

**Report to The Public Accountants Council for the Province of Ontario (“PAC”)
on the Chartered Professional Accountants of Ontario (“CPA Ontario”)
Triennial Evaluation for the Period from
November 1, 2015 to October 31, 2018
Findings as of May 31, 2019**

From: Doug McPhie, FCPA, FCA

Section 21 of the *Public Accounting Act, 2004* (the “Act”) requires the Council to conduct periodic reviews of the operations of an Authorized Designated Body (“ADB”) at least once in every three years and to report on them to the Minister.

The purpose of the periodic reviews (as derived from sections 19 and 21 of the Act) is to:

1. determine whether the ADB is complying with the Council Standards;
2. oversee the ADB in its capacity to license and govern the activities of its members as public accountants; and
3. determine whether the purpose and objects of the Council are being met.

Section 21(2) of the Act contemplates that in addition to the periodic reviews of an ADB, the Council may conduct a special review of an ADB when the Council concludes that it is in the public interest to do so.

Section 21(3) of the Act requires an ADB to cooperate with the Council in its reviews.

During the prior review period (2013-2015), the Chartered Professional Accountants of Ontario (“CPA Ontario”) unified with the Certified General Accountants Association of Ontario and the Certified Management Accountants of Ontario. As a result of this unification, CPA Ontario, along with CPA Canada, developed and launched new pre-certification education programs and policies. The 2015 review team reviewed these program and policy changes and other requirements necessary to obtain and maintain a public accounting licence by members of CPA Ontario.

In May 2017 the new CPA Ontario Act was passed. As a result, CPA Ontario amended its bylaws and regulations to align them with the Act, CPA Ontario also took that opportunity to complete a comprehensive review of its governing documents, to ensure they exemplified best practices. This review, undertaken with the assistance of external legal governance experts, resulted in a substantial rewrite of the bylaw and regulations. We have been informed that the intent of the rewrite was to develop governing documents that reflected three principles: conformity to the requirements of administrative law (fairness, transparency, independence); simplification (plain language, user friendly processes/efficiency, appropriate levels of decision making); and coherence (completeness, consistency, compliance). The proposed new bylaws and regulations were provided to the Council for review and approval in accordance with the *Operating Procedures Relating to an Authorized Designated Body’s Compliance with the Council’s Standards Memorandum* prior to enactment. The new bylaws and regulations were approved between June and September 2018 and effective November 2018, with changes to Continuing Professional Development (“CPD”) effective January 1, 2019. These changes were summarized in the CPA Ontario document *Summary of Regulatory Changes, amended November 19, 2018*. As part of our triennial review procedures and in an effort to maximize efficiencies in terms of bylaw and regulation review work already completed prior to the enactment of the amended new bylaws and regulations, described above, we considered and reflected all changes to bylaws and regulations in the triennial review despite that the new bylaws and regulations were formally enacted shortly after the review period ended (post November 1, 2018)

The 2018 triennial review process has been performed by a team of evaluators (“Team”) with expertise in education, examination, experience and regulatory/legal standards. It was carried out in accordance with past triennial review practices and procedures and used a risk-based approach. The Team is familiar with the current public accounting operations of CPA Ontario (now the only ADB under the Public Accounting Act, 2004). Based on this understanding, the Team has assessed where there may be risks of non-compliance with PAC standards (the “Standards”) and have designed the triennial review procedures accordingly.

The 2018 review Team has performed the following procedures:

1. A detailed review of the CPA Ontario Supplementary Reports submitted to PAC for each of the years ended October 31, 2016, 2017 and 2018. Analytical review procedures were applied to the data presented in the three activity reports and to changes in bylaws, regulations, policies, rules and key controls reported therein;
2. A review of the CPA Ontario Annual Reports for 2016, 2017 and 2018;
3. A review of specified documents provided by CPA Ontario at the Team’s request;
4. Substantial analysis and review of comprehensive candidate data provided by CPA Ontario including all candidates for both Professional Education Program (“PEP”) and CPA Canada Preparatory Courses (“PREP”) programs since 2014;
5. Review of 2018 Common Final Examination (“CFE”) Reports of the CPA Board of Examiners;
6. Examined various sample selections of students, firms, programs, inspections and other populations to verify that policies and procedures were properly followed;
7. Enquiry and discussion with CPA Ontario management members regarding the results of our review and analysis; and
8. Team discussion of findings and recommendations.

The Team members were assigned to review Council Standard groupings in accordance with their areas of expertise. The report is organized around these groupings as follows:

1. Pre and post-licensing experience, training offices, continuing professional development, practice inspections and professional liability insurance: Doug McPhie, FCPA, CPA;
2. Education and examinations: Ed Weinstein, PhD; and
3. Legal and discipline matters: Jennifer Teskey, Partner, Norton Rose Fulbright Canada LLP.

The overall Team co-ordination was undertaken by Doug McPhie.

Findings

Based on the results of the procedures performed by the evaluation team during the triennial reviews and the representations by CPA Ontario, I am satisfied that CPA Ontario was in substantial compliance with all of the Standards developed by the Council pursuant to Section 19 of the Act during the three-year reporting period ended on October 31, 2018.

Respectfully submitted,



Doug McPhie, FCPA, FCA

CPA ONTARIO COMPLIANCE EVALUATION

INTRODUCTION

The following document summarizes the risk of non-compliance with PAC Standards as assessed by team members. In addition, the report presents the evidence reviewed, commentary thereon and conclusions regarding substantial compliance or non-compliance with PAC Standards.

The team consists of experts in the areas of professional accounting competencies, quantification and evaluation of the examination systems, legal and regulatory matters and oversight and governance of licensed professionals. The evaluators of each area assessed and quantified risk in accordance with their own area of expertise using a high/medium/low classification of risk.

A risk, for purposes of this report, is the occurrence of an event or condition involving a negative outcome, in this case non-compliance with PAC Standards. Risk ratings of Low, Medium and High are based on inherent risk, rather than residual risk. Inherent risk is the natural level of risk inherent in a process or activity without doing anything to reduce the likelihood or mitigate the severity of a mishap, or the amount of risk before the application of mitigating policies, processes and controls in place at an ADB. The inherent risk assessment rating takes into account the complexity of compliance with the PAC standard, degree of judgment involved and the negative impact of non-compliance if an exception did occur. The inherent risk classifications are also meant to show the relative risk rating between standards.

