



# Public Accounting Regulation

Version 1.0

Certified General Accountants Association of Canada  
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## Preamble

This Regulation sets out the minimum standards that an Association must meet in order to satisfy its obligations as a self-regulating organization and to govern the activities of its members engaged in the practice of public accounting. The purpose of this Regulation is to:

- (a) protect the interest of the public;
- (b) protect the integrity and reputation of the profession directed by this Regulation;
- (c) promote and advance the competence of the members of the Association;
- (d) regulate the performance and conduct of persons, partnerships and professional corporations authorized to practice public accounting by the Association.

The provisions of this Regulation are as onerous as are required to meet the duties and obligations imputed by provincial statute and are intended to maintain compliance with internationally recognized standards as may be, from time to time pronounced, by the International Federation of Accountants (IFAC).

Notwithstanding that this Regulation has been arrived at through joint undertaking of provincial/territorial and national Associations of Certified General Accountants, the Associations recognize that the regulation of members and candidates remains the deliberate responsibility of individual provincial/territorial Associations having the duty to interpret, direct, administer, and enforce the matters invoked by this Regulation as provided for by jurisdictional law and customary practice. Interpretation of this Regulation is intended therefore to acknowledge that the Association may meet or exceed the requirements of the provisions set out by this Regulation by relying on alternate means and processes, which serve to enhance competition and to encourage mobility; to the extent that those means serve to satisfy the provisions of this Regulation and of obligations required by higher or ancillary statute.

In the administration of provisions established by this Regulation, it is further recognized that references contained in this Regulation to a subsidiary or subordinate body of an Association are intended to convey generic connotation, intent and spirit. In and of themselves, such references do not propose to compel an Association to strike or to otherwise rename an existing structure, committee or group where the intended mandate can reasonably be evidenced through alternate but equivalent Association governance design.

## Definitions and interpretations

1. In this Regulation,

- (a) “Association” means the Certified General Accountants Association of Canada, the Certified General Accountants Association or Ordre des comptables généraux accrédités of any province or territory that is sanctioned under jurisdictional statute to authorize its members to practice public accounting and to govern the activities and performance of its members as public accountants.
- (b) “assurance engagement” means an engagement defined by the recommendations and generally accepted standards for assurance engagements contained in the *CICA Handbook — Assurance*, where,

pursuant to an accountability relationship between two or more parties, a practitioner is engaged to issue a written communication expressing a conclusion concerning a subject matter for which the accountable party is responsible.

- (c) “audit” and “audit engagement” mean an assurance engagement as defined by the recommendations of standards for audit engagements as contained in the *CICA Handbook — Assurance*, where there is an accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria.
- (d) “authorized practical experience office” means a proprietorship, partnership, or professional corporation under the ownership and control of one or more members authorized to practice public accounting that has been endorsed by an Association for the training and mentorship of candidates seeking to be authorized to practice public accounting.
- (e) “authorized to practice public accounting” means having the authority to engage in the practice of public accounting and stemming from being a member in good standing of an Association, by way of registration, licensure, certification or otherwise, pursuant to legislation in a province, or territory in Canada.
- (f) “candidate” means an individual registered with an Association having formally expressed intent to practice public accounting and by so doing accepted to be subject to, to comply with, and to satisfy qualifying requirements of the Association.
- (g) “competence” and “competency” mean the combined knowledge, skills, proficiency, and judgement required by the members of the Association to provide professional services and to practice public accounting.
- (h) “compilation” and “compilation engagement” mean an engagement defined by the recommendations and generally accepted standards for assurance engagements contained in the *CICA Handbook — Assurance*, where information is received from a client and it is arranged into the form of a financial statement that is arithmetically correct. No expression of assurance is provided in a compilation engagement.
- (i) “degree credit-course” means a course that is duly recognized for credit towards the attainment of an academic degree conferred by a degree granting institution of higher education in Canada.
- (j) “degree granting institution of higher education” means a post-secondary academic institution that is member of the Association of Universities and Colleges of Canada or the Association of Canadian Community Colleges, or the equivalent national association of another country that is accredited to grant degrees by appropriate regulatory authorities in Canada or the other country, and is recognized by the Association.
- (k) “designated body” means an accountancy body recognized as a self-regulatory professional body having the responsibility and authority to qualify, regulate, and govern members in relation to the practice of accountancy.
- (l) “governing body” means the governing or directing Board of the Association.

- (m) “license” and “licensure” means a license to practice public accounting as granted by an Association, or as such jurisdictions require, through a license granting body, in accordance with the provisions of a provincial or territorial regulatory authority.
- (n) “mature student” means an individual over the age of twenty five years and having at least three years of relevant accounting experience in accordance with the practical experience requirements required by the Association.
- (o) “member” means an individual who holds a Certified General Accountant designation and is in good standing. Where applicable, the term may include duly registered CGA students enrolled in the CGA program of professional studies.
- (p) “partnership” means a partnership of two or more members of an Association having been granted authorization to practice public accounting.
- (q) “practice of public accounting” and “public practice” mean providing or offering to provide one or more of the following services to the public, whether for reward or not:
- an assurance engagement;
  - a specified auditing procedures engagement;
  - a compilation engagement;
  - an accounting service insofar as it involves summarization, analysis, advice, counsel or interpretation but excluding an accounting service which is incidental to the provider’s primary occupation which is not public accounting;
  - forensic accounting, financial investigation or financial litigation support services;
  - advice, counsel or interpretation with respect to taxation matters; and
  - the preparation of a tax return or other statutory filing.
- A member who is “employed” in the practice of public accounting is not considered to be “engaged” in the practice of public accounting.
- (r) “practice review” means a review of the practice areas, as specified in the by-laws and regulations of the Association, of a person, partnership, or professional corporation authorized to practice public accounting.
- (s) “practice standards” means the standards established or endorsed by the governing body of the Association.
- (t) “professional corporation” means a professional corporation incorporated under the Business Corporations Act or Corporations Act of a province, territory, or jurisdiction and registered with an Association.
- (u) “public representative” means a participant who is not a student, candidate, member, or employee of an Association who has no obligation, relationship, or interest that could be perceived as conflicting with or interfering with impartial duty to the Association;
- (v) “reporting issuer” means an entity that is deemed to be 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, a market capitalization or 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 will be considered to be a reporting issuer thence forward unless and until the entity ceases to have its shares, units or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization threshold for a period of two years. In the case of a period in which an entity makes a public offering:

- (i) the term “market capitalization” shall be read as referring to the market price of all outstanding listed securities and publicly traded debt measured during the closing price on the day of the public offering; and
- (ii) 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.

