



**The Society of Professional Accountants of Canada**  
**La Société Des Comptables Professionnels Du Canada**

**2016**

**Code of Ethics**  
**Handbook**

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**Registered  
Professional  
Accountant**

**Comptable  
Professionnel  
Enregistré**



## Professional Conduct

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### CODE OF ETHICS

This Code of Ethics is directed primarily at ensuring and safeguarding the quality of services provided by members of The Society of Professional Accountants of Canada (R.P.A.) to the public it serves; and to achieving and maintaining courteous and professional conduct among its members.

This Code of Ethics provides a set of standards which members and students are to regard as a minimum level of acceptable professional conduct. The Code specifies the minimum standard of professional conduct among its members.

Secondly, it provides to the public assurances that The Society of Professional Accountants of Canada is imposing on its members standards by which it will be judged. The Code, further provides to clients, employers and the general public a standard against which a member's performance may be assessed.

Finally, the Code of Ethics forms the basis of disciplinary procedures by which allegations of professional misconduct are addressed.

### Section 100 - Definitions

In this Code, unless otherwise specified, the following terms mean:

#### **Member**

A person who has been accepted into the membership of The Society of Professional Accountants and registered in accordance with Article 111 of the by-laws.

#### **Student Member**

A person accepted by the Society to undertake the approved study program and paid the appropriate fees.

#### **Society**

SPAC: The Society of Professional Accountants of Canada.

Provincial: The Society of Professional Accountants of any province or territory.

#### **The Profession**

The profession of accountancy.

#### **Opinion**

The auditor's report that accompanies audited financial statements to which a member lends his name.



**Accountant's Comments**

Remarks accompanied by a disclaimer signed by or identified with the accountant, which makes it clear that he is not expressing an opinion, where such remarks relate to unaudited financial statements.

**Public Accountant - Ontario**

Any person licensed under the Public Accountancy Act of Ontario

**Public Accounting - Ontario**

Includes offering to perform or performing for a client those types of services as identified in Sections 24 and 25 of the Public Accountancy Act. R.S.O. 1980, c. 405, s24 quoted hereunder:

**Section 24.**

1. Subject to the provisions of this section, no person who is not licensed under this Act shall, within Ontario,
  - a. take or use the name or title of "Public Accountant" or its equivalent in any other language;
  - b. practice as a public accountant; or
  - c. hold himself, herself or itself out as being licensed as a public accountant or use any designation or initials indicating or implying that the person is licensed as a public accountant. R.S.O. 1980, c. 405, s. 24(1), revised.
2. Despite anything in this section, the Council may permit any person who is a non-resident of Ontario to practice as a public accountant within Ontario without a license under this Act, subject to any terms and conditions that may from time to time be prescribed. R.S.O. 1980, c. 405, s. 24(2).
3. Any person who contravenes any provision of this section, without prejudice to any other proceedings that may be taken, is guilty of an offence and on conviction is liable to a fine of not more than \$10,000 for a first offence and to a fine or not more than \$25,000 for any subsequent offence. 1989, c. 72, s. 15(4).
4. Where a contravention of this section by any person is occasioned by the fact that the person's license has been revoked, it is a good defense to any proceedings in respect of such contravention to prove that, at the time when such contravention is alleged to have been committed, notice of the revocation had not been served in accordance with this Act or the regulations hereunder, or that the time for appealing from the revocation had not expired or an appeal therefrom had been brought and had not been determined. R.S.O. 1980, c. 405, s. 24(4).

**Section 25.**

1. It is not lawful for a body corporate to practice as a public accountant and any body corporate that contravenes the provisions of this subsection, without prejudice to any other proceedings that may be taken, is guilty of an offence and on conviction is liable to a fine of not more than \$10,000 for a first offence and to a fine of not more than \$25,000 for any subsequent offence. 1989, c. 72, s. 15(5).
2. If a body corporate is guilty of an offence under subsection (1), every director or officer of the body corporate who consented to, or connived at or was responsible for the commission of the offence shall be deemed to be a party to and guilty of the offence and is liable to be proceeded against and fined accordingly. R.S.O. 1980, c. 405, s. 25(2).

**Gender**

Masculine pronouns when used herein also include the feminine.

**Firm**

A proprietorship, partnership or corporation engaged in public accounting

**Financial Statements**

Statements and footnotes related thereto that purport to show financial position that relates to a point in time, or results of operations, or changes in financial position that relate to a period of time, including statements that a cash or other basis of accounting. The term includes balance sheets, income statements, statements of retained earnings, statement of changes in financial position and statements of changes in owners' equity, but does not include incidental financial data included in management advisory services reports to support recommendations to a client.