The overall conclusion we have reached for each standard (i.e. “substantial compliance”) is based on residual risk which takes into account the policies, processes and controls that CPA Ontario has put in place to mitigate the inherent risk, as well as the results of our review and testing of the existence and effectiveness of these policies, processes and controls where appropriate. The conclusion of “substantial compliance” means that the residual risk, given the mitigating policies, processes and controls in place, is low.

1. PAC Standard 2 –Post-Secondary Education Requirements

COMMENTARY

In education, the generic assessment tool is based upon the three types of items to review that in combination are indicative of the quality of an educational program. These are the quality of the students admitted to the program, the quality of the program contents and the quality of the instructors/instructional methods. The generic assessment tool also separates out pre-requisite knowledge (PAC Standard 2) from the professional program of the ADB (PAC Standard 3). The PAC Education Assessment Team has previously recommended approval of the Post-Secondary knowledge requirements and this recommendation was subsequently approved by Council. In addition, the contents of the examinations used to evaluate the students, the administration of the examinations, the analysis of student responses and the setting of pass rates were assessed by the PAC Examination Assessment Team and approved by Council.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 7-1 – admission to Membership, Obligations & Standing

Review procedures:

1. Review of regulation 7-1 to confirm compliance with PAC Standard 2.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

2. PAC Standard 3 – Pre-licensing Education and Study Requirements

COMMENTARY

Certain pathways to licensure contemplated by the CPA Professional Program have already been assessed by the special review team and reported on to the Council via the December 2015 report. The content and organization of the courses in the CPA Canada Professional Education Program (PEP) and the CPA Canada Preparatory Program (Preparatory), and the CPA Canada competency map were reviewed by the Educational Assessment Team over the past three years, along with plans for future changes and the process used to decide upon changes.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low – There is risk that changes to the CPA Canada competency map or any redesigns of PEP and PREP materials could lessen the quality of the education provided. Despite a rigorous process for identifying new content, the need to remove some of the existing content to meet course time constraints poses a potential threat. The biggest concerns are likely to focus on the replacement of principle-based education with task-based job training. Without a well-defined and operationalized set of principles for making decisions about the removal of content, dropping content will pose a material risk to the quality of education.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

CPA Canada Harmonized Education Policies
CPA Canada Professional Education Program (PEP)
CPA Canada Preparatory Program (Preparatory)

Review procedures:

1. CPA Canada PEP and Preparatory materials have been reviewed by the PAC Education Assessment Team
2. All modifications to CA Canada competency map have been reviewed by the PAC Education Assessment Team.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

3. PAC Standard 4 - Pre-licensing Experience Requirements

COMMENTARY

CPA students who have registered with CPA Ontario on or after September 1, 2014 who seek qualification as licensed public accountants (“LPAs”) must acquire practical experience through a *pre-approved program in External Audit* (“pre-approved program”) offered by an approved firm (ie the “Approved training office” per PAC standard 5). The experience requirements in a pre-approved program are set out in the *Practical Experience Requirements* (“PER”) regulations and include:

- a minimum total of 2,500 chargeable hours and, within the minimum total chargeable hours requirement, a requirement for 1,250 hours in assurance of which a minimum of 625 hours is financial statement audit procedures, a minimum of 100 chargeable hours of review procedures in review and other assurance engagements, and a minimum of 100 chargeable hours in Canadian taxation services;

and the 30 months of qualifying experience within a pre-approved program be specifically restricted to external audit-based programs and/or an audit bridge program.

- Minimum technical and enabling competencies as follows:
 - o Core requirements: Minimum of level 1 proficiency in at least 3 Financial Reporting sub-areas.
 - o Depth requirements: Depth in Audit and Assurance competency areas, with the development of competencies in all three Audit and Assurance competency sub-areas, including a minimum of two sub-areas at level 2 proficiency.
 - o Breadth requirements: The remaining competency sub-areas are specified within each Pre-Approved Program.

- Semi-annual meetings with a mentor.

Students follow the PER by recording and assessing their experience through the online *Practical Experience Reporting Tool*, (“PERT”). PERT pre-populates the expectations of CPA students upon commencing the program, including: expected duties for the specific competencies they will develop, proficiency level, level of autonomy, complexity and circumstance. Students are then required to self-assess their progression of competency development towards these expectations, at least semi-annually. Students cannot access PERT until they are registered with CPA Ontario.

Students who registered with CPA Ontario prior to September 1, 2014 (Legacy students), and who seek qualification as an LPA, follow a similar PER path outlined in *CA Practical Experience Requirements 2010* through approved CA Training Offices (“CATO”). The major difference between the two groups of students (pre and post September 1, 2014) is that the legacy students do not follow the pre-approved program method or use PERT; rather they must submit a detailed practical experience report that is assessed in depth by CPA Ontario. Effective September 1, 2018 all legacy students must use PERT. As at October 31, 2018 there were approximately 500-700 legacy students remaining in the external audit program who are still in the process of obtaining their requirements for LPA. These are mostly co-op students who registered while still in university.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium – High number of students, and risks of incorrect self-reporting of qualifying hours or incorrect self-assessment of practical experience.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT

Regulation 9-1 - Student Registration Obligation and Standing
Regulation 9-2 – Legacy CA Student Registration, Obligations and Standing
Appendix B to regulations 9-1 and 9-2 - Practical Experience Requirements
CA Practical Experience Requirements, 2010
Other relevant CPA Ontario policies, processes and procedures.

Review procedures:

1. Reviewed changes to relevant regulations during the period under review.
2. Compared PER to the PAC Standards 4, and concluded that the CPA Ontario practical experience requirements for public accounting are substantially equivalent to PAC Standard 4.
3. Interviewed CPA Ontario personnel responsible for administration of PER and the External Audit

Pre-Approved Program.