- (w) “review engagement” means an assurance engagement defined by the recommendations and generally accepted standards for review engagements of the *CICA Handbook — Assurance* where there is enquiry, analytical procedures, and discussion relating to information supplied by the review client with the limited objective of assessing whether the information being reported on is plausible within the framework of appropriate criteria.
- (x) “specified auditing procedures engagement” means the preparation of a written report of the results of applying specified auditing procedures to financial information other than financial statements where those procedures are not for the purpose of performing an audit or review engagement.
- (y) “student” means an individual registered in the CGA program of professional studies with an Association.
- (z) “suspension” means the deferral or removal of rights and privileges from a member, partnership, or professional corporation.

In determining whether the requirements of an Association satisfy the requirements of Sections 3 to 6 of this Regulation, this Regulation considers that except as may hereinafter be expressly provided:

- (i) the commencement point of a program of professional accounting education may vary and such a program may commence with an undergraduate, graduate, or post-graduate degree from a recognized degree granting institution of higher education;
- (ii) particular post-secondary education, pre-certification education, and pre-authorization education and study may be recognized as being equivalent to an undergraduate degree from a recognized degree granting institution of higher education;
- (iii) the post-secondary education, pre-certification education, pre-authorization study and experience requirements, and evaluation(s) or examination(s) can be completed in adaptable sequence, provided however, that the education or degree credit-course requirements must be completed prior to the relevant evaluations(s) or examination(s);

- (iv) professional accounting education may be gained concurrently with general education while pursuing a degree from a recognized degree granting institution of higher education or may be obtained through advanced study subsequent to completion of such a degree; and,
- (v) practical public accounting experience may be obtained before, during, or after a recognized program of study.

### **Directing premise**

2. (1) An Association shall establish by-laws, rules of conduct, and regulations, pursuant to the authority granted to it by law, governing the nature and means of satisfying the obligations, requirements and processes by which a qualified candidate shall be considered for and conferred the right to practice public accounting providing also that a member, candidate or applicant is required to:
  - (a) be a member in good standing of the Association;
  - (b) make formal application to, and to pay applicable fees, to the Association;
  - (c) meet the requirements and to satisfy the provisions of the Association, any applicable jurisdictional statute, and this Regulation; and,
  - (d) demonstrate good character and reputation to the satisfaction of the Association.
- (2) An Association shall, to the extent that it does not reduce or otherwise interfere with the purpose, requirement, constraint and intent of this Regulation, have the power to establish multiple categories of public practice registration<sup>1</sup> and of recognized professional service providers in response to alternate areas or spheres of practice in accordance with its lawfully granted right under jurisdictional statute or authority providing and disclosing clearly however the requirements and restrictions placed on alternative categories of enrolment and registration.
- (3) An Association shall, in responsive and timely manner, effect the requirements of this Regulation, as they may change from time to time, and will do all reasonable things to ensure compliance by members, partnerships, and professional corporations authorized by the Association to practice public accounting.

### **Post-secondary education requirements**

2. (1) An Association shall require that students and participants of the program of professional studies of the Association complete, prior to certification from the Association<sup>2</sup>:
  - (a) a combination of degree granting institution education and professional study that include, or are equivalent to:

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<sup>1</sup> As defined by Section 7.6 of the Public Practice Entrance and Continuance Standard

<sup>2</sup> As defined by Section 2 of the Public Practice Entrance and Continuance Standard

- (i) an undergraduate or graduate degree from a recognized university that includes or is supplemented by university degree-credit courses or other post-graduate level, degree-credit equivalent courses acceptable to, or offered by, the Association meeting or exceeding the course content described in Section 3(2) of this Regulation; and,
  - (ii) a graduate level degree in accounting education or study that meets or exceeds the professional education requirements set out in Section 4(2) of this Regulation; or,
- (b) a graduate level degree in accounting from a recognized degree-granting institution that has been approved by the Association as including degree-credit courses that meet or exceed the course content required by Section 3(2) of this Regulation and the professional education requirements prescribed in Section 4(2) of this Regulation.

An Association shall make it a condition of eligibility to successfully complete the examination(s) or evaluation(s) prescribed in Section 4(4) of this Regulation confirming that the university degree has been awarded and that the related professional education requirements have been satisfied in compliance with (a) or (b) above.

- (2) An Association body shall require, in addition to a degree from a degree granting institution, that a candidate registered with an Association for the purpose of qualifying to be authorized to practice public accounting shall complete degree-credit courses in accounting and related subjects through university degree credit-courses approved by the Association and/or degree-credit equivalent courses or examinations offered or approved by the Association, that meet or exceed course content in the areas of:
- (a) Financial accounting (introductory, intermediate and advanced);
  - (b) Management accounting;
  - (c) Auditing/management auditing;
  - (d) Finance;
  - (e) Management information systems;
  - (f) Taxation; and
  - (g) General business (communications, economics, law, quantitative methods).

The Association shall further require that the minimum course grade as prescribed by the Association's standards and policies, be obtained in each of the prescribed degree credit-courses to demonstrate satisfactory proficiency of the course content requirements.

- (3) An Association shall require that the principles of competency-based professional education shall be applied to the program of professional studies, certification process, and the requirements to practice

public accounting as set out by the Association in an integrated approach through a continuum of education, examination, and experience in a manner and essence consistent with this Regulation.

- (4) An Association shall regularly review or cause to be reviewed the prescribed credit courses and program requirements of degree-granting institutions of higher education and of prescribed degree-credit equivalent programs of the Association to determine, and to ensure, that curriculum and design continue to meet the content, learning methods, and assessment methods prescribed by this Regulation and the standards established by the Association for the purpose of meeting or exceeding its post-secondary education requirements.
- (5) Notwithstanding Section 3(1), an Association may recognize for the purpose of entry to public accounting:
  - (a) certification of enrolment in a co-operative education or other similar degree-in-progress program at a degree granting institution of higher education in Canada, provided that conferral of a degree is a mandatory requirement that must be met before the individual enrolled in such a program may qualify to attempt the examination(s) or evaluation(s) prescribed by Section 4(1) of this Regulation;
  - (b) membership in good standing in a designated body<sup>3</sup> in Canada or another country; and,
  - (c) qualification for mature or degree-equivalent status for members certified prior to the adoption of this Regulation where the Association is capable of demonstrating that the intellectual and personal skills of the member meet the required standard of performance.

