

WORLD TRADE ORGANIZATION

RESTRICTED

S/WPPS/W/7/Add.5

11 July 1996

(96-2775)

Working Party on Professional Services

Original: English

COMMUNICATION FROM CANADA

Response to the questionnaire on the accountancy sector

The following communication is circulated at the request of Canada.

I. GENERAL

1. *What are the professional titles of accountants in your country? Are these professional titles protected? Please specify how.*

There are three major professional accountancy designations in Canada: Chartered Accountant (CA), Certified Management Accountant (CMA) and Certified General Accountant (CGA). Each title is protected by government legislation in each province/territory.

In most provinces there is also legislation governing certified public accountants and the title CPA. This legislation restricts the ability of persons who are not members of the association of certified public accountants to use the title "CPA."

2. *How is the accountancy sector regulated in your country: by law, professional self-regulation, a combination of both?*

Chartered Accountants and Certified Management Accountants and Certified General Accountants are self-regulated.

In some Canadian provinces, some "public accounting" is regulated. In a few of the provinces which regulate "public accounting" (refer to answer in question no. 7) those members of the accountancy profession practising public accounting are also subject to some regulation by the government body which grants them the right to practice public accounting.

3. *Are there any provisions to protect company names, whether national or foreign, in your country?*

All Provincial jurisdictions have business name registration legislation and corporations acts which have provisions pertaining to the protection of business names and the prohibition of the use of certain names. No distinction is made between national and foreign names provided that the names are registered for use in the province concerned.

4. *What are the professional bodies in your country? Are they recognised by law as a regulatory or disciplinary body for the accountancy profession in your country, or are these functions fulfilled by other institutions (please specify)?*

There are three major professional accounting bodies in Canada. The national bodies representing each of these groups are: The Canadian Institute of Chartered Accountants (CICA), the Society of Management Accountants of Canada (SMAC) and the Certified General Accountants Association of Canada (CGA Canada). Each of these national bodies have provincial/territorial affiliate bodies which are recognized through their respective individual provincial/territorial acts.

5. *How many members do these professional bodies have? What is the estimated proportion of those:*

	CAs	CGAs	CMAs
- public practice	22,066	4,860	2,700
- industry or commerce	20,579	12,150	15,120
- public sector	4,101	6,075	5,400
- education	*	729	1,080
- retired	3,909		2,700
- unspecified	8,066	486	
Total members	58,721	24,300	27,000

* While there are an estimated 453 members in education, their principal listing may be either in industry/commerce or in the public sector. Thus, these 453 members in education have been included in one of those two categories set out above.

6. *What is the scope of activities regularly practised by accountants in your country?*

CAs and CGAs provide the full scope of activities listed in the questionnaire, including business valuations and forensic accounting. CMAs provide the following services: statutory audits, audit of mergers, audit of contributions in kind, public sector audit, other audits, accounting, tax advice, tax representation, investment advise, management consulting, management accounting and management practices.

Auditing and review services are reserved to certain designations in certain provinces (see answer to question 7).

In the field of tax representation, where this "representation" could be regarded as practising law, it would be regulated by the statutes relating to the practice of law by lawyers and would be restricted to lawyers. Where this "representation" would not be regarded as practising law, any individual including accountants might well be found providing this service.

7. *Which of these activities are regulated in your country?*

The only "accounting services" which are regulated in Canada are audits and review engagements. These "accounting services", known as public accounting, are "regulated" in different manners in seven Canadian provinces and unregulated in three provinces.

In Ontario, Quebec, Prince Edward Island and Nova Scotia, audit and review services are usually performed by holders of the CA designation; in British Columbia, CAs and CGAs are authorized to perform audit and review services for companies; in Alberta and Newfoundland, holders of either the CA, CGA and CMA designation are authorized to perform audit and review services; in Saskatchewan, Manitoba and New Brunswick there are no regulations governing the provision of audit and review services.

As well, public sector auditing would be "regulated" in most provinces. All provinces have a legislative auditor (sometimes called the Provincial Auditor). At the federal level there is an Auditor General of Canada. Provincial government departments and most provincial Crown corporations have their legislative auditor as their auditor. Federal government departments and most federal Crown corporations have the Auditor General as their auditor. The provincial legislative auditors and the Auditor General all have their own enabling legislation. Public sector entities allowed to choose their own auditors would be required to comply with existing legislation in their jurisdiction. Thus, as indicated above, wherever auditing is regulated (most provinces), they would be subject to that legislation.