4. Reviewed the content and operation of the PERT and a detailed demonstration of the PERT system.
5. Reviewed the forms and procedures applicable to this program and reviewed the related records of a sample students to confirm that this program was operating as described in PER.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

4. PAC Standard 5 – Approved Training Offices

COMMENTARY

CPA Ontario has set out its requirements for firms that can offer a pre-approved program in external audit (the “pre-approved program”) in the PER regulation. A pre-approved program requires that the program ensure students receive required hours and diversity of experience, and sets out responsibilities of the pre-approved program leader and program manager. CPA Ontario reviews new applicants for approval and sets a limit on the number of students who may be employed within each pre-approved program. Applicants for a pre-approved program must be properly registered with CPA Ontario and in good standing, and have successfully completed a Practice Inspection without any concern to host student training. Pre-approved programs are typically defined per location and a firm may have more than one pre-approved program.

CPA Ontario provides the applicant with the competency map for an External Audit program, walking them through the requirements of Core/Depth/Breadth and discussing the expected duties of the student. CPA Ontario works with the firm to either customize the templated competency map, or ensure that the templated one is appropriate. CPA Ontario at this point confirms the following is met in the competency map:

- Core requirements: Minimum of level 1 proficiency in at least 3 Financial Reporting sub-areas.
- Depth requirements: Depth in Audit and Assurance competency areas, with the development of competencies in all three Audit and Assurance competency sub-areas, including a minimum of two sub-areas at level 2 proficiency.
- Breadth requirements: The remaining competency sub-areas are specified within each Pre-Approved Program.

The above requirements are in addition to all other requirements that pre-approved programs must satisfy, as prescribed in the PER. CPA Ontario’s PER regulation requires that all pre-approved programs are subject to a review by CPA Ontario at least once every three years.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low – Limited population of approved training offices and low frequency of additions of new offices.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT

Appendix B to regulations 9-1 and 9-2 - Practical Experience Requirements

CA Practical Experience Requirements, 2010

Other relevant CPA Ontario policies, processes and procedures.

Review procedures:

1. Reviewed changes to regulations that occurred during the period under review.
2. Compared PER to the requirements set out in PAC Standards 5.
3. Discussed with CPA Ontario personnel responsible for administration of pre-approved programs in External Audit.
4. Reviewed the records of:
 - a. A sample of pre-approved programs that were approved during the review period, and
 - b. A sample of pre-approved programs that were monitored during the review period to confirm that the program was operating as described in PER.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

5. PAC Standard 6 - Examinations Used for Licensing Public Accountants

COMMENTARY

An ADB is required to set exams that require students to demonstrate their acquisition of competencies and capabilities to practise public accounting at an entry level as prescribed in the PAC Handbook (*Standard 6(1) from "Standards of the Public Accountants Council of the Province of Ontario", April 20, 2006 and amended variously up to September 12, 2017*). Standard 6(2) further requires that the exams be rigorous, fair, equitable, valid and reliable. As appropriate, exams must also demonstrate application and integration of knowledge.

We have assessed performance on the CFE as well as the procedures used by CPA Canada. All evidence indicates that the exam is valid and reliable, as well as fair and equitable. Nonetheless, some concern can be raised about the rigour of the CFE when compared to the Uniform Final Examination ("UFE") that preceded it. We compare the CFE to the UFE because the CFE is based on the UFE, especially in terms of the processes used to mitigate risk in exam development, administration and scoring.

While it is difficult to identify a perfect comparison group among CPA candidate due to differences in entry and work experience requirements, best efforts suggest that the pass rate on the CFE is some 7-8% higher than the UFE for a comparable group of candidates. Moving past the exam to a broader view of the selection process from entry to PEP completion, however, we find that the flow through rate for legacy CA students and Registrants since 2015 is 10% lower than the comparable UFE cohort when we look at 2016 candidates, suggesting a tougher standard now. Given that the mix of candidates is still changing, and the analysis is complex, we conclude that overall the rigour of the exam is maintained but there remains a risk that needs to be monitored for the future.

In addition, in the previous triennial report for the three years ended October 31, 2015, there was a concern expressed about the content coverage in the exam questions at several points in the program. That concern was expressed in detailed reports from the Educational Assessment Team ("EAT") to CPA Ontario in recent years. CPA Ontario has satisfactorily addressed these concerns, not only for PEP candidates, but also for those in the Preparatory program.

In terms of the CFE, both the Educational Assessment Team and the Examination Assessment Team have reviewed the questions, the content coverage and the scoring. These were deemed to meet PAC Standards for 51 credit-hour students. Nonetheless, the EAT has some concern that the CFE may not provide sufficient opportunity to demonstrate professional judgment. This concern is not sufficient to suggest that the CFE fails to meet PAC standards. The CFE Board of Examiners has committed to address EAT concerns in subsequent CFE exams, following approaches described in their recent response to the EAT. This issue

should be addressed again in the next Triennial Review.

Both CPA Ontario and our assessment teams are committed to continuing discussions until all remaining issues are satisfactorily resolved.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low – For the bulk of exams which rely on multiple choice questions, the processes for maintaining exam quality are clear and hence pose a low level of risk.

Medium – There are over 100 examination standards that apply to the CFE and many of these standards are technically complex. Because this is an essay-style exam, there is far more judgment involved in the application of testing principles than for multiple choice exams. Creating scoring rubrics for CFE questions is a judgment process, as is the setting of the passing score. These judgment processes can interact with the changing candidate population in ways that affect exam rigour. Monitoring of CFE pass rates and candidate flow for different categories of candidates is necessary to ensure that traditionally rigorous standards are maintained.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT

Various data files on CFE and UFE results by candidates

Past CFE and UFE examination questions

Findings reports from various reviews by the PAC Education Assessment and Examination Assessment Teams

Review procedures:

1. Analysis of data on UFE and CFE candidate results
2. Review of Education Assessment and Examination Assessment Teams' past findings on CFE examination questions, content and scoring
3. Discussion of procedures used by CPA Canada

CONCLUSIONS AND OBSERVATIONS

CPA Ontario examinations are in substantial compliance for 51 credit-hour applicants and CPA Ontario is committed to maintaining substantial compliance with respect to course content coverage and exam rigour.