### **Education and experience requirements to qualify for the practice of public accounting**

4. (1) An Association shall establish an integrated, and incremental, program of professional studies and public accounting experience requirements that ensures that candidates seeking to be authorized to practice public accounting acquire and demonstrate the attainment of the minimum competencies, skills and pervasive qualities required of a public accountant, as prescribed by this Regulation, any jurisdictional guidance or instruction of regulators, standards-setters, or the Association and shall establish for candidates seeking to be authorized to practice public accounting evaluation(s) or examination(s) that require a candidate to satisfactorily demonstrate their acquisition and proficiency level of all of the competencies, qualities and skills to practice public accounting set by this Regulation
- (2) An Association must categorically provide for an integrated program of public accounting qualification that imparts, through undergraduate and pre-certification studies, higher-order certification examination, and post-certification curriculum, a continuum of education, professional studies, and experience required of the member or candidate to hone the competency, skills and attributes to practice public accounting as herein provided, or in substantially equivalent form, that embody:

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<sup>3</sup> A designated body means those recognized by statute in Canada, and includes the Certified General Accountants, Chartered Accountants and the Certified Management Accountants

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- (a) Strategic and organizational leadership;
  - (b) Organizational effectiveness;
  - (c) Individual and team leadership and development;
  - (d) Ethics and trust;
  - (e) Stakeholder focus;
  - (f) Communication;
  - (g) Integrative approach;
  - (h) Problem solving;
  - (i) Professional development;
  - (j) Professional self-examination;
  - (k) Financial accounting and reporting;
  - (l) Management accounting;
  - (m) Taxation;
  - (n) Assurance and other related services;
  - (o) Finance and financial planning; and
  - (p) Information technology.
- (3) An Association shall ensure also that the evolution of competency is integrated with professional skills and personal attributes akin to the responsibility of a public accountant including:
- (a) professional skills that facilitate the conception, synthesis, analysis and evaluation of information, the rendering of professional judgement, the making of decisions, and the resolution of challenges;
  - (b) personal attributes that promote and demonstrate competence, initiative, innovation, comprehensiveness, and strategic acumen; and,
  - (c) ethical and professional behaviour, *as pronounced by the CGA-Canada Code of Ethical Principles and Rules of Conduct* and *CGA Independence Standard* of the Association, that promotes public interest, integrity, trust, due care, fair representation and responsibility to the profession.

- (4) An Association shall administer evaluation(s) or examination(s) of a candidate's technical competency, high-order cognitive skills, and pervasive qualities required to practice public accounting in a rigorous, competency-based manner which:
- (a) substantially integrates and assesses knowledge across multiple subjects and the competencies, skills and qualities set out in Sections 4(2) and 4(3);
  - (b) emphasizes the ability to use and to apply knowledge and to exercise professional judgement; and,
  - (c) is founded on a process that is objective, valid, fair, and reliable.
- (5) An Association shall require each candidate intending to qualify to be authorized to practice public accounting to complete structured and mentored practical experience in public accounting<sup>4</sup> sufficient to demonstrate proficiency of the competencies prescribed in this Regulation, and in those cases involving consideration of international qualifications shall have obtained a minimum of two years Canadian experience at a senior level in the professional performance of public accounting.
- (6) An Association shall require that the appropriate designate of the member, partnership, or professional corporation entity sign an affirmation<sup>5</sup> that a candidate making application to be authorized to practice public accounting has been exposed to experience leading to the development of aptitudes, skills and competencies required of a public accountant as set by an Association, or alternatively by statute, and has been subject to mentoring, or supervision of an authorized practical experience office as provided in Section 5 of this Regulation.

### **Authorized practical experience offices**

5. (1) An Association shall, in satisfying the requirements of this Regulation, permit a candidate to attain the prescribed competencies through mentored experience, with one or more authorized practical experience offices<sup>6</sup>.
- (2) An Association shall require that an authorized practical experience office shall:
- (a) be approved by the Association to ensure that<sup>7</sup>:
    - (i) the office is capable of offering, to each candidate seeking to be authorized to practice public accounting, experience and mentoring in one or more of the requirements prescribed by this Regulation;
    - (ii) adhere to, and promote, the rules and standards set out in Section 11 of this Regulation; and,
    - (iii) provide a diverse mix of assignments to ensure well-rounded training and mentorship for candidates.

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<sup>4</sup> As defined by Section 5 of the Public Practice Entrance and Continuance Standard

<sup>5</sup> As required by Section 6, paragraph 6.4 of the Public Practice Entrance and Continuance Standard

<sup>6</sup> For the purpose of this section, approved training may also be provided through a duly approved mentor

<sup>7</sup> As defined by Section 6, paragraph 6.3 of the Public Practice Entrance and Continuance Standard

- (b) satisfy the Association that the requirements of (a) have been, and shall continue to be, fulfilled.
- (3) An authorized practical experience office shall provide a candidate who seeks to be authorized to practice public accounting with the practical experience, instruction, and training necessary for the candidate to attain the requisite competencies, skills, and pervasive qualities required to practice public accounting as set out in this Regulation.
- (4) An Association shall require each authorized practical experience office to maintain and to submit for review to the Association<sup>8</sup>, records for the candidate(s) showing in reasonable detail the type of work assigned and the progress of the candidate while engaged in rendering public accounting services, identifying specifically the competencies practiced by the candidate and the proficiency level attained.
- (5) Nothing in this Regulation, or within the by-laws or standards of an Association, shall imply or impute that an authorized practical experience office is obliged to offer employment or mentoring to, or to continue to offer employment or mentoring to a candidate.
- (6) An Association shall, at the time of the mandatory, recurring practice review required by Section 9 of this Regulation, conduct a review of each authorized practical experience office to determine if each such office continues to qualify as an authorized practical experience office.

