one of them. In such circumstances it is appropriate, if desired, for the member, firm or related business or practice to refer to the fact of such representation by a suitable reference to the location and the name and/or address and professional designation of the representative, with a description of the relationship as being “represented by”. If representation arrangements exist in a number of locations it may not be possible to give full details of each, and in such case it would be appropriate, if desired, to refer to the fact of representation in the particular locations, specifying the locations individually. Generally references such as “represented throughout the world”, which may not be factual and may be misleading, should be avoided. In any public reference to representation, the representative must be a person or organization practising public accounting.
- 5 Members, firms and related businesses or practices may associate themselves with international organizations which do not practise public accounting and which exist primarily to provide their members with access to international public accounting services through referrals or other means. In these cases it is appropriate to make public reference on professional stationery and elsewhere to membership in a bona fide international organization by using a term such as “a member of (name), an international association of accounting firms”. However, terms such as “internationally”, “globally”, “international firm” or “global firm” should not be used in those circumstances. General references such as “members throughout the world” should be used only where there are in fact members of the organization in many countries. References such as “represented throughout the world” should be avoided unless they are factual and not misleading.
- 6 Members, firms and related businesses or practices should ensure that their practice names or styles are not self-laudatory and do not claim superiority over any other member, firm or related business or practice. Care should be taken in using the word “The” in the firm name so that it does not imply exclusivity.

Practice names that might tend to lower public respect for the profession should not be used. Care should also be exercised with respect to the use of acronyms.

- 7 In general, approval will be given to non-personal firm names unless they are misleading, self-laudatory or contravene professional good taste. However, there may be certain other considerations which will affect the approval decision. A practice name that is so similar to that of another firm registered in the same area as to cause confusion in the minds of the public may not be approved. Consideration will also be given to cultural and linguistic sensitivities in deciding whether to approve a non-personal firm name.
- 8 The registrar, in his or her discretion, is permitted to be flexible in transitional situations. For example, a member engaged in the practice of public accounting as a sole proprietor or, where permitted, an incorporated professional, may apply to the registrar for permission to practise for a specified period of time under both the member’s approved name and, with the predecessor’s written authorization, the name used by a predecessor sole proprietor or firm.

Other situations where transitional flexibility may be granted include those where a previously approved firm name becomes inappropriate. An example of such a situation would occur when, due to the departure of a partner, the firm name becomes misleading with respect to the size of the firm. In such cases, the member or firm may apply to the registrar for permission to continue to use the name for a specified period of time.

## 402 Use of descriptive style

### RULES:

- 402.1** *Members and firms shall carry on the practice of public accounting under the descriptive style of "Chartered Professional Accountant(s)" or "public accountant(s)" unless it forms part of the firm name. Regardless of the functions actually performed, the use of "Chartered Professional Accountants(s)" or "public accountant(s)" as part of the firm name or as a descriptive style, in offering services to the public, shall be regarded as carrying on the practice of public accounting for the purposes of the CPA Code.*
- 402.2** *Notwithstanding Rule 402.1, each office in Ontario of any firm engaged in the practice of public accounting and composed of one or more members sharing proprietary interest with other public accountants who are not professional colleagues shall not practise under the style of "Chartered Professional Accountant(s)".*
- 402.3** *A related business or practice shall not be designated "Chartered Professional Accountant(s)" or "Public Accountant(s)"*
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### GUIDANCE – Rule 402

- 1 The requirement to carry out the practice of public accounting under the descriptive style "Chartered Professional Accountant(s)" does not preclude a firm from advertising professional services without reference to "chartered professional accountant(s)". However, all material that refers to the practice of public accounting, including printed promotional material and website content, must include a reference to "Chartered Professional Accountant(s)" in conjunction with the firm name. In addition, such a reference must be included on audit reports, review engagement reports, compilation engagement reports and other material and correspondence that relates to the provision of public accounting services, such as engagement letters, invoices, management letters and responses to requests for proposals.
- 2 In a jurisdiction that may permit the use of the initials "CPA" as part of a firm name, such use would not be considered to meet the requirement for the use of the descriptive style "Chartered Professional Accountant(s)" when carrying on the practice of public accounting unless the jurisdiction specifically permits the use of the initials for that purpose.