6. PAC Standard 7A – Licensing of Persons Admitted to Membership from an Affiliated Provincial Accounting Body

COMMENTARY

Pursuant to Standard 7A, notwithstanding the requirements of Standards 2 through 6, an ADB shall grant a licence to any member who is an extra-provincial applicant and who applies for a licence without requiring any material additional training, experience, examinations or assessments provided that, prior to granting a new licence, the ADB has received confirmation that the member, at the time of application to the ADB for the granting of a licence, is in good standing with the other affiliated provincial accounting body.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - There are possible risks in the intake and application review process that an applicant from an accounting body in another jurisdiction in Canada that is seeking licensure by CPA Ontario may not have satisfied PAC Standard 7A(1)(a) and (b).

Note – Post the Agreement on Internal Trade (AIT) decision in 2012, the process for granting licensure to public accountants from other provinces was a new one. As a result of the newness of the process, the risk level in the intake process was, in the reviewer’s view, higher in the context of the 2015 triennial review. The processes are now established and have not changed in any substantive way since the last triennial review. Thus, the risk level was reduced to “low” for this triennial review.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 7-1 Admission to Membership, Obligations and Standing

Randomized selection of member/licensee files

Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review any changes, since November 1, 2015, to the policies and procedures established by CPA Ontario for assessing an applicant from an accounting body in another jurisdiction in Canada for licensure.
2. Obtain statistics of the number of applicants that applied for licensure from another jurisdiction/accounting body in Canada and whether licensure was granted by CPA Ontario since November 1, 2015. Reviewed applicant files – including initial application and final decision.
3. Additional inquiries were made to CPA Ontario personnel.

CONCLUSIONS AND OBSERVATIONS

Since 2015, there have not been any significant changes to the process of admitting members from other provinces.

Substantial compliance.

7. PAC Standard 7B(6) – Licensing of Persons Admitted to Membership from Accounting Bodies Outside of Canada

COMMENTARY

Pursuant to Standard 7B(6), CPA Ontario has been granted an exemption from having to implement additional bylaws or regulations or policies, beyond the policies and procedures that existed on June 9, 2004, and from having to seek PAC approval in respect of any assessments already made of any accounting bodies in other countries. Furthermore, all determinations CPA Ontario made regarding other accounting bodies, all Mutual Recognition Agreements (“MRAs”) with accounting bodies outside Canada and all policies and procedures and reciprocity requirements (including but not limited to examinations) in respect of accounting bodies outside Canada are continued.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - Given that the policies and procedures that existed on June 9, 2004 for assessing the standards of accounting bodies in other countries (including any MRAs) are deemed to continue, there is low risk associated to CPA Ontario licensing an applicant from an accounting body in another jurisdiction outside of Canada.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 7-1 Admission to Membership, Obligations and Standing

Mutual Recognition Agreements

Randomized selection of member/licensee files

Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review any changes, since November 1, 2015, to the policies and procedures established by CPA Ontario for assessing an applicant from an accounting body outside of Canada for licensure. In particular, review any changes to, or any new, MRAs.
2. Obtain statistics of the number of applicants that applied for licensure from another jurisdiction/accounting body outside Canada and whether licensure was granted by CPA Ontario since November 1, 2015.
3. Additional inquiries were made to CPA Ontario personnel.

CONCLUSIONS AND OBSERVATIONS

During the review period, the nature of the reciprocity examination (CPARE, formerly CARE) changed. Previously, the CARE was a two-part examination; part one was required for admission to membership and part two was required for licensure eligibility. The CPARE is now a preparatory module followed by an examination for licensure eligibility purposes. The application of this examination for public accounting has not changed.

Set out below is a brief summary of the various developments pertaining to MRAs (all of which provide for membership reciprocity, not licensure reciprocity except the U.S./Mexico agreement which contemplates for both membership and licensure reciprocity, but nonetheless requires that for licensure reciprocity in Canada, all provincial requirements must be met to be eligible for licensure (see Appendix 3C of the agreement)) during the review period:

A. Concluded MRAs

- **Chartered Institute of Public Finance & Accountancy (CIPFA), UK**

Legacy CMA Ontario's MRA expired in March 2014, however applications were accepted until January 2015. Information provided during the previous PAC Triennial Review indicated that CPA Ontario would continue to accept applications until February 2016 while a new MRA was negotiated. CPA Ontario did not continue to accept these applications as the MRA required completing a program that was no longer offered. CPA Ontario therefore did not accept any applications after January 2015.

- **CPA Australia**

Legacy CMA Ontario's MRA expired in February 2016, however, applications were accepted until June, 2018. CPA Ontario continues to accept applications under the Legacy CGA MRA with CPA Australia.

- **Association of Chartered Certified Accountants (ACCA)**

CPA Ontario does not have a current MRA with this accounting body but is currently operating under an expired MRA.

- **Institute of Certified Public Accountants in Ireland**

CPA Ontario does not have a current MRA with this accounting body but is currently operating under an expired MRA (note: this agreement expired in April 2019).