**GENERAL PRINCIPLES - 200**

The general principles of acceptable professional conduct required of a member of The Society of Professional Accountants are as follows: A member or student member

- **2.01** shall observe the laws of Canada and the Province of Ontario, and shall act with integrity in his dealings with the public and with other members of the Society.
- **2.02** shall conduct himself at all times in both private life and professional practice in a manner that will maintain the good reputation and integrity of the profession and the Society of Professional Accountants and their ability to serve the public interest.
- **2.03** shall perform his professional services with integrity, good faith and due care and shall maintain his professional competence by keeping informed of, and complying with developments in, professional standards.



- **2.04** has a duty of confidence in respect of the affairs of any client and shall not disclose, without proper cause, any information obtained in the course of one's duties, nor shall he in any way exploit such information to his advantage.
- **2.05** The development of a member's practice shall be founded upon a reputation for professional excellence.
- **2.06** A member shall not solicit for employment any employee in the firm of a fellow Member without the knowledge of the fellow Member.
- **2.07** A member should never publicly criticize another member or express an opinion of another member's work unless requested professionally to do so in writing by one of the parties to the transaction or their solicitor or any court and their opinion should be consistent with strict professional courtesy and integrity.
- **2.08** A member shall act in relationship to any other member with the courtesy and consideration due between professional colleagues and which, in turn; the member would wish to be accorded by the other member.

## **GENERAL STANDARDS OF CONDUCT - 300**

### ***(i) COMPETENCE***

A member:

- **3.01** Shall comply with the bylaws, regulations, and Code of Ethics of The Society of Professional Accountants, as they may be constituted from time to time and with any order or resolution of the Board of Directors of The Society of Professional Accountants.
- **3.02** Shall conduct himself at all times in a manner which will maintain the good reputation of the profession of accounting and of the Society of Professional Accountants of Canada.
- **3.03** Shall safeguard the interest of his client, employer, and the general public by:
  - performing his professional work with integrity, good faith, and due care
  - being competent, conscientious, knowledgeable, diligent, efficient, and independent
- **3.04** Shall state clearly to his client the nature and scope of his services to be rendered in an engagement letter.
- **3.05** Shall maintain his professional competence by keeping informed of, and complying with developments in professional standards in all areas of his practice, or relied upon because of his profession.



- **3.06** Shall not undertake an engagement without honestly feeling competent to perform it, or be able to become competent without delay, or where it would be in the best interest of the employer or client, engage, or otherwise advise the employer or client to seek the assistance of other specialists.
- **3.07** Shall exercise due professional care in the performance of an engagement.
- **3.08** Shall take all reasonable steps, in arranging any engagement as a consultant, to establish a clear understanding of the scope and objectives of the work before it is commenced and shall furnish to the client an estimate of cost, preferably before the engagement is commenced, but in any event as soon as possible thereafter.
- **3.09** Shall, while holding property in trust, keep the necessary records to show that the property has been properly administered.
- **3.10** Shall retain documentation and working papers which reasonably evidence the nature and scope of the work done in respect of any professional engagement, for a reasonable time after completing an engagement.

***(ii) PROFESSIONAL INTEGRITY and INDEPENDENCE***

A member:

- **3.11** Shall provide services independently, impartially and without bias in an informed manner and should under no circumstances have any financial or other interest which may be affected directly or indirectly by the provision of such service.
- **3.12** Shall not express an opinion on financial statements before assessing his relationship with his client to determine whether in fact he is independent, objective, and unbiased and that this independence would appear to be so to others who have full knowledge of the facts.
- **3.13** Shall when preparing financial statements or expressing an opinion on financial statements which are intended to inform management only, shall disclose all material facts known to him in order not to make financial statements misleading, acquire sufficient information to warrant an expression of opinion and report all material misstatements or departures from generally accepted accounting principles.

***(iii) ACCOUNTANT'S COMMENTS***

- **3.14** A member shall, when submitting an accountant's comments with an unaudited financial statement, disclose on each page of such financial statement that it has been prepared without audit.