### **Authorization to practice public accounting**

- 6. (1) An Association shall require each member, partnership of members, and professional corporation intending to engage in the practice of public accounting to register with the Association prior to engaging in the practice of public accounting and to then re-register annually<sup>9</sup>.
- (2) The registration requirements of the Association apply to those activities as included in the definition of practice of public accounting and public practice.
- (3) To be eligible to practice public accounting, the member(s) must satisfy the education and experience requirements set out in this Regulation.
- (4) An Association shall require members engaged in the practice of public accounting to maintain:
  - (a) professional liability insurance coverage as set out in Paragraph 7.6.3 (a) of the *Public Practice Entrance and Continuance Standard* and Section 16 of this Regulation; and,
  - (b) a current version of the *CICA Handbook*, and a current subscription to a CGA-Canada *Public Practice Manual*.
- (5) An Association shall require that each member, partnership or professional corporation that issues audit reports or intends to be authorized to issue audit reports on the financial statements of reporting

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<sup>8</sup> As defined by Section 6, paragraph 6.4 of the Public Practice Entrance and Continuance Standard

<sup>9</sup> As defined by Section 8 of the Public Practice Entrance and Continuance Standard

issuers as defined by securities legislation be registered with the Canadian Public Accountability Board (CPAB) and comply with the rules and oversight afforded by the CPAB in relation to the satisfactory performance of reporting issuer client engagements.

### **Authorization of persons admitted to membership from accounting bodies of other jurisdictions to practice public accounting**

7. (1) Subject to satisfaction of the requirements of this Regulation, an Association may adopt by-laws, regulations, and policies that permit admission to membership in the Association a person who is a member in good standing of an accounting body in another jurisdiction, subject to impending imposition of requirements as the circumstances may require, for the purpose of qualifying the person to be authorized to practice public accounting.
- (2) An Association shall establish fair and consistently applied protocols, policies and procedures for assessing the standards of accounting bodies in other jurisdictions, in and outside of Canada, for the purpose of determining eligibility of persons to become members of the Association.
- (3) An Association shall predetermine the appropriate recognition that may be granted to members of other accounting bodies recognizing also the Association's discretion to responsibly exempt the prospective member from, or waive, any of the particular qualification requirements of the Association understanding however that any such consideration shall not contravene the provisions of any jurisdictional statute, this Regulation, or the by-laws or standards of the Association.
- (4) A member admitted into membership of an Association, as provided in this Section, shall be entitled to make application, and be conferred authorization to practice public accounting, in a manner consistent with and subject to identical terms and conditions, as are applicable to any other member of the Association.
- (5) Notwithstanding the provisions of this Section, an Association shall not authorize a member to practice public accounting who has not satisfied the provisions and requirements of this Regulation through the performance of qualifying activity with the Association or through the deliberate and measurable recognition of the qualifying elements prescribed by this Regulation.

### **Mandatory continuing professional development**

8. (1) Consistent with the CGA-Canada *Code of Ethical Principles and Rules of Conduct*<sup>10</sup> of the Association, a member authorized to practice public accounting shall sustain professional competence by keeping informed of, and complying with, developments in the acknowledged standards of the profession in all areas in which the member practices or is relied upon because of the member's profession.

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<sup>10</sup> R301, Competence R302, Professional Development and R303, Adherence to Acknowledged Principles and Standards

- (2) An Association shall establish and maintain mandatory continuing professional development (CPD) requirements, make available professional development opportunities, and administer a compliance program under which all members authorized to practice public accounting shall be required to report annually ensuring that requirements of the Association meet or exceed the national Continuing Professional Development Standard.
- (3) An Association shall require each member to satisfy, and to report<sup>11</sup> to the Association the professional development activities pursued by the member authorized to practice public accounting in observance of the continuing professional development requirements specified by this Regulation.
- (4) An Association shall prescribe for all members authorized to practice public accounting, a measure of continuing professional development which shall comprise of:
  - (a) a minimum of 120 hours on a moving total basis for each three-year reporting period ending December 31;
  - (b) not less than 60 hours of the 120 hours prescribed in (a) above to be verifiable learning based on the assertion that a certain portion of the CPD learning activities engaged in may be objectively confirmed or corroborated by a competent source; with,
  - (c) a recommended minimum of 20 hours being earned annually.
- (5) The mandatory continuing professional development requirement as espoused by the Association shall be designed to:
  - (a) promote the continuous improvement of competence and a commitment to lifelong learning for all members<sup>12</sup>;
  - (b) maintain public trust;
  - (c) enhance the credibility of the profession, both domestically and abroad;
  - (d) fulfill the Association's obligations as a member body of the International Federation of Accountants; and,
  - (e) facilitate the provincial and/or territorial mobility of members.
- (6) An Association shall permit members authorized to practice public accounting the discretion to determine developmental pursuits recognizing however that learning activities must be:
  - (a) Relevant – the content of the continuing professional development is expected to develop the knowledge, skills, values, ethics and attitudes of the professional accountant and is relevant to the professional accountant's current and future work environment and professional responsibilities.

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<sup>11</sup> As defined by Section 5 of the Continuing Professional Development Standard

<sup>12</sup> As defined by Section 2 of the Continuing Professional Development Standard

- (b) Measurable – learning activities and outcomes must be identifiable and quantifiable or otherwise measurable; in terms of effort, time spent, or through a valid assessment method which measures the competence achieved or developed.
  - (c) Verifiable – a certain portion of the learning activities engaged in must be confirmable or corroborated by a competent source.
- (7) Every member authorized to practice public accounting shall, at the request of the Association, report annually on a calendar year basis, using the prescribed form to demonstrate the member's respective participation in continuing professional development activity.
- (8) An Association shall establish, communicate, administer and enforce any penalties, including discipline, suspension or expulsion, occurring as the result of a failure of a member authorized to practice public accounting to comply with the continuing professional development requirements or to meet any reporting requirements therein prescribed.