B. Renegotiated MRAs

Name of Accounting Body	Effective Date	Changes
The U.S. International Qualifications Appraisal Board representing the National Association of State Boards of Accountancy (NASBA), and the American Institute of Certified Public Accountants (AICPA), Instituto Mexicano de Contadores Publicos (IMCP), and Comité Mexicano para la Practica Internacional de la Contaduria (COMPIC)	January 1, 2018	<ul style="list-style-type: none"> • Clearer registration eligibility requirements set out in the body of the agreement; • CA Reciprocity Examination Part 1 was eliminated as a pre-requisite for admission to membership • For US CPAs, a detailed practical experience assessment is only performed if the applicant has less than two years of post-designation experience • It recognizes Legacy CGAs and Legacy CMAs who want to apply to the US or Mexico
Chartered Accountants of Australia and New Zealand	January 1, 2018	<ul style="list-style-type: none"> • Did not introduce any changes to the registration or assessment requirements • Recognizes Legacy CGAs and Legacy CMAs who want to apply to this accounting body
Chartered Accountants Ireland	April 30, 2014 Effective start date was January 1, 2018	<ul style="list-style-type: none"> • Did not introduce any changes to the registration or assessment requirements • Recognizes Legacy CGAs and Legacy CMAs who want to apply to this accounting body
The Institute of Chartered Accountants of Scotland	January 1, 2018	<ul style="list-style-type: none"> • Did not introduce any changes to the registration or assessment requirements • Recognizes Legacy CGAs and Legacy CMAs who want to apply to this accounting body
South African Institute of Chartered Accountants	January 1, 2018	<ul style="list-style-type: none"> • Did not introduce any changes to the registration or assessment requirements • Recognizes Legacy CGAs and Legacy CMAs who want to apply to this accounting body
Institute of Chartered Accountants in England and Wales	October 4, 2018 Effective start date was January 1, 2018	<ul style="list-style-type: none"> • Did not introduce any changes to the registration or assessment requirements • Recognizes Legacy CGAs and Legacy CMAs who want to apply to this accounting body

C. Current MRAs

As of October 31, 2018, CPA Ontario had MRAs with the following accounting bodies:

1. The U.S. International Qualifications Appraisal Board representing the National Association of State Boards of Accountancy (NASBA), and the American Institute of Certified Public Accountants (AICPA), Instituto Mexicano de Contadores Publicos (IMCP), and Comité Mexicano para la Practica Internacional de la Contaduria (COMPIC) (US CPA & Mexico CPC)
2. Chartered Accountants Ireland
3. The Institute of Chartered Accountants of Scotland
4. Chartered Accountants of Australia and New Zealand
5. South African Institute of Chartered Accountants
6. Hong Kong Institute of Certified Public Accountants
7. Institute of Chartered Accountants in England and Wales
8. Institute of Chartered Accountants of Zimbabwe
9. Ordre des Experts-Comptables de France (OECF)
10. Institut des Reviseurs d'Enterprises de Belgique
11. Nederlandse Beroepsorganisatie van Accountants (Netherlands)
12. Certified Institute of Management Accountants (CIMA)
13. Japanese Institute of Certified Public Accountants (no formal MRA or other agreement but CPA Ontario continues to accept applications under the GATS of unilateral (Legacy CA) recognition)

14. Substantial compliance.

8. PAC Standard 7C – Designating a New Authorized Designated Body for Licensing

COMMENTARY

Pursuant to Standard 7C, an ADB shall grant a licence to any member in good standing who is also a member in good standing of another ADB and who holds a licence granted by that ADB in accordance with the terms of Standard 7C.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

See above.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT

None.

CONCLUSIONS AND OBSERVATIONS

As a result of unification, CPA Ontario's compliance with this Standard was not the subject of review.

9. PAC Standard 8 – Mandatory Post-Licensing Public Accounting Experience & Continuing Professional Development

COMMENTARY

a) Mandatory Post-Licensing Public Accounting Experience

Pursuant to PAC Standard 8 (1) & 8 (2) and Guideline 2007-4, a licensee is not eligible to renew a licence if, within the immediate past five years, the licensee has not engaged in the practice of public accounting in a substantive way which includes a requirement of 2,500 chargeable hours in the immediate past 5 years, consisting of a minimum of 1,250 of eligible hours in the practice of public accounting and up to 1,250 eligible hours in designated services.

As part of its licence renewal process, CPA Ontario requires all licensed public accountants to annually declare that they have met the 2,500 hour requirement. Furthermore, CPA Ontario selects a sample of renewals to obtain further evidence to support the self-certification. CPA Ontario's Public Accounting Licensing Board has discretion in accepting renewals where substantive way has not been met and exceptional circumstances have been declared by the licensee.

As part of the practice inspection process, Practice Inspectors also request each licensee to submit their experience hours for the 12 - month period ending for the most recent licensing year to confirm that the minimum hours have been met.

b) Continuing Professional Development (“CPD”)

Pursuant to PAC Standard 8(3) an ADB shall require all licensees to undertake CPD, either using an output based or input based approach for measurement. CPA Ontario uses the input measurement basis that requires a minimum of 20 hours annually and 120 hours over a 3-year period. Of these, 50% must be verifiable.

Licensees must state that they have met the minimum requirements for CPD in their annual member's declaration. CPA Ontario also conducts multiple levels of review including an annual audit of CPD declarations selecting a sample of members and requesting a log of CPD activities, and a further subgroup of the sample are requested to submit documentation to support verifiable CPA hours and detailed description of unverifiable hours. Failure to comply with CDP hours requirements may lead to suspension of membership and licensure. In 2016 CPA Ontario's Public Accounting Licensing Board mandate was modified to give it the discretion to grant renewals in exceptional circumstances such as in the case of maternity leaves, medical or compassionate circumstances.

CPA Ontario provides a wide variety of seminars and webinars and CPA Canada provides courses and in-depth programs involving at home and in residence study sessions. In addition, an LPA may obtain CPD elsewhere so long as it may be demonstrated to relate to his or her professional practice or work area.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

1. Post-licensing Experience

- a. **Medium** – Professional judgement is involved in assessing “substantive way”
2. Continuing Professional Development
- a. **Medium** for the following reasons:
 - i. The quality of teachers and courses may not be adequate;
 - ii. The range of CPD offered may not be adequate;
 - iii. The reporting of CPD hours may not be accurate or may be misrepresented; and/or
 - iv. The verification by practice inspectors (“PI”) may not be sufficiently extensive.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 17-1 – Public Accounting Licensing

Regulation 7-2 – Continuing Professional Development

Other relevant CPA Ontario policies, processes and procedures.

Review procedures:

1. Reviewed changes to regulations that occurred during the period under review.
2. Discussed with CPA Ontario personnel responsible for license renewals and CPD
3. Reviewed a sample of licensees who did not meet the quantitative test of 2,500 chargeable hours over the immediate past 5 years and reviewed the Public Accounting Licensing Board’s evaluation, conclusion and actions for each.
4. Reviewed experience hours documents that are in the Practice Inspection files that were reviewed as part of Standard 9 below.
5. Obtained documents on the CPD course development and leader qualification process.
6. Reviewed of a sample of licensees who did not met the CPD requirements and reviewed the Public Accounting Licensing Board’s evaluation, conclusion and actions for each.