## **CONFIDENTIALITY - 400**

- **4.01** A member shall hold in strict confidence all information concerning the business and affairs of a client acquired in the course of a professional relationship. No such information shall be disclosed to others except with the consent of such client or where required by law to do so.
- **4.02** Shall inform his employer or client of any business connections, affiliations, or interests of which his employer or client would reasonably expect to be informed, but this does not necessarily include disclosure of professional services that a member may be rendering or proposing to render to other clients.
- **4.03** Shall not, in the course of exercising his duties on behalf of his employer or client, hold, receive, bargain for, or acquire any fee, remuneration or benefit without his employer's or client's knowledge and consent;

## **FEES - 500**

A member in Public Accounting:

- **5.01** Shall provide a written contract or, at least an oral agreement, between himself and the client, stating explicitly the nature and scope of the engagement, timing of the reports and his fees.
- **5.02** Shall not reduce a fee which the member has already quoted to a client, in order to gain an advantage over another member whose quotation has been made known to him.
- **5.03** Shall not offer his professional services for a fee, which is contingent on the result of such services.
- **5.04** Shall not attempt to gain an advantage over other members by paying or accepting commissions in securing professional work.
- **5.05** Shall uphold the principle of adequate compensation for professional accounting work.

## **ADVERTISING - 600**

A member:

- **6.01** Shall be permitted to advertise only in an objective, informative, tasteful, and professionally dignified manner.



- **6.02** Shall not advertise, directly or indirectly, in any manner:
  - a. which the member knows, or should know, is false or misleading
  - b. which contravenes professional good taste or fails to uphold normal professional courtesy
  - c. which makes unfavourable reflections on the competence or integrity of the profession, the Society of Professional Accountants or any member thereof, or
  - d. which involves a statement, the contents of which he cannot substantiate

## **DISCIPLINARY ACTION AND PROCEDURES - 700**

A member shall be subject to disciplinary action for any offence which constitutes a breach of professional conduct.

Disciplinary action against any member may be taken in the event of any violation of specific provisions of the Society of Professional Accountants' Articles, By-Laws or Code of Ethics or the spirit and intent set forth therein.

Disciplinary actions are under the jurisdiction of the Ethics Committee and the Board of Directors of the Society of Professional Accountants.

## **MEMBERSHIP**

### **Section 1. Eligibility for Membership**

- a. Be of good character; and
- b. be not less than eighteen years of age and
- c. Have passed academic examinations of the Society and met the experience requirements prescribed by the Board of Directors
- d. Received a license to practice as a public accountant under the provisions of any Act in Canada or
- e. Such other provisions that the Board may determine from time to time.

### **Section 2. Application for Membership**

Applicants for membership shall file with the Registrar, applications in writing, on forms approved by the Board of Directors and accompanied by payment of the admission fee and one year's membership dues, such fees, and dues to be returned to the applicant in the event of his application being rejected by the Board of Directors.

### **Section 3. Election of Members**



Any person eligible for election to membership within the meaning of Section 1. for this Article 111, may be elected a member of the Society by a majority vote of the Directors present and voting at any meeting of the Board.

#### **Section 4. Withdrawal from Membership**

A member may at any time withdraw from membership of the Society by giving written notice of withdrawal to the Registrar and surrendering his/her certificate of membership.

#### **Section 5. Effect of Death**

On the death of a member, membership in the Society shall cease.

#### **Section 6. Expulsion and Suspension of Members**

- a. Any member of the Society who fails, for a period of three months after they become due and payable, to pay any dues, fees or assessments fixed by the By-laws of the Society or the Board shall automatically be suspended from membership of the Society. Such suspension shall continue until such member has made good his default, or until his membership shall have been terminated by expulsion or otherwise.
- b. Any member of the Society may be expelled from membership by a majority vote of the Directors present and voting at meeting of the Board, who fails, for a period of six months after they become due and payable, to pay any dues, fees of assessments fixed by the By-laws of the Society or by the Board; provided that no member shall be expelled upon such ground until he has been notified by the Secretary that he may be expelled for such default, and a period of ten (10) days from the giving of such notice has elapsed and the member has failed to make good his default.
- c. Any member of the Society may be expelled or suspended from membership by a majority vote of the Directors present and voting at a meeting of the Board, who has violated any By-law of the Society, any Rule of the Professional conduct (Code of Ethics) of the Society as may be in force from time to time or has conducted himself in a manner unbecoming an Accountant or in a manner detrimental to the interest of the Society or the good repute of the members; provided that no member shall be suspended or expelled on any such ground until the Board has considered any representations he may wish to make in person or in writing within ten days after the Secretary shall have given such member notice stating the cause of the Board's intention to suspend or expel such member.