## Public Practice Review

9. (1) An Association shall require each member<sup>13</sup>, authorized to practice public accounting to undergo a mandatory practice review<sup>14</sup> within twelve months of registration of the practice and not less than once every three years thereafter for the purpose of satisfying the Association that a suitable level of professional performance is sustained.
- (2) An Association shall require each member, each partnership of members, and each professional corporation, seeking to be, or authorized to issue audit reports on financial statements of any reporting issuer, as defined under securities legislation, to be a registrant with the Canadian Public Accountability Board (CPAB), to be subject to the rules, conventions and oversight of the CPAB, and to undergo inspection by the CPAB<sup>15</sup> in relation to performance of engagements under its oversight.
- (3) An Association shall provide that audit, review, and compilation engagements are subject to review and that other types of services and the administrative systems may also be reviewed.
- (4) An Association shall require that the mandatory, recurring practice review process incorporate review of working paper files and related documents, and at a minimum, verify that work performed by the member, partnership, or professional corporation authorized to practice public accounting meets the requirements of the *CICA Handbook or alternate international standards*, the Association's *CGA Public Practice Manual*, and any relevant by-laws, regulations, standards and ethics requirements of the Association.
- (5) The practice review process, as set out by an Association, shall incorporate review of:
- (a) quality control at both the firm and the engagement level;

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<sup>13</sup> Or, where jurisdictions permit, a partnership of members, or professional corporation

<sup>14</sup> As defined by Section 1, Paragraph 1.2 (a) of the Practice Review Standard

<sup>15</sup> Or its designate, as is the case in certain jurisdictions where a memorandum of understanding has been executed between CPAB and the Association

- (b) assessments made in the acceptance/reacceptance of engagements and of the appraisal of risk relating to respective clients;
  - (c) relevant ethical requirements;
  - (d) the assignment of engagement teams to the engagement;
  - (e) planning, supervision and review of the engagement; and
  - (f) documentation and monitoring.
- (6) An Association shall establish the required skill and diligence required of an independent practice reviewer, protocols, checklists, scoring methodology and reporting requirements to be deployed in the conduct of a practice review ensuring that reviewers possess requisite experience and independence.
- (7) An Association shall adopt procedures which ensure consistency in the conduct of reviews, reviewer reporting standards, the treatment of findings, and the final review by committee or delegate(s) of the Association.
- (8) Results of the practice review will be reported to the Association's appointed delegate(s) in prescribed form and the details of any deficiencies encountered shall be communicated in writing to the member, the partnership, or the professional corporation authorized to practice public accounting with any requirement to introduce remedial action<sup>16</sup>.
- (9) The by-laws or regulations of an Association shall provide the practice review committee or alternate body of the Association, or its delegates, the authority to compel the member, partnership, or corporation authorized to practice public accounting to produce working paper files, documents, books, or other material, to enact remedial measures to address any deficiencies, to conduct any follow-up review(s) including also alteration of review frequency, and to enforce other reasonable measures as the conditions may warrant.

## Standards of Practice

- 10.** (1) An Association shall through enactment of bylaws, standards, or regulations require each authorized member, partnership, and professional corporation engaged in the practice of public accounting to render professional services in accordance with generally accepted standards of practice of the public accounting profession including also the culmination of accounting and auditing standards as pronounced, and regularly adapted or modified, by standards-setters duly sanctioned by provincial, territorial, jurisdictional, and national authority.

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<sup>16</sup> Further requirements pertaining to necessary remedial action are defined by Section 1, Paragraph 1.5 of the Practice Review Standard

## CGA Code of Ethical Principles and Rules of Conduct

11. (1) An Association shall enact and enforce the CGA-Canada *Code of Ethical Principles and Rules of Conduct*, meeting or exceeding the standards established by the International Federation of Accountants, which:
- (a) advances and safeguards the interests of the public;
  - (b) requires members and students to act with trustworthiness, integrity and objectivity;
  - (c) requires the attainment and maintenance of high professional standards of competence, knowledge, and skill;
  - (d) promotes the virtues of due professional care and corollary professional judgement; and,
  - (e) requires members and students to act openly and fairly in the practice of their profession and to perform in a manner that will enhance the image of the profession and of the Association.
- (2) The rules of conduct of the Association, encompassing the CGA-Canada *Code of Ethical Principles and Rules of Conduct*, shall specify the minimum standards of acceptable professional behaviour requiring that:
- (a) members and candidates conduct themselves in a manner befitting of their obligation to serve the public interest and of the good repute of the profession;
  - (b) members and candidates perform professional services with integrity and due care;
  - (c) members and candidates continuously enhance technical knowledge and skills in the areas of the profession practiced;
  - (d) members and candidates shall not be associated with any information which the member or candidate knows or ought to know to be false or misleading;
  - (e) members and candidates exercise a duty of confidentiality respecting the matters of clients or employers, past or present, and shall not, without acceptable cause, disclose confidential information obtained in the course of the discharge of their duties or manipulate such information so as to confer a personal advantage; and,
  - (f) members and candidates act in accordance with the duties and responsibilities associated with being members of the profession and in keeping with the authorized Association's professional excellence.
- (3) Notwithstanding subsections (1) and (2), each candidate, member, partnership, and professional corporation authorized to practice public accounting and which is engaged in performing assurance engagements such as an audit or review of financial statements or a specified auditing procedure engagement shall be, and remain, independent to the extent that the member and assurance team shall

remain free from any influence, relationship, or interest which in the view of a reasonable and informed party would deem to be unacceptable due to the potential compromise of independence, integrity, objectivity, and professional scepticism.

- (4) Members, partnerships and professional corporations authorized to practice public accounting shall be required to honour and to uphold the provisions of this Regulation, to comply with the by-laws, rules and regulations of the Association, to comply with the *Public Practice Entrance Standard*, *Public Practice Review Standard*, *Continuing Professional Development Standard*, *Independence Standard*, *Compliance Standard* and any other applicable standards of the Association or of the recognized standards-setter and to ascribe to the *Code of Ethical Principles and Rules of Conduct* of the Association.
- (5) An Association shall ensure, as is reasonably possible, to develop and to sustain rules of professional conduct for its members and for its members authorized to practice public accounting that seek to reflect preservation of public interest, harmonization of the CGA-Canada *Code of Ethical Principles and Rules of Conduct* of the Association with those of other affiliated bodies, those of other designated bodies, and those of the International Federation of Accountants.
- (6) The rules of an Association shall require that a member, partnership, or professional corporation authorized to practice public accounting act with due professional courtesy and consideration in its dealings with the public, clients, Association members, , and others authorized to practice public accounting.
- (7) The *Code of Ethical Principles and Rules of Conduct* of an Association provide that where a member, partnership, or professional corporation authorized to practice public accounting associates itself in the practice of public accounting with any individual not duly authorized to practice public accounting, the rules of conduct of the Association will be deemed to apply to the person and the member, partnership, or corporation shall be responsible to the Association for any failure of such person, relating to such practice, to comply with the rules of conduct<sup>17</sup>.
- (8) The rules of conduct of an Association shall provide that a member<sup>18</sup> authorized to practice public accounting, having sufficient personal knowledge of an act that may be detrimental to the profession, shall report to the Association those acts deemed detrimental to the profession<sup>19</sup>.