CONCLUSIONS AND OBSERVATIONS

Substantial Compliance.

- Effective November 19, 2018 eligible hours for renewal now state explicitly that compilations, with or without notice to reader, may be counted towards a licence renewal.
- Effective January 1, 2019 three substantive changes were made to the CPD requirements:
 - i. The three year period will be rolling meaning each year members must complete 120 hours over the previous three years. Previously the three year period was fixed;
 - ii. Starting with the three year period ending 2021 members must include at least four verifiable hours in ethics CP; and
 - iii. Licensees who perform audit functions must have 120 hours of CPD that develops and maintains the competencies required for their role. The specific competencies and learning outcomes are set out in the regulations.

10. PAC Standard 9 - Practice Inspection

COMMENTARY

Pursuant to PAC Standard 9, an ADP shall maintain a system of mandatory, cyclical practice inspections to ensure maintenance of an appropriate level of professional standards, and details such requirements as:

- Requiring an inspection be conducted within 12 months of inception of the practice
- Testing of quality control procedures

- Reviewing of audit, review and compilation files
- Each practice inspected at least every three years

A high quality practice inspection program is a central element in the public interest of the governance of licensed members of the ADB. The hiring, training and supervision of an adequate number of Practice inspectors (“PIs”) is critical to the enforcement of standards, the monitoring of the quality of client work in the performance measurement and assurance areas, the maintenance of ethical rules and CPD requirements. CPA Ontario’s Practice Inspection group collates LPA hours required for retaining licenses and provides exceptions to the Registrar’s office for their consideration.,

CPA Ontario’s Practice Inspection group assists CPA Ontario’s Employer Relations (“ER”) group in its ongoing monitoring efforts by: forwarding the results of inspections to ER when requested (i.e. either Zone 1, 2 or 3) and providing other relevant information including where the PI has identified something that may be inappropriate for the training environment as well as the PI’s observations for ER follow up.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium – due to:

1. Qualification of PIs;
2. Sufficient number of PIs;
3. Training of PIs;
4. Oversight of PIs;

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 18-1 – Practice Inspections
Practice Inspection Manual
Other relevant practice inspection materials.

Review procedures:

1. Reviewed changes to regulations that occurred during the period under review.
2. Discussed with the director of the practice inspection program and a PI on the detailed process of inspections from practice/partner selection to acceptance of the results by the Practice Inspection Committee.
3. Discussed with PI senior staff regarding recruitment, training and supervision of inspectors.
4. Detailed review of a sample of practice inspection files.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

11. PAC Standard 10 - GAAP/GAAS

COMMENTARY

An ADB shall require every licensee, partnership or professional corporation to use the generally accepted accounting principles and generally accepted assurance standards set out in the CPA Handbook – Accounting and the CPA Handbook – Assurance as the same are amended from time to time, in accordance with the generally accepted standards of practice of the public accounting profession.

The primary focus of the practice inspection program is ensuring the licensee’s application of GAAP and

GAAS in the engagements selected for inspection.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium – Practice inspectors may not be adequately trained to carry out their responsibilities and they may not have the tools in the form of guides and checklists to inspect files.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

1. Practice Inspection Manual and policies including training and operating manuals on GAAP transitions.
2. Current CPD offerings by seminar, webinar publications and residence courses.
3. See CPA Canada and CPA Ontario websites for information on preparation for these requirements.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

12. PAC Standard 11 – Rules of Professional Conduct

COMMENTARY

Pursuant to Standard 11, an ADB is required to implement rules of professional conduct that require licensees and students to, among other things, conduct themselves in a manner that maintains the good reputation of public accountants, that ensures that professional services are performed with integrity and due care, that requires licensees and students to sustain their professional competence, remain objective, hold information confidential, interact with colleagues with due care and ensures that accounting services are performed in accordance with generally accepted standards.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - In light of the reporting obligations under the *Operating Procedures Relating to an Authorized Designated Body's Compliance with the Council's Standards*, the potential risk of non-compliance with the applicable PAC Standards is low.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

CPA Code of Professional Conduct

Student Code of Conduct

Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review all amendments to the Rules of Professional Conduct, as passed at CPA Ontario's meetings, since November 1, 2015.
2. Confirm that all amendments relating to the practice of public accounting were submitted to PAC prior to being introduced, amended or repealed in accordance with PAC Standard 11(6).
3. Confirm that all PAC-requested amendments were implemented in accordance with PAC Standard 11(7).

CONCLUSIONS AND OBSERVATIONS

On February 26, 2016, CPA Ontario enacted the CPA Code of Professional Conduct, which replaced its former Rules of Professional Conduct and associated Interpretation Bulletins. The CPA Code of Professional Conduct was enacted following a national effort to harmonize the applicable codes of conduct across Canada. CPA Ontario provided PAC with the CPA Code of Professional Conduct in accordance

with the *Operating Procedures Relating to an Authorized Designated Body's Compliance with the Council's Standards* prior to enactment.

CPA Ontario has also more recently enacted the Student Code (effective November 19, 2018), which focuses specifically on the responsibility of students. Any breach of the Student Code may result in disciplinary action being taken. While students are obviously not licensees (and so the Student Code is not, by extension, applicable to licensees), it does apply to students seeking to become LPAs.

Substantial compliance.

13. PAC Standard 12(1) - Investigation of Complaints

COMMENTARY

Standard 12(1) requires all ADBs to establish a process for the investigation of all complaints against a licensee or partnership. All such complaints shall be investigated until it has been determined whether or not to refer a charge or charges of professional misconduct to the ADB's adjudicative committee.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium - The possible impact of the professional conduct committee not adequately investigating complaints is potentially significant. Indeed, failure to do so, would call into question the validity of the complaints and disciplinary process.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 15-1 – Complaints

Regulation 15-2 – Reviewer of Complaints

Rosters, Terms of Reference and Handbook

Randomized selection of investigative files

Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review all applicable bylaw amendments, as passed at CPA Ontario meetings, since November 1, 2015. Review any amendments to the professional conduct committee rosters and handbook since November 1, 2015.
2. Review a sample of investigative files where: (1) a charge has been referred to the discipline committee; (2) the licensee has been admonished; and (2) the complaint has been dismissed.