The remaining categories in the survey listing under "Auditing" are merger auditing, audit of contributions in kind and other special purpose audit engagements. Whether or not these are regulated services would depend upon what is encompassed by them. If they refer to independent examinations of records for the purpose of expressing an opinion as to whether the financial information is presented fairly, then they would fall within the definition of public accounting and would therefore be regulated in most provinces.

Accounting is not a regulated activity.

In the insolvency field trustees in bankruptcy require a licence from the federal government. Most trustees are members of a self-regulating professional body, the Canadian Insolvency Practitioners Association (CIPA). Membership is not mandatory. There are 749 general members of the association. (There are only about 15 active trustees in bankruptcy who are not members of CIPA). Some regulation of trustees comes from the federal government which grants the trustee licence.

In the field of tax representation, where this "representation" could be regarded as practising law, it would be regulated by the statutes relating to the practice of law by lawyers. The practice of law is regulated in all provinces.

In the field of investment advice personal financial planners are regulated in a couple of provinces. Stock brokers are also regulated by provincial legislation.

8. ***Which of these activities are reserved by law to accountants, shared by accountants with other professions (please specify), or even forbidden to accountants in your country, e.g. by full prohibition or by not allowing cumulation of certain activities which are considered incompatible or mutually exclusive?***

In those provinces which regulate "public accounting" auditing and review engagements would be reserved to accountants permitted to perform public accounting in that province.

"Tax representation" falling within the practice of law would be reserved to lawyers.

The other fields are ones which accountants would share with other professions.

II. QUALIFICATION REQUIREMENTS

9. *What are the qualification requirements for these activities in your country in terms of university/higher education degree, practice and professional exam? Specify the number of years required for each element, and the differences according to the activities (audit, insolvency, tax, etc.) covered by the qualification.*

Since most of the listed activities are open to a number of individuals with or without a professional designation, our response relates only to the qualifications of CAs, CGAs and CMAs.

Requirements to qualify for the CA designation:

- (1) a university degree;
- (2) specified university courses or the equivalent;
- (3) a provincial institute student professional program or the equivalent;
- (4) prescribed practical experience; and
- (5) a passing grade on the Uniform Final Examination (UFE).

Requirements to qualify for the CMA designation:

- (1) a university degree (specified university courses, typically a 4 year Bachelor of Commerce with an accounting major;
- (2) passing the Entrance Examination;
- (3) completion of the CMA Professional Program (2 years); and,
- (4) managerial and operational work experience concurrent with completion of the Professional Program.

Requirements to qualify for the CGA designation:

- (1) a university degree/ college diploma ;
- (2) professional courses/exams (3 years); and,
- (3) minimum 2 years acceptable practical experience.

10. *Are there any pre-conditions to meet to start the professional education: minimum age, particular diploma or title, prior education, registration with a professional body, payment of a fee, other (please specify)?*

The following relate to the CA designation:

- | | | |
|---|---------------------------------------|--|
| - | minimum age | no |
| - | particular diploma or title | no |
| - | prior education | yes (university degree or equivalent) |
| - | registration with a professional body | yes |
| - | payment of a fee | yes |
| - | other (please specify) | proof of legal name
proof of employment (or an offer of employment) in an office designated as permitted to train CA students.* |

* This is not true in Quebec where accountancy students are allowed to write the Uniform Final Examination without having commenced their practice experience. (They must,

however, as do all CA students, complete the required practice experience before they are awarded their CA designation.)

The following relate to the CMA designation:

- no minimum age
- a university degree (Bachelor degree, accounting major)
- coverage of the Entrance Exam syllabus (a university accounting program contents)
- membership in the SMAC
- payment of exam fee

In regard to the CGA designation there are no minimum age requirements, but a university degree or a college diploma are required to start the CGA professional education courses.