## 403 Association with firms

### RULE:

*A member shall not associate in any way with any firm practising as chartered professional accountants in Ontario unless:*

- (a) all partners or controlling shareholders resident in Ontario are members, professional corporations or incorporated professionals,*
- (b) at least one partner or controlling shareholder is a member, and*
- (c) all the partners or controlling shareholders are professional colleagues or professional corporations or incorporated professionals provided each such corporation or incorporated professional is recognized and approved for the practice of public accounting by the provincial body in the province concerned.*

*Notwithstanding clause (a), a member may associate with any firm practising as chartered professional accountants in Ontario in which one or more partners as of July 2, 2014 are not members provided that the firm was registered with The Certified General Accountants Association of Ontario on July 2, 2014 and with CPA Ontario by not later than December 31, 2014.*

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### GUIDANCE – Rule 403

- 1 The purpose of Rule 403 is to protect the public by establishing accountability to CPA Ontario by members and firms practising public accounting in Ontario. The ownership and control of such firms by members of CPA Ontario is necessary to establish that accountability.

## 404 Access to members practising public accounting

### RULES:

- 404.1** *Each practice in Ontario of any member or firm engaged in the practice of public accounting shall be under the personal charge and management of a member who shall normally be accessible to meet the needs of clients during the published business hours of the practice.*
- 404.2** *A member or firm shall not operate a part time office except in accordance with such terms and conditions established by Council.*

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### GUIDANCE – Rule 404

- 1 The purpose of the Rule is to ensure that clients' public accounting needs will be met in each instance by properly qualified professional personnel.
- 2 A member is considered to be accessible if the member is available, either in person or by telephone, facsimile, electronically or by some other timely method of communication. When the member is not accessible, the office should be closed for the purpose of providing professional services, or another properly qualified professional should be accessible for that purpose. However, if neither person is accessible, non-professional staff may continue to deal with administrative matters.
- 3 A part-time practice is one where the member having personal charge and management is accessible to meet the needs of clients on a part-time basis only.
- 4 Members are expected to fulfil their obligation to respond to inquiries from the public within a reasonable period of time, whether a practice is operated on a full-time or part-time basis.

## 405 Office by representation

### RULE:

*A member or firm engaged in the practice of public accounting shall not hold out or imply that the member or firm has an office in any place where the member or firm is in fact only represented by another accountant or a firm of accountants and, conversely, a member or firm engaged in the practice of public accounting who only represents an accountant or a firm of accountants, shall not hold out or imply that the member or firm maintains an office for such accountant or such firm.*

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### GUIDANCE – Rule 405

- 1 Members and firms are referred to Rule 401, Guidance paragraph 2, which addresses offices by representation and situations where association of firms may be implied by shared resources.

## 406 Responsibility for a non-member

### RULES:

- 406.1** *A member or firm engaged in the practice of public accounting who is associated in such practice with a non-member shall be responsible to CPA Ontario for any failure of such non-member, in respect of all areas of practice of the member or firm, to abide by the CPA Code and in the application of this Rule, the CPA Code is deemed to apply as if such non-member were a member.*
- 406.2** *A member or firm engaged in a practice of public accounting to which another business or practice is related, or engaged in such related business or practice, shall be responsible to CPA Ontario for any failure of a non-member who is associated with such related business or practice and who is under the member's or firm's management or supervision or with whom the member or firm shares proprietary or other interest in such related business or practice to comply with the CPA Code. In the application of this Rule, the CPA Code is deemed to apply as if such related business or practice were the practice of public accounting and such non-member were a member.*

## 407 Reserved for future use

## 408 Association with non-member in public practice

### RULES:

- 408.1** *A member or firm shall not associate in any way with a non-member in a practice of public accounting, or in a related business or practice, unless:*
- (a) such association maintains the good reputation of the profession and serves the public interest; and*
  - (b) such business or practice establishes and maintains policies, procedures and arrangements suitable for ensuring that:*
    - (i) every such non- member is knowledgeable of and complies with*
      - (A) CPA Ontario's governing legislation, bylaws, regulations and the CPA Code; and*
      - (B) the ethical and other regulations applicable to members of a recognized professional organization or regulated body of which the non-member is a member; and*
    - (ii) no style or presentation or communication is used which implies that the non-member is a member.*
- 408.2** *A member may associate with a related business or practice as a proprietor, as a partner, or as a director, officer or shareholder of a corporation and may associate with a non-member for this purpose.*

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### GUIDANCE – Rule 408

- 1** The provisions of Rule 408.1(b) requiring knowledge and compliance on the part of non-members to comply with respect to the governing legislation, bylaws, regulations and the CPA Code are not intended to require knowledge of and compliance with provisions of those documents that are clearly not applicable to a non-member, such as payment of membership fees or completion of continuing professional development requirements.