CONCLUSIONS AND OBSERVATIONS

In May 2017, the Ontario government passed the *Chartered Professional Accountants of Ontario Act, 2017* (the CPA Ontario Act), legislation that recognizes CPA Ontario as regulator of each of the Legacy designations. The CPA Ontario Act and Regulation 15-1 provides a framework for, *inter alia*, receiving, reviewing, investigating and prosecuting complaints. Generally speaking, the framework largely remains unchanged from the prior legislation, however, certain changes were made to more clearly delineate between internal and external complaints, to allow for the delegation of investigations and permitting referrals for capacity matters to the Registrar.

Substantial compliance.

14. PAC Standards 13-14, in particular, Standards 13(1) and 14(1) – *Statutory Powers Procedure Act* (“SPPA”) Compliance

COMMENTARY

Standards 13(1) and 14(1) require that the adjudication of charges of professional misconduct, and any appeals therefrom, be conducted in accordance with the SPPA.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

High - The possible impact of the discipline committee and/or the appeal committee not being SPPA compliant is significant – failure to follow principles of fairness and due process would bring the disciplinary process into disrepute and would render any decisions of the applicable tribunals ripe for judicial intervention through any subsequent judicial review application.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 6-1 – Discipline Committee

Regulation 6-3 – Appeal Committee

Regulation 15-2 – Reviewer of Complaints

Rosters and Terms of Reference

Randomized selection of discipline and appeal files

Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review all bylaw amendments, as passed at CPA Ontario meetings, since November 1, 2015.
2. Review any amendments to the discipline committee’s and appeal committee’s rosters and terms of reference since November 1, 2015.
3. Review a sample of hearing files – from their referral to the discipline committee to the final decision by the appeal committee (and any subsequent determination by the Divisional Court, where applicable).
4. Additional inquiries were made to CPA Ontario personnel.

CONCLUSIONS AND OBSERVATIONS

As noted above, in May 2017, the Ontario government passed the CPA Ontario Act. The CPA Ontario Act and Regulations 6-2 and 6-3 provide a framework for, *inter alia*, the discipline hearing and appeals processes. Generally speaking, the framework largely remains unchanged from the prior legislation, however, certain changes were made to more clearly define the jurisdiction and structure of the committees, to allow for referrals for capacity matters to the Registrar, augmenting procedures pertaining to readmission to membership when membership has been revoked by a disciplinary committee and permitting reconsideration of decisions (we note that PAC has provided specific feedback to CPA Ontario in regards to the reconsideration powers).

Historically, the PAC Standards have required that both the Discipline Committee and the Appeal Committee be comprised of members that include, among others, licensees, such that when a licensee is prosecuted, at least one licensee member sit on a panel of either committee. Over the years, including during the review period, CPA Ontario has expressed that it is often difficult to locate willing CPA Ontario members, who are also licensees, to sit on such committees. In the circumstances, CPA Ontario has requested that PAC consider this requirement further, including whether it might be possible to appoint members who have been licensees recently (for example, in the past five years) for this purpose. Discussions are ongoing with CPA Ontario in this regard.

An irregularity was identified in regards to the reporting to PAC of decisions from CPA Ontario’s

Discipline and Appeal Committees (as required by Standards 13(12) and 14(10)). There was a delay in providing decisions to PAC. This irregularity has been addressed such that PAC is now obtaining notice of all such decisions in a timely manner.

Substantial compliance.

15. PAC Standard 15 – Issuing a New Licence to a Former Licensee

COMMENTARY

Standard 15 provides rules for ADBs regarding the issuance of a new licence to a former licensee. In particular, Standard 15 set conditions surrounding the issuance of a new licence to a former licensee who has not satisfied the continuing professional development requirements, or who has not practised public accounting in the past 5 years as required by Standard 7A. Furthermore, Standard 15 places restrictions around the issuance of a new licence to a former licensee whose licence was revoked by an adjudicative or appeal committee of the ADB. Finally, Standard 15 provides that an ADB shall prohibit the issuance of a new licence to a member of the ADB if the member held a licence issued by another ADB and such licence was suspended or revoked and not reinstated by the other ADB.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium - There are possible risks in the intake and application review process when an applicant who has previously qualified, but never applied for a licence or who has allowed their licence to lapse, or who had their licence revoked applies for licensure.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 17-1 – Public Accounting Licensing
Randomized selection of member/licensee files
Other relevant CPA Ontario policies, processes and procedures

Review procedures:

1. Review all bylaw amendments, as passed at CPA Ontario meetings, since November 1, 2015.
2. Obtain statistics of number of applicants who applied for a licence who: (1) previously qualified but never applied for a licence; (2) allowed his/her licence to lapse; and (3) who had his/her licence revoked since November 1, 2015. Obtain statistics of how many of the above-noted applicants were granted a licence since November 1, 2015.
3. Review sample applications/files from former licensees seeking to be re-licensed and their treatment by the Public Accounting Licensing Board.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

16. PAC Standard 16 - Mandatory Liability Insurance

COMMENTARY

CPA Ontario requires all licensees to maintain, and provide satisfactory proof of maintaining, professional liability insurance coverage. This includes minimum coverage limits, maximum allowable deductibles and a minimum period for insurance to be maintained after a licensee retires or leave practice.

CPA Ontario may, as an exception, permit self-insurance in cases where sufficient professional liability coverage is not reasonably available in the marketplace due to the size of the firm or practice and its risk

exposure. Such an exception may be permitted only on the condition that the firm or practice set aside assets at least equal in value to the self-insured amount.