Counsel at any investigation of the Board may represent no member or other person, unless the board grants permission in writing to that effect. This provision is not to be construed as to prevent the Board to permit the legal counsel of the Society on the request and decision of a majority of the Directors attending and voting for such purpose to attend such meeting and to give his advice.

- d. Any member of this Society shall be expelled if he/she is affiliated with any political group, which is proclaimed by the Government of Canada to be subversive.
- e. He or she shows racial, religious, or political prejudice towards any member of the Society.



- f. He or she uses this Society for disseminating racial, religious, or political propaganda.

## **Section 7. Notice to Members**

Any notice to be given to members under this Article may effectually be given by mailing the same to him by prepaid registered post at his address as entered in the books of the Society or at his last known place of business or residence.

## **LICENSED PUBLIC ACCOUNTANTS**

### **RULES FOR LICENSED MEMBERS CONDUCTING PUBLIC ACCOUNTING PRACTICE**

#### **1. DEFINITIONS**

- **1.1 Definition of Member in the Practice of Public Accounting**  
For the purpose of Public Accounting, a Member is a Registered Member who is Practicing Public Accounting in accordance with provincial legislation either as a proprietor, a partner in a partnership or a corporation if provincial legislation permits.
- **1.2 Definition of Practice of Public Accounting**  
Practice of Public Accounting means carrying on public practice in one or more of the following areas:
  - i. the performance of services which include causing to be prepared, signed, and issued any financial accounting or related statement; or
  - ii. the issue of any written opinion, report or certificate concerning any such statement, where, by reason of the circumstances or of the signature stationary or wording employed, it is indicated that any such Member acts or purports to act in relation to such statement, opinion, report or certificate as an independent accountant, auditor or a Member having or purporting to have knowledge in accounting or accounting matters but does not include a Member who engages only in bookkeeping or cost accounting or in the installation of bookkeeping, business or cost systems; or
  - iii. accounting, insofar as it involves analysis, advice, and interpretation, but excluding record keeping and management consulting; or
  - iv. taxation, insofar as it involves advice and counseling, but excluding mechanical processing of tax returns.
- **1.3 Definition of Management Consulting**  
Management Consulting includes investigating and identifying management and business issues related to the policy, organizational, operational, financial, administrative, or technical aspects of organizations and recommending appropriate solutions to the identified business issues.



- **1.4 Other Definitions**  
For the purposes of other terms used in these Rules, the preceding Code of Ethics and by-laws of The Society of Professional Accountants of Canada should be used as a reference.

## 2. REQUIREMENTS

- **2.1 Registration of the Practice of Public Accounting**
  - **2.1.1** A Member engaged in, or entering into the Practice of Public Accounting must register with the Society.
  - **2.1.2** Each Member intending to engage in the Practice of Public Accounting will give written notice thereof to the Secretary as provided in sub-section 3.1.3 at least fifteen (15) days prior to the date on which the Member commences the Practice of Public Accounting, which is understood to be the date the Member is formally engaged, either in writing or verbally, by the member's first client.
  - **2.1.3** A written notice under sub-section 3.1.2 will be in the form of a letter signed by the Member stating:
    - the name under which the practice operates;
    - the legal status of the practice will be carried on;
    - the Registered Member's name(s);
    - the style of letterhead and business card to be used; and
    - a detailed description of practice of public accounting services to be offered.
  - **2.1.4** Acknowledgement confirming Practice of Public Accounting registration from the Society must be received in order to be registered.
  - **2.1.5** If a change occurs in any information contained in a notice given under sub-section 3.1.3 including a cessation of the Practice of Public Accounting, the Member will give written notice of the change to the Executive Director within fifteen (15) days from the date of the change.
  - **2.2.0 Practice of Public Accounting Firm Names**
    - a. A Member will not engage in the Practice of Public Accounting under a name or style which is misleading as to the nature of the



organization (proprietorship, partnership or, where permitted, corporation) or the nature of the functions performed.

b. Firm Name of a Sole Proprietorship

A Member shall, if engaged in the Practice of Public Accounting as a sole proprietor, practice under the descriptive style Registered Professional Accountant under the member's own name. The addition of "& Co" or other similar term is permitted only where the Member employs staff with professional accounting designations.

c. Firm Name of Partnership

A Member shall, if engaged in the Practice of Public Accounting in a partnership, practice under the descriptive style Registered Professional Accountants, where the firm name consists of one or more surnames of the partners, former partners or predecessors, and then only if all active partners are Members. The number of surnames should not exceed the number of active partners.

d. Partnerships or professional corporations owned by at least one non-member will be carried on under the descriptive style of "Public Accountant(s)".