## 409 Practice of public accounting in corporate form

### RULE:

*A member or firm shall not associate in any way with any corporation engaged in Canada or Bermuda in the practice of public accounting, except to the extent permitted in clauses (a), (b) (c) and (d) of this Rule:*

- (a) a member or firm may engage to provide to the corporation any of the services included in the practice of public accounting;*
- (b) a member, other than a member engaged in the practice of public accounting, may associate with a corporation which provides taxation services involving advice, counsel or interpretation provided such services are only a small part of the corporation's activities;*
- (c) a member or firm may associate with a professional corporation engaged in the practice of public accounting in Ontario provided such corporation:*
  - (i) is incorporated or continued under the Business Corporations Act (Ontario); and*
  - (ii) holds a valid registration certificate under the legislation, and bylaws of CPA Ontario; and*
  - (iii) complies with such other requirements as pertain in the circumstances;*
- (d) a member or firm may associate with a professional corporation or incorporated professional engaged in the practice of public accounting in a province or territory other than Ontario if the corporation or incorporated professional is recognized and approved for such practice by the provincial body in the province or territory concerned and the corporation or incorporated professional does not engage in the practice of public accounting in Ontario. Without limiting the generality of the foregoing, a corporation shall be deemed to be engaged in the practice of public accounting even though the corporation provides a service included in the definition of "practice of public accounting" only to another member or firm engaged in the practice of public accounting or to a public accountant.*

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### GUIDANCE – Rule 409

- 1 The provisions of Rule 409 are intended to ensure that the practice of public accounting in corporate form is carried out only in accordance with the CPA Ontario's legislation and bylaws. Without limiting the specific requirements of the Rule or the legislation of CPA Ontario, in general, a member may practice public accounting in corporate form through a professional corporation and may associate with other professional corporations. A member or firm may also associate with a corporation or incorporated professional that practises in a province or territory other than Ontario, if that corporation or incorporated professional is properly registered in the other province or territory but does not practise in Ontario.

## 500 FIRMS

### 501 Policies and procedures for compliance with professional standards

#### **RULE:**

*A firm shall establish, maintain and uphold appropriate policies and procedures designed to ensure that its services are performed in accordance with generally accepted standards of practice of the profession and the standards of the particular business or practice, provided that the standards of the particular business or practice are not lower than or inconsistent with those of the profession in which case the generally accepted standards of the profession must be followed.*

## 502 Policies and procedures for the conduct of a practice

### RULE:

*A firm shall establish, maintain and uphold appropriate policies and procedures designed to ensure that, in the conduct of the practice, the members who are associated with the firm and any other employees of the firm or other persons with whom the firm contracts to carry out its professional services comply with the CPA Code, and in particular:*

- (a) conduct themselves in a manner which will maintain the good reputation of the profession and serve the public interest;*
- (b) perform their professional services with objectivity, integrity and due care;*
- (c) comply with the independence requirements of CPA Ontario;*
- (d) comply with the conflict of interest requirements of CPA Ontario;*
- (e) sustain their professional competence and keep informed of and comply with developments in professional standards in all functions in which they practise or are relied on because of their calling;*
- (f) ensure only authorized individuals have access to or are permitted to appropriately use or release financial and confidential information relating to clients;*
- (g) do not sign or associate themselves with any letter, report, statement, representation or financial statement which they know or should know is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor make or associate themselves with any oral report, statement or representation which they know or should know is false or misleading;*
- (h) ensure that partners or others who are not professional colleagues:*
  - (i) cannot supersede decisions of members relating to the performance of client engagements within the definition of the practice of public accounting; and*
  - (ii) are familiar with and comply with the Act, regulations, bylaws and the CPA Code; and*
  - (i) ensure that persons in the firm who are members of other professional associations comply with those associations' bylaws and code of ethics.*

## 503 Association with firms

### **RULE:**

*A firm engaged in the practice of public accounting shall not associate professionally with any other firm practising as Chartered Professional Accountants in Ontario unless the other firm meets the ownership requirements set out in Rule 403 (a), (b) and (c).*