## Complaints against members

12. (1) An Association shall have, through by-law, regulation, or jurisdictional public provision a procedure under which a complaint of professional misconduct which has been found to have a basis has been made against a member<sup>20</sup>, partnership, or professional corporation authorized to practice public accounting, upon receipt by the Association, shall be responsibly investigated and dispensed.

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<sup>17</sup> R511, Responsibility and Control

<sup>18</sup> Or, in those jurisdictions that permit such registration, this provision shall also apply to students

<sup>19</sup> R106, Reporting of Acts Detrimental to the Profession

<sup>20</sup> In certain jurisdictions discipline is applied on a member basis only

- (2) Oversight of the compliance process shall be provided by a public accounting authorization board or committee or alternate corresponding body, including within its membership not less than one member authorized to practice public accounting, as appointed by the governing body of the Association<sup>21</sup>.
- (3) On receipt of a complaint, an investigation shall be carried out by an individual assigned such responsibility by the Association or by an appointed investigator, having suitable qualifications, who will perform the investigation within a reasonable time relative to the scope and circumstances of the investigation and submit a report to the appropriate committee of the Association.
- (4) Upon completion of an investigation of a complaint of professional misconduct against a member, partnership or professional corporation, the appropriate committee or alternate corresponding body of the Association shall determine whether to:
  - (a) on determining that a complaint is to be closed, choose to provide guidance and advice to the member, partnership or professional corporation authorized to practice public accounting;
  - (b) arrive at a resolution to the complaint; or,
  - (c) refer the complaint and the charges of professional misconduct to the discipline committee or alternate corresponding body of the Association.

### **Remedy of complaints against members**

13. (1) An Association's by-laws or regulations shall disclose the grounds and conditions under which complaints will be adjudicated and the sanctions and remedies available to any disciplinary tribunal or alternate corresponding body.
- (2) After an unresolved complaint has been referred to a disciplinary tribunal or alternate corresponding body of the Association, a hearing shall be arranged in accordance with the provisions and requirements of the law of the provincial or territorial jurisdiction.
- (3) An Association shall ensure that it provides in its disciplinary process, the right to order a candidate or member found culpable of professional misconduct to indemnify the Association for all or part of the costs of the investigation and hearing.
- (4) The participants to proceedings of alleged professional misconduct shall include the discipline and/or investigation committee or alternate corresponding bodies as appointed by the Association pursuant to sub-section 12(2) of this Regulation, where applicable the chair, the individual or firm who is the subject of the hearing, counsel to any participant to the hearing, and any other participant legitimately endorsed by the disciplinary tribunal or alternate corresponding body.

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<sup>21</sup> As defined by Section 5, Paragraph 5.4 of the impending Compliance Standard (subject to consultation period and subsequent approval by the National Professional Standards Committee)

- (5) Where it appears to the disciplinary tribunal or alternate corresponding body that a member or members of the public would be at risk by reason that a member or firm charged with professional misconduct remains in good standing, it may order that the rights and privileges of the member, or the authorization of a partnership or professional corporation, be suspended in whole or in part until the final disposition of the charge(s).
- (6) When a disciplinary tribunal or alternate corresponding body completes its hearing of a matter, it may issue an immediate order prior to the delivery of its reasons, that a member be suspended or expelled and/or that the authorization of a member, partnership or professional corporation be suspended or revoked.
- (7) A decision taken subsequent to a hearing shall be in writing and shall contain the reasons for the decision, in which are set out the findings of fact and the conclusions thereupon drawn.
- (8) An Association shall provide that any sanctions be imposed by the discipline tribunal, committee, or alternate corresponding body making the determination of professional misconduct and that such authority carry with it the power to affect<sup>22</sup>:
  - (a) reprimand;
  - (b) loss or restriction of practice rights;
  - (c) directing the successful completion of professional development courses, programs of study, or examinations;
  - (d) fine and/or payment of costs;
  - (e) suspension and/or surrender of designation;
  - (f) expulsion from membership, and
  - (g) bar from reinstatement.
- (9) A decision taken by the disciplinary tribunal or alternate corresponding body shall be directed to the chair of the discipline or investigation committee, or alternate corresponding body, and to the member, partnership, or professional corporation subject of the hearing together with notice of a participant's right to appeal, if any.
- (10) An Association shall require that, in regard to a finding of professional misconduct, in the absence of an appeal being filed in proper form with the Association, a notice of the decision along with any order of the disciplinary tribunal or alternate corresponding body disclosing the identity of the member, partnership or professional corporation authorized to public practice shall:
  - (a) be directed to the Association's board of directors or governing council;
  - (b) be accessible to the members of the Association and to the public; and,

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<sup>22</sup> As defined by Section 6 of the Compliance Standard

- (c) unless considered unnecessary to the axiom of public interest, and in the event that a member is expelled from membership, authorization to practice public accounting is suspended or revoked, or a limitation is placed on the practice of the member, partnership or professional corporation, notice will be published on the Association's website and in a daily newspaper in the jurisdiction of the practice;

recognizing, however, that where the disciplinary tribunal has ordered that the identity of the member, partnership or professional corporation not be disclosed, publication of notice shall not disclose the identity of the member, partnership or professional corporation.