### 3. MEMBER'S OFFICE

a. Operation of a member's office

Each office in a Province of any member, or firm of Members engaged in the Practice of Public Accounting will be under the personal charge and management of a member. The Member will physically attend at that location as often as is necessary to effectively render or supervise the rendering of services in the Practice of Public Accounting at that location.

b. Proprietary interest with non-members

Each office in a Province of any firm engaged in the Practice of Public Accounting and composed of one or more Members sharing proprietary interest with other public accountants who are not Members, will practice under the style of "Public Accountants", and will be under the personal charge and management of a Member or other public accountant. This member, or public accountant, will physically attend at that location as often as is necessary to effectively render or supervise the rendering of services in the Practice of Public Accounting at that location.

c. Member responsible for non-members

A Member engaged in the Practice of Public Accounting who is associated with non-members in such practice will be responsible to the Society for any failure of such



non-members, in respect of such practice, to abide by the Rules of Professional Conduct of the Society. In the application of this rule, the other rules are deemed to apply to such non-member as if he or she was a Member engaged in the Practice of Public Accounting.

○ **3.1.0 Standards of Practice**

A Member expressing an opinion on financial statements or other financial information, or otherwise associated with financial statements or other financial information, will comply with the standards and practices of the profession of accounting related thereto, including without limitation those specified in the Accounting and Auditing Recommendations as contained in the Canadian Institute of Chartered Accountants (CICA) Handbook as amended from time to time.

○ **3.1.1 Qualification**

○ **3.1.2 A Member will not accept or continue to perform any services in the Practice of Public Accounting unless he has:**

- . successfully completed within one year of public accounting registration, the educational requirements as determined by the Board from time to time, unless on good or sufficient grounds the Board will exempt him therefrom. The educational requirements are attendance at:

a. "R.P.A. in Public Practice"; which includes the following sessions:

- . "File Preparation and Documentation"; and
- i. Where the Member is performing audits, a course on audit techniques;

and

b. participated in the Society's mentoring process which is comprised of:

- . the assignment of a mentor by the Society; and
- i. a review of any financial or accounting related statements by the mentor, prior to its release to the public.

The mentoring process will conclude upon either the successful review by the Public Practice Review Committee, or as otherwise determined by the Public Practice Review Committee



- **3.1.3** Any Member registered in the Practice of Public Accounting at the time the by-laws are amended, is exempt from 3.1.2, unless otherwise determined by the Public Practice Review Committee.
- **3.1.4** A Member undertaking his first audit engagement will be required to participate in the Society's mentoring process as defined in 3.1.2(b)
- **3.2.0** Insurance

All Members in the Practice of Public Accounting must carry professional liability Insurance with respect to the following guidelines:

- provide minimum coverage of \$300,000 per occurrence for each active Member and non-member partner or \$1,200,000 per occurrence for each firm having 5 or more active Members and non-members; and
  - a. have a deductible which is not greater than 5% of the amount of coverage; and
  - b. provide that the minimum coverage be available in respect of all claims made five (5) years following the date that a Member ceases to be a practicing member.
  
- **3.3.0** Fees Related to the Practice of Public Accounting
  - A Member engaged in or entering into the Practice of Public Accounting must pay an annual Public Practice fee as determined by the Board from time to time.
  - a.
 

A Member registered in the Practice of Public Accounting as a member of one of the other recognized Professional Accounting bodies will not be required to pay the Society's annual public practice fee.
  - b. A Member registered in the Practice of Public Accounting may be assessed some or all of the costs reasonably incurred in a practice review. The practitioner will pay 50% of the regularly scheduled 3-year cycle review, and the practitioner is responsible for 100% of the costs related to any follow-up reviews.
  - c. A Member that is mentored may be assessed some or all of the costs reasonably incurred by the mentor. The practitioner will pay 50% of the costs related to the mentoring process.