11. *What are the subjects to be covered by the education: accounting, audit, tax, general law, economics, ethics, information technology, other (please specify)?*

Education requirements for CA students covers all subjects included in the survey listing. Two of the general topic headings in the CA profession's Syllabus for CA students are 1) Financial Accounting and Reporting and 2) Managerial Accounting and Financial Management. It is not clear whether those are topics covered under the general heading "accounting" set out in the survey.

CMA education program requirements cover the following subjects: management accounting, financial accounting, internal audit, tax business law, economics, information technology, general business knowledge, management processes, ethics, interpersonal communication and competency, leadership, international business, and government relations.

CGA education program requirements cover the following subjects: financial accounting, management accounting, auditing, finance, taxation, law, management information systems, economics, quantitative methods as well as ethics and information technology.

III. TECHNICAL STANDARDS AND ETHICS

12. *In relation to which activities do national standards exist (audit, accounting, insolvency, other)? Please specify their main policy objectives.*

Accounting and auditing

The Accounting Standards Board and the Auditing Standards Board of the CICA set standards in accounting, auditing and financial reporting. These standards are contained in the CICA Handbook. CAs are required by their Rules of Professional Conduct to adhere to the standards set out in the CICA Handbook.

As well, federal financial institution legislation, the federal corporations act, the corporations' acts in most provinces and the securities legislation in most provinces recognize the accounting and auditing standards set out in the CICA Handbook as the primary source of generally accepted accounting principles and generally accepted auditing standards in Canada and require adherence to the standards set out in the CICA Handbook.

The main policy objective of the accounting principles is to meet the needs of those preparing and using general purpose financial statements. The objective of financial statements is to communicate information that is useful to investors, members, contributors, creditors and other users in making their resource allocation decisions and/or assessing management stewardship.

The objective of an audit of financial statements is to express an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and changes in financial position in accordance with generally accepted accounting principles, or in special circumstances another appropriate disclosed basis of accounting. In the performance of an audit of financial statements, the auditor complies with generally accepted auditing standards, which relate to the auditor's qualifications, the performance of the audit and the preparation of his or her report.

Insolvency

The federal bankruptcy and insolvency act sets out certain "standards" which apply in insolvency situations. The Superintendent in Bankruptcy has authority to issue directives which tell trustees in bankruptcy how they must do certain things. These directives have the force of law.

As well, the Canadian Insolvency Practitioners Association develops and issues standards of professional practice for its members. Members of the Association may be disciplined by its Discipline Committee for failure to abide by those standards. The penalties range from an admonishment to expulsion from membership.

Public Sector Accounting and Auditing Recommendations

The Public Sector Accounting and Auditing Board of the CICA issues Recommendations and guidance with respect to matters of accounting and auditing in the public sector. These Recommendations are contained in the Public Sector Accounting and Auditing Handbook. For the purpose of applying the Board's Recommendations, "public sector" refers to the federal, provincial, territorial and local government entities, such as government funds, agencies and corporations.

The objective of these recommendations is to improve and harmonize financial reporting, accounting and auditing in the public sector.

- 13. Which body or institution develops these standards and monitors their implementation? What are the consequences of a breach of the standards (for the professional, for clients, etc.)?**

Accounting and auditing

The Accounting Standards Board of the CICA develops the accounting principles set out in the CICA Handbook. The Auditing Standards Board of the CICA develops the auditing standards set out in the CICA Handbook.

Responsibility for monitoring the implementation of the standards in the CICA Handbook rests with the provincial or federal regulators responsible for the pieces of legislation which require adherence to generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS) as set out in the CICA Handbook.

As well, the Provincial Institutes of Chartered Accountants (PICAs) maintain a practice review program through which reviews are made of the work of all CAs practising as public accountants. The Rules of Professional Conduct of all PICAs require their members to adhere to the standards set out in the CICA Handbook.

Instances of CAs who do not adhere to the standards in the CICA Handbook may be discovered during a practice review or may be otherwise brought to the attention of the PICA. A CA found to have "breached" the accounting or auditing standards in the CICA Handbook may be subject to professional disciplinary proceedings. The sanctions for a CA for a breach of the Rules of Professional Conduct can range from a reprimand to expulsion from membership.