Newly registered firms must have proof of appropriate professional liability insurance within two months of the registration date. Monthly queries are run to identify all active firms with professional liability insurance coverage due to expire in the subsequent month. Notices are sent to those firms to update current insurance information with CPA Ontario. Once the insurance information is received, CPA Ontario staff reviews it to ensure that the policy meets or exceeds the minimum required coverage and does not exceed the maximum deductible allowed. Members who do not provide evidence of appropriate insurance coverage are suspended.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - The principal means of ensuring this Standard is effectively enforced is:

1. Practitioners insured through AICA Services are reported to CPA Ontario directly by AICA; and
2. All licensees affirm that they are meeting the requirements.

A key risk is that those monitored only by affirmation may be uninsured or under-insured to the detriment of the public where losses occur resulting from negligence on the part of the LPA.

A risk exists that the limits and deductibles may be set inappropriately by CPA Ontario.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 14-1 - Professional Liability Insurance

Review procedures:

1. Discussion with staff on process for monitoring insurance.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

17. PAC Standard 17(5) – Licence Application

COMMENTARY

Pursuant to Standard 17(5), an ADB is required to prepare an application form for a public accounting licence that includes all matters necessary to determine whether the applicant satisfies Standards 2 – 6. Furthermore, the application form(s) must include a section to be completed regarding an applicant's character references and a declaration by the applicant that the contents of the application are true and correct.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Medium - The possible impact of not implementing a detailed application form for a public accounting licence is that the various PAC requirements (Standards 2 through 6) could be missed/overlooked.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Regulation 17-1 – Public Accounting Licensing
Rosters and Terms of Reference
Other relevant documents & procedures

Review procedures:

1. Review all standard form public accounting licence applications and rosters for the Public Accounting Licensing Board and the Admission and Registration Committee, including any changes to the documents since November 1, 2015.
2. Reviewed a sample of licences issued during the review period to confirm that all required information and supporting documents were included in the applications
3. Additional inquiries were made to CPA Ontario personnel.

CONCLUSIONS AND OBSERVATIONS

As noted above, in May 2017, the Ontario government passed the CPA Ontario Act. The CPA Ontario Act and Regulation 17-1 provides a framework for, *inter alia*, licensing requirements and processes. While the core content remains much the same as was historically in place, Regulation 17-1 provides that compilations, with or without a notice to reader, may be counted towards a licence renewal.

Relatedly, Regulation 9-1 now makes it explicit that students are not authorized to practise public accounting or provide public accounting services to the public except under supervision of a member that is licensed.

In addition, Regulation 10-1 now provides that a firm cannot apply to end its registration if it is the subject of a practice inspection or discipline proceeding, has not complied with a settlement or order of a committee, does not have the requisite discovery (tail) insurance, or if it owes any dues to CPA Ontario.

Substantial compliance.

18. PAC Standards 17(9) and 17(10) – Reporting re: LPA Roll and Licensure Activities

COMMENTARY

Pursuant to Standards 17(9) and 17(10), an ADB is required to publish a roll of LPAs on its website and shall provide such information to PAC. Furthermore, an ADB is required to publish an annual report on its licensure activities on its website.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - The possible impact of providing inadequate disclosure or of failing to file the necessary reports as required pursuant to the Standards is a lack of transparency and possible non-compliance with the PAC Standards. While the risk associated with such an impact would otherwise be “high”, because said disclosure is regularly provided to PAC, there is already some level of oversight/monitoring taking place.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Member, Firm and Licensee Directories on CPA Ontario Website
Annual and Supplemental Reports filed with the Minister and PAC
Other relevant reporting to PAC

Review procedures:

1. Review system by which the roll of LPAs is provided to PAC.
2. Review all annual reports for details regarding licensure activities as provided to PAC since November 1, 2015.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.

19. PAC Standard 18(1) – Ongoing Compliance with the PAC Standards

COMMENTARY

Standard 18(1) requires an ADB to maintain sufficient and appropriate documentation to support its ongoing compliance with the Standards. Such documentation is required to be made available to PAC upon request as part of PAC’s initial, periodic and special reviews.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low – In light of CPA Ontario's existing document retention policies, there is low risk that CPA Ontario does not have sufficient and appropriate documentation to support its ongoing compliance with the Standards.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Annual and Supplemental Reports filed with the Minister and PAC
Records Retention Policies

Review procedures:

1. Review all annual and supplemental reports filed with the Minister and PAC since November 1, 2015 (to ensure compliance with the information requirements as provided pursuant to Standard 18(6)).

CONCLUSIONS AND OBSERVATIONS

As noted at Standards 13 and 14 above, while an irregularity was identified in regards to reporting decisions from CPA Ontario’s Discipline and Appeal Committees to PAC, such irregularity has been addressed such that PAC is now obtaining notice of all such decisions.

Substantial compliance.

20. Standards 18(5) and 18(6) – Filing of Annual and Supplemental Reports with the Minister and PAC

COMMENTARY

Pursuant to Standards 18(5) and 18(6), an ADB is required to publish an annual report on its licensure activities on its website. Furthermore, an ADB is required to prepare a supplemental report as at and for each 12-month period ended October 31 and file the same with PAC on or before January 1 in each year. The purpose of the report is to detail all manner of licensing activities by the ADB including number of licensees, number of suspensions, revocations, disciplinary hearings, etc. The ADB is required to make such reports available on its website.

POTENTIAL INHERENT RISK AND POSSIBLE IMPACT

Low - The possible impact of providing inadequate disclosure or of failing to file the necessary reports as required pursuant to the Standards is a lack of transparency and possible non-compliance with the PAC Standards. While the risk associated with such an impact would otherwise be “high”, because said disclosure is provided to PAC annually, there is already some level of oversight/monitoring taking place.

CPA ONTARIO DOCUMENTATION REQUIRED FOR ASSESSMENT OF RISK

Annual and Supplemental Reports filed with the Minister and PAC
Randomized selection of member/licensee files

Review procedures:

1. Review all annual and supplemental reports filed with the Minister and PAC since November 1, 2015 (to ensure compliance with the information requirements as provided pursuant to Standard 18(6)), including sample licensing files for LPAs identified as having not met the minimum requirements for licensure.

CONCLUSIONS AND OBSERVATIONS

Substantial compliance.