#### 4. FAILURE TO MAINTAIN INSURANCE COVERAGE OR PAY FEES

- **4.0.1** Where a Member in the Practice of Public Accounting has either failed to maintain the required level of insurance, as defined in Section 3.2.0, or has failed to pay fees, as defined In Section 33.0, the matter will be referred to the Professional Conduct Committee. The Professional Conduct Committee will:
  - where non-payment of fees as is defined in Section 3.3.0 is in issue, may make such arrangements with respect to fees as it considers appropriate, including waiving fees in cases of financial hardship, making arrangements for payment over time, or requiring fees to be paid immediately. In all cases of non-compliance concerning the failure to maintain the required level of insurance, or
  - a. furnish such evidence as the Board may require to verify the Member's compliance with subsection 3.3.0(a); and
  - b. make the books of account referred to in subsection 3.3.0(a) available for inspection by and at the request of the Society's officers, or agents.

It is recommended that Members seek legal advice with respect to complying with the law relating to trusts. The following controls should be considered respecting trust funds:

- 5.
  - each trust fund should be documented in writing;
  - a. trust funds, unless subject to written instructions to the contrary, should be deposited without delay to a separate bank account, "a trust account", which may be an account in the name of a specific client, but should in all cases include in its title the word "trust";
  - b. withdrawals or disbursements from a trust account should be limited to:
    - funds properly required for payment to, or on behalf of, the client; or
    - i. funds properly required for or toward payment of the member's fees for services rendered or disbursements for which a billing has been rendered and approved, in writing, by the client;
  - c. in the absence of express agreement to the contrary, any interest income attributable to the client earned on trust funds should be accounted for and reported to the client;



- d. Members should maintain records to show clearly trust funds received, paid, or held on behalf of clients, clearly distinguishing the funds of each client from those of other clients and from the member's own funds;
  - e. Members should establish appropriate controls over receipts and disbursements of trust accounts (e.g. dual signing authority for disbursements);
  - f. there may be occasions where a Member receives other property in trust in lieu of funds. Appropriate controls should be established over these properties including, if applicable, the safekeeping of securities or other negotiable instruments; and
  - g. a Member may consider using a lawyer or trust company where amounts are large or the situation is unusual or contentious.
- **5.1.0 Public Practice Determination**
    - . The Public Practice Review Committee will be entitled to inquire into the activities of any Member who might be considered to be engaged in the Practice of Public Accounting; and
    - a. where, upon determination of the Member's status, the Committee concludes that a Member is engaged in the Practice of Public Accounting, will retroactively register the Member to the date of the commencement of the practice and may assess all public practice fees therein. The Public Practice Review Committee may designate such Member to be subject to a public practice review.
- **5.1.1 Failure to Submit to a Review or Adhere to Standards**

Where a Member is in the Practice of Public Accounting and refuses to submit to a Public Practice Review or continuously fails to adhere to Public Practice standards as determined by the Public Practice Review Committee, the matter will be referred to the Professional Conduct Committee.

## 6. PROFESSIONAL CONDUCT

- **6.1 Fees**

A Member is entitled to charge for professional services such fees as the Member considers to be fair and reasonable for the work undertaken. Generally, it is prudent to refer to fees and the basis in which they are to be computed in an engagement letter to the client or potential client.

- **6.2 Contingency fees and services without fees**

A Member engaged in the Practice of Public Accounting may offer or agree to perform



a service for a fee payable contingent on the outcome or result of that service providing the service does not comprise or require:

- . that the Member hold himself free of any influence, interest, or relationship which, in respect of the engagement impairs the member's professional judgement or objectivity; or
- a. a compilation engagement.

○ **6.3** Payment of commissions

Other than in relation to the purchase by a Member of an accounting practice, a Member engaged in the Practice of Public Accounting, or a student while employed by a Member engaged in the Practice of Public Accounting, may pay a commission to obtain a client to any person who is either:

- . an employee of the member, or
- i. a public accountant on contract with the member.

○ **6.4** Receipt of commissions

Other than in relation to the sale by a Member of an accounting practice, a Member engaged in the Practice of Public Accounting, or a student while employed by a Member engaged in the Practice of Public Accounting, may accept from a public accountant only, a commission or other compensation for a referral of a client.

○ **6.5** Solicitation

A Member shall not directly, or through a party acting on behalf of, and with the knowledge of the member, solicit any professional engagement which has been entrusted to another Member engaged in the Practice of Public Accounting. It is the responsibility of a Member engaged in the Practice of Public Accounting to determine whether an engagement has been entrusted to a member.