### **Right to appeal originating remedy of complaints against members**

- 14.** (1) The discipline or investigation committee or alternate corresponding body of the Association, the member, partnership, or professional corporation subject of a disciplinary hearing may notify the Association in writing that they wish to appeal the decision of the disciplinary tribunal to the appeal tribunal or alternative corresponding bodies together with a summary of the grounds for appeal and evidence that demonstrates through transcript of the hearing giving rise to the appeal, that an order has been initiated.
- (2) Delivery of a notice of appeal to the appeal tribunal or alternate corresponding body stays the implementation of a decision of the originating tribunal or alternate corresponding body until the disposition of the appeal notwithstanding that in the event that an originating tribunal or alternate corresponding body ordered suspension or revocation of the authorization to practice public accounting, then, upon receipt of a notice to appeal, the authorization to practice public accounting shall be suspended until the disposition of the appeal hearing unless the disciplinary tribunal or alternate corresponding body determines that a suspension is not required for the protection of the public or in the public interest, under the circumstances.
- (3) The appeal tribunal or alternate corresponding body of the Association shall have the authority to rectify clear errors of fact or the incorrect comprehension, interpretation, or application of a relevant principle of accounting, law or assurance standard, shall have the same power to sanction as that of the disciplinary tribunal or alternate corresponding body, and shall be subject to the same provisions as applicable to the disciplinary tribunal or alternate corresponding body with respect to notice of hearings and decisions rendered by the appeal tribunal or alternate corresponding body.
- (4) Those involved in the proceedings before the appeal tribunal or alternate corresponding body shall include, as applicable, representation from the discipline or investigation committee or alternate corresponding bodies as appointed by the Association pursuant to Section 12(2) of this Regulation, representation from the disciplinary tribunal or alternate corresponding body as appointed by the Association pursuant to Section 13(2) of this Regulation, the member, partnership or professional corporation subject of the hearing, and any other individual(s) legitimately endorsed by the tribunal or alternate corresponding body including legal counsel.

- (5) The appeal tribunal or alternate corresponding body shall, upon referral of the appeal by the Association:
- (a) set a date for hearing of the appeal and give notice thereof in proper form;
  - (b) conduct a review of the hearing of the disciplinary tribunal or alternate corresponding body in accordance with the asserted grounds for appeal and the jurisdiction of the appeal tribunal or alternate corresponding body consistent with the provisions and requirements of the law of the provincial or territorial jurisdiction;
  - (c) proceed solely on the basis of the transcript of the evidence led before the disciplinary tribunal or alternate corresponding body of first instance, the exhibits, and such further evidence as may be admitted in exceptional circumstances;
  - (d) render a decision; and,
  - (e) issue an order providing its decision in writing with reasons for its decision.
- (6) An Association shall at its discretion, for each appeal hearing, set out on its website the place, date, and time of the hearing, together with the name of the member, partnership or professional corporation a description of the charge(s) and notice that the hearing is open to the public.
- (7) A decision taken by the appeal tribunal or alternate corresponding body shall be directed to the Association, to the chair of the discipline or investigation committee or alternate corresponding body, to the chair of the disciplinary tribunal or alternative corresponding body and to the member, partnership, or professional corporation subject to the hearing together with notice of the right to appeal if any.
- (8) An Association shall require, in respect of a final decision and order of the appeal tribunal or alternate corresponding body that notice of the final decision and order disclosing the identity of the member, partnership or professional corporation authorized to public practice shall:
- (a) be directed to the Association's board of directors or governing council;
  - (b) be reasonably accessible; and,
  - (c) unless considered unnecessary to the axiom of public interest, and in the event that a member is expelled from membership, authorization to practice public accounting is suspended or revoked, or a limitation is placed on the practice of the member, partnership or professional corporation, notice will be published on the Association's website and in a daily newspaper in the jurisdiction of the practice;

recognizing, however, that where the appeal tribunal has ordered that the identity of the member, partnership or professional corporation not be disclosed, the publication of notice shall not disclose the identity of the member, partnership or professional corporation.

- (9) In the event of an appeal to the courts, implementation of the decision of an appeal tribunal or alternate corresponding body shall be stayed pending final disposition of court proceedings, except where the appeal tribunal or alternate corresponding body has ordered that the member be expelled, or an authorization to practice public accounting be revoked, then, the membership, or the authorization to practice public accounting shall be suspended unless an appeal tribunal or alternate corresponding body making the order determines that in the circumstances a suspension is not required for the protection of the public or in the public interest.

### **Authorization of a member, partnership or professional corporation previously authorized to practice public accounting**

15. (1) An Association shall, in its by-laws or its regulations, provide for the conferring of a renewed authorization to practice public accounting to a member, partnership, or professional corporation formerly authorized, subject as the case may be, to the satisfaction of requirements for qualification and re-qualification of the Association and may require that a member successfully complete prescribed courses, examinations, or evaluations including the study of such material as:
- (a) orientation to public practice courses;
  - (b) a *Handbook* refresher course and/or *International Financial Reporting Standards (IFRS) and Canadian Auditing Standards (CASs) courses*;
  - (c) an advanced personal and corporate taxation course;
  - (d) an advanced external audit course; and,
  - (e) the CGA-Canada *Code of Ethical Principles and Rules of Conduct and CGA Independence Standard* of the Association.
- (2) The by-laws or regulations of the Association shall necessitate that, where the authorization to practice public accounting has been revoked by a disciplinary tribunal or alternate corresponding body of the Association, the member shall satisfy the requirements for re-admission as a condition to being conferred a new authorization to practice public accounting and shall satisfy the disciplinary tribunal or alternate corresponding body that:
- (a) the member is in good standing and of good character;
  - (b) the member is qualified to practice public accounting; and,
  - (c) should a new authorization be issued, there would not be a disproportionate risk posed to the public.
- (3) Notwithstanding the provisions of sections 15(1) and 15(2), the Association shall disallow the conferring of the authorization to practice public accounting to a member of the Association if the

member was previously authorized, or licensed, by another Association and such authorization, or license, was suspended or revoked and not reinstated by the former Association.

### **Mandatory insurance for members authorized to practice public accounting**

16. (1) An Association shall require members engaged in the practice of public accounting, to subscribe to, maintain, and provide satisfactory proof of professional liability insurance coverage<sup>23</sup>.
- (2) An Association shall, in establishing the conditions of insurance requirements or of any insurance program consider and respond, to the extent possible to:
- (a) different levels of risk exposure based on practice size, number of practicing members and principals, or other comparable characteristics;
  - (b) the types and magnitude of claims realistically anticipated to occur under such a program;
  - (c) the products and coverage reasonably available in the marketplace; and,
  - (d) industry trends with respect to claims, damages and litigation.
- (3) An Association shall monitor, establish and communicate requirements for insurance that include the:
- (a) minimum coverage loss limits per claim;
  - (b) minimum loss limit aggregate per policy period;
  - (c) maximum allowable deductibles; and,
  - (d) extended reporting periods upon retirement or withdrawal from public practice.
- (4) An Association shall duly specify the penalties and consequences, including the discipline, suspension or expulsion of the member, partnership or professional corporation from authorization to practice public accounting as applicable, arising from a breach or lapse in securing professional liability insurance coverage or in reporting compliance to the Association.