○ **6.6** Advertising and Promotion

A Member may advertise only in accordance with the following restrictions:

- . advertisements will be dignified and professional;
- a. advertisements will not describe or purport to describe the quality of the services which the Member provides;



- b. advertisements will not contain any criticism or implicit criticism of the abilities of or any claim or implicit claim of superiority over any other member;
  - c. advertisements will not contain any statement or implication which the Member knows or has reason to believe is false or misleading or which the Member cannot substantiate;
  - d. an advertisement which includes fees will:
    - . contain precise descriptions of all services referred to in the advertisement;
    - i. contain a precise fee for each service referred to in the advertisement; and
    - ii. state whether the advertised fee is inclusive of disbursements;
  - e. Members in the Practice of Public Accounting should ensure that any advertising takes into account the following considerations:
    - . name plates, signage, announcements, letterhead, and professional cards should be of a reasonable size, appropriate to their purpose;
    - i. advertisements should not be extravagant or self-laudatory;
    - ii. advertising should not appear in media which might tend to lower public respect for the profession.
- **6.7.0** Communication with the predecessor
  - **6.7.1** A Member shall not accept an engagement with respect to the Practice of Public Accounting, where the Member is replacing another Member or public accountant, without first communicating with such person and inquiring whether there are any circumstances the Member should take into account which might influence the member's decision whether or not to accept the engagement.
  - **6.7.2** The incumbent Member shall respond promptly to all communication referred to in Rule 6.7.1 from Members or public accountants.
  - **6.7.3** A Member responding to a communication pursuant to Rule 6.7.2 shall inform the possible successor of all relevant facts causing the member's resignation. It is recommended that Members seek legal advice with respect to the information conveyed to the successor.
  - **6.8.0** Cooperation with successor



- **6.8.1** Upon payment of fees then outstanding, as defined in section 5.1, a Member shall, upon written request of the client supply on a timely basis reasonable information to the member's successor about the work done or being assumed.
- **6.8.2** A Member who is a predecessor on an engagement shall cooperate with the successor, recognizing the client's interests are paramount, and shall transfer promptly to the client or, on the client's instructions, to the successor, all books, documents, and other property belonging to the client in the member's possession.
- **6.9.0** Objectivity

A Member engaged to conduct an audit or a review of financial statements or other financial information shall hold himself free of any influence, interest, or relationship which, in respect of the engagement, impairs the member's professional judgement or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgement or objectivity.

## 7. DISCLOSURE OF CONFLICTS

A Member engaged in the Practice of Public Accounting, other than those engagements specifically provided for in Rule 5.9, shall disclose any influence, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's professional judgement or objectivity. Such disclosure shall be made in the member's written report or other written communication accompanying financial statements or other financial information, and the disclosure shall indicate the nature of the influence or relationship and the nature and extent of the interest.

- **7.1.0** Retention of documentation and working papers

A Member shall retain for a reasonable period of time such working papers, records or other documentation which reasonably evidence the nature and extent of the work done in respect of any professional engagement in accordance with the generally accepted standards of practice of the profession and the CICA handbook.

- **7.1.1** Client's property

The client of a Member engaged in Public Practice is, regardless of whether any fees and disbursements are then outstanding, entitled to take custody of all property then held by the Member and received from or at the direction of the client. Property is defined as all information, both physical and electronic, that has been given to the Member by the client.

## 8. PUBLIC PRACTICE REVIEW

- **8.1** The Practice Review Committee will select a Member in the Practice of Public Accounting for practice review either by random selection, or by reason of



consultation with the Board, any other Committee, any officer or employee of the Society or any other person. All Members in the Practice of Public Accounting are subject to a Public Practice review every five (5) years. This review will be conducted by a Society-appointed reviewer.

○ **8.2** Conduct of Review

The Practice Review Committee will appoint a Member, for the purpose of conducting a practice review and to report thereon to the Public Practice Review Committee. The Member so appointed may engage such assistants as may be required.

- **8.3** Unless there are extenuating circumstances, a Member will be given a minimum of two weeks advance notice of the practice review. The practice review will be otherwise conducted with all reasonable measures, not inconsistent with the effectiveness of the practice review, so as to minimize interference with the reviewed Member's practice and affairs.

- **8.4.1** After completion of a practice review, the Reviewer will prepare, for the Secretary, a draft report concerning the practice review. The Secretary will

- provide the Member with a copy of the draft report, including where appropriate, recommendations for corrective action; and
- a. allow the Member the period of fifteen (15) days from the date of the draft report to make a written response to the draft report.

- **8.4.2** The Public Practice Review Committee will:

- assess the report, and the Member's written response, if any. The Public Practice Review Committee will submit to the Secretary, a final report on the practice review, noting therein any relevant comments received from the Member;
- a. based on the findings, conclude on the level of compliance with public practice standards; and provide the Member with a revised report, if applicable, and the committee's decision concerning future reviews and required or recommended corrective action.

- **8.4.3** If a member disagrees with the decision of the Public Practice Review Committee, he may appeal the decision in accordance with section 8 of the Rules.

○ **8.5** Costs

- **8.5.1** All or any of the following costs reasonably incurred in a practice review may be assessed and levied against a reviewed Member:



- . the cost to the Society, inclusive of fees and disbursements, of engaging the Public Practice Reviewer;
  - a. the cost to the Society, inclusive of fees and disbursements, of the assistants, if any, engaged to assist in conducting the practice review; travel, accommodation, living and other costs incurred in relation to the practice review by Members of the Practice Review Committee, the accountant conducting the review, his assistants, employees of the Society and any other persons involved in the proceedings;
  - b. other costs reasonably incurred in connection with the practice review.
- **8.5.2** If the Practice Review Committee intends to assess and levy costs as provided in subsection 8.5.1, the Committee will give the reviewed Member written notice setting forth:
  - . particulars of the costs to be assessed and levied; and
  - a. a specified date, being not less than fifteen (15) days from the date of the notice, upon which the reviewed Member may appear before the Practice Review Committee and address the issue of costs.
- **8.5.3** On the date referred to in subsection 8.5.2 (b), the reviewed Member will be entitled to appear before the Practice Review Committee and make representations concerning:
  - . the assessment and levying of costs generally; and
  - a. any specific costs set forth in the written notice given under subsection 8.5.2.
- **8.5.4** Upon hearing the reviewed Member in accordance with subsection 8.5.3, the Practice Review Committee will make its final decision regarding costs and will send a written copy of the decision to the reviewed Member.
- **8.5.5** The decision referred to in subsection 8.5.4 will fix a date for the payment of any costs ordered to be paid, which date will not be less than thirty (30) days from the date of the decision, and the costs will be due and payable to the Society on or before the date so fixed for payment.
- **8.5.6** If a reviewed Member does not attend before the Practice Review Committee as set forth in subsection 8.5.3, the Practice Review Committee may proceed with a decision under subsection 8.5.4.



- **8.6 Confidentiality**
- **8.6.1** Except where required under these Rules, no Public Practice Committee Member, Public Practice Appeal Committee Member, or Reviewer will use or disclose:
  - . any practice review file or report; or
  - a. any information obtained in the course of or as a result of the practice review.

- **8.7 Compliance**

A reviewed Member will implement and carry out all recommendations and/or corrective actions made by the Practice Review Committee as a result of the practice review in relation to his practice. Members not complying with the recommendations are addressed in Section 5.1.1.

## 9. APPEAL OF THE DECISION OF THE PUBLIC PRACTICE REVIEW COMMITTEE

- **9.1** If a member disagrees with the decision of the Public Practice Review Committee, as referred to in Section 7.5.2. ©, he may submit appeal, in writing, stating the grounds for appeal. The appeal will be sent to the Executive Director and must be received within (fifteen) 15 days of the date the letter containing the decision was sent by the Society.
- **9.2** When the Secretary receives an appeal, as referred to in Section 9.1, he will refer the appeal to the Board of Directors, which will appoint a Public Practice Appeal Committee, whose purpose will be to review the appeal and either confirm, reject or change the decision of the Public Practice Review Committee. The Public Practice Appeal Committee will be appointed within fifteen (15) days of the Secretary receiving the appeal.
- **9.3** The Public Practice Appeal Committee will consist of a Chairman and not less than two (2) and not more than three (3) Certified Members, all of whom will be registered in the Practice of Public Accounting. The members on the Public Practice Appeal Committee will exclude members of the Public Practice Review Committee.
- **9.4** The Public Practice Appeal Committee will receive copies of the report outlining the decision of the Public Practice Review Committee and the member's letter appealing the decision.
- **9.5** The Public Practice Appeal Committee may require either the member, reviewer or both to attend its meeting(s).
- **9.6** The Public Practice Appeal Committee shall have the power to confirm, reject, or change the findings of the Public Practice Review Committee. All findings and decisions of the Public Practice Appeal Committee shall be final, binding, and



conclusive for all purposes. The letter outlining the decision will be forwarded to the member who appealed the decision, the Public Practice Review Committee and the Board of Directors.