### **Association governance and administration in relation to the granting of authority to practice public accounting**

17. (1) An Association's board of directors, board of governors, or governing council, as created under provisions of provincial, territorial or jurisdictional law, or its designate, shall govern the Association in the best interests of the public, its members and its students and shall establish a public accounting authorization process through a board, committee, panel or alternative corresponding body, means or

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<sup>23</sup> In defined by Section 7, Paragraph 7.6.3 of the Public Practice Entrance and Continuance Standard

function to fulfil the Association's obligations in all matters relating to the authorization of its members to practice public accounting.

- (2) An Association's public accounting authorization process shall include:
  - (a) development of, or consultation in, recommendations and protocols to the Association relating to the establishment and maintenance of by-laws, standards, requirements, and procedures relating to the performance of public accounting;
  - (b) review of applications received from members, partnerships and professional corporations and determination of the applicant's eligibility and right to engage in the practice of public accounting;
  - (c) decisions respecting renewal applications for authorization to practice public accounting;
  - (d) decisions regarding applications for the right to practice public accounting from members whose previous authority to practice public accounting, or license, has expired unless such application is directed to an applications committee or alternate corresponding body for a determination of good character or eligibility; and,
  - (e) acting as custodian of record in the approval, denial, and revocation of the authority of a member, partnership, or professional corporation to practice public accounting.
- (3) An Association shall establish a process and an ancillary mandate, as may be necessitated, to consider in respect of public accounting issues:
  - (a) an application for authorization to practice public accounting where the good character of a member must be established by way of a public examination or hearing;
  - (b) an application for authorization to practice public accounting from a member in respect of whom the public accounting authorization board or alternative corresponding body has instructed that a hearing be held to ascertain the member's eligibility and qualification to practice public accounting as set out by statute, or by regulation and by-law of the Association;
  - (c) an application to practice public accounting from a member, partnership, or professional corporation which is otherwise authorized, or licensed, to practice public accounting in a jurisdiction outside of the Association catchment; and,
  - (d) other issues relating to the practice of public accounting that are referred to it by the board of the Association.
- (4) An Association shall ensure to:
  - (a) establish deliberate means by which to deal with public accounting matters and to foster processes which preserve public interest and can provide for public participation;

- (b) follow due process in the administration of its authorization program;
  - (c) establish processes that eradicate the existence of undue influence or discrimination;
  - (d) render readily available information on requirements and procedures relating to right, authority and approval to practice public accounting by the Association;
  - (e) “provide for regular impartial review of the application and approval processes providing also for mechanisms by which justifiable appeals, if any, are processed;”
  - (f) respond to applicants in a timely manner and to furnish adequate explanation for decisions rendered;
  - (g) perform its authorization activities in a manner which preserves the public interest by compelling high standards of professional public practice and by granting precedence to those who rely on the professional renderings of public accountants;
  - (h) require compliance with the requirements and provisions of jurisdictional statute and of the by-laws and regulations of the Association; and,
  - (i) regularly review and modernize the public practice authorization standards, practices and procedures of the Association.
- (5) An Association’s prescribed written form of application for the authorization to practice public accounting shall incorporate all elements necessary to determine the suitability of an applicant’s eligibility to practice public accounting in consideration of pertinent jurisdictional statute or requirement, the Association’s by-laws and standards, and this Regulation including also any required declaration signed by the applicant respecting the authenticity of the contents of the submission.
- (6) Where an Association subjects a member to suspension or expulsion, it will also suspend or revoke such member’s authorization to practice public accounting.
- (7) If a member authorized to practice public accounting ceases to be a member in good standing of the Association, the authorization to practice public accounting shall terminate on the date that such member ceases to be a member of the Association.
- (8) Notwithstanding the provisions of subsections (6) and (7), an Association shall require that a member whose authorization to practice public accounting has been suspended, revoked, or terminated shall continue to be subject to the exercise of disciplinary power of the Association to the same extent as would have been the case had the authorization to practice public accounting not been suspended, revoked, or terminated, for any act which may constitute a breach of the by-laws, regulations or requirements of the Association.
- (9) An Association may publish a register of its members, partnerships, and professional corporations authorized to practice public accounting on its website in a publicly and freely accessible manner and

may publish, on an annual basis, a report on its authorization activities as prescribed by Section 18 of this Regulation.

- (10) An Association shall publish and communicate the standards and protocols it has adopted in relation to this Regulation, to its members and to the public, by way of readily available and accessible means, including but not necessarily limited to its website.
- (11) An Association shall have statutory authority to enforce its objects and responsibility, the authority to discipline members, partnerships and professional corporations authorized to practice public accounting, and the right to indemnify itself from the actions of members found culpable of professional misconduct or delinquency.

### **Disclosure and related provisions**

- 18.** (1) An Association shall maintain sufficient appropriate documentation to support its ongoing compliance with this Regulation with such documentation being made accessible to proper regulatory authority upon request as part of its initial, periodic, and special reviews.
- (2) An Association shall require members, partnerships and professional corporations authorized to practice public accounting to consent, and be deemed to have consented upon being granted authority to practice public accounting, to the release of any and all information or documentation to the Association and to any regulatory body so established through statute to oversee the function of this Regulation.
- (3) An Association shall require a member, partnership, or professional corporation authorized to practice public accounting, in the provision of accounting services in respect to a financial statement, part of financial statement, or ancillary statement attached to a financial statement, to disclose in any written report, statement or opinion, the individual's authority to practice public accounting by use of the prescribed identification as established by the Association in conformity with any statute which the Association is required to satisfy.

**The provisions of this Regulation serve to reflect only the requisite shared requirements of CGA Associations as they relate to the practice of public accounting in Canada. For more extensive appreciation of the rights, privileges and obligations of CGAs and of their Associations, contact may be made with provincial/territorial CGA Associations or with CGA-Canada.**