Similarly, CGAs who do not adhere to the standards in the CICA Handbook may be subject to professional disciplinary actions. CGAs also have:

- provincial reviews of practitioners;
- a national code of ethics which requires adherence to the GAAP/GAAS;
- sanctions including expulsion; and,
- additional requirements set by the Association.

If a client has "breached" the standards, it may well have committed a breach of the requirements of one or more federal or provincial acts (corporations legislation, securities legislation, financial institutions legislation, etc.). Each act provides sanctions for breaches.

Breaches of Canadian practices and standards could result in a note on the client's financial statements and disciplinary action for individual professionals.

Insolvency

See the answer to question 12.

Public Sector Accounting and Auditing Recommendations

The Public Sector Accounting and Auditing Board (PSAAB) of the CICA issues Recommendations and guidance with respect to matters of accounting and auditing in the public sector.

Since 1981, PSAAB has established itself as the principal authority for public sector accounting and auditing standards even though governments are not required to follow its recommendations. In Canada, most businesses are required to comply with the accounting recommendations in the CICA Handbook under the various Acts governing incorporation or through securities legislation. Because the federal and provincial governments are sovereign, there are no similar requirements for governments. While more and more, public sector auditors and preparers look to PSAAB as the standard-setter for government accounting and auditing, PSAAB must encourage voluntary acceptance of its recommendations by building consensus and general acceptance. Today, the federal government and most provincial governments comply, or are moving to comply, with PSAAB's recommendations.

International Management Accounting Practices

Statements on International Management Accounting Practices (IMAPs) are published by IFAC and Canadian Management Accounting Guidelines are published by the Society of Management Accountants of Canada (3 of 7 IMAPs were developed by SMAC).

- 14. *Are the international standards developed by IFAC (International Education Standards and Guidelines, International Standards on Auditing) and IASC (International Accounting Standards) recognised or used in your country? If yes, please explain how. If no, please explain why.***

IFAC – International Education Standards and Guidelines

The IFAC Guidelines are used to the extent that they are compared to existing Canadian standards.

CICA and their provincial bodies do not apply or use IFAC education standards as benchmarks in student education because, as a result of the comparison, the PICAs and the CICA are satisfied that the current Canadian education and admission standards generally meet or exceed the IFAC standards.

The SMAC education program exceeds the standards set out by the IFAC guidelines.

The CGA education program both precedes and exceeds IFAC guidelines.

IFAC – International Standards on Auditing

An entire section of the CICA Handbook, section 5101, is devoted to international auditing guidelines. This section notes that "The CICA supports the objective of international harmonization of auditing practices and, in accordance with the Constitution of IFAC, has undertaken to work towards the implementation of International Auditing Guidelines when and to the extent possible." International Auditing Guidelines are guidelines developed and issued by IFAC's International Auditing Practices Committee (IAPC) on IFAC's behalf.

This section also notes that "when an International Auditing Guideline is issued, the Auditing Standards Board (AuSB) will compare it to the Handbook to determine whether there are any significant differences or conflicts. If there is a significant difference or conflict and the matter is within the authority of the AuSB, the matter will be given further study; unless there is fundamental disagreement on the part of the AuSB with the position taken by the IAPC, or there are particular Canadian circumstances which require a different position to be taken, consideration will be given to following established procedures to modify the Handbook. Until such time as the AuSB issues new or revised Handbook material, the existing practice in Canada will prevail."

The section further notes that International Auditing Guidelines contain guidance on matters which in Canada are dealt with in provincial rules of professional conduct.

The section sets out a brief commentary on each of the International Auditing Guidelines it notes that "compliance with International Auditing Guidelines does not necessarily result in compliance with Canadian standards".

IASC – International Accounting Standards

An entire section of the CICA Handbook, section 1501, is devoted to international accounting standards. This section notes that "the Accounting Standards Board supports the objective of the international harmonization of accounting standards" and sets out the comparison

procedures it follows when an International Accounting Standard is issued. These procedures are generally similar to those set out above with respect to the comparison of Canadian auditing standards to International Auditing Guidelines.

The decision whether or not it is appropriate to report in accordance with International Accounting Standards is left to the judgement of the reporting entity.

In the field of management accounting, international guidelines are considered in developing Canadian standards and practices. Usually, Canadian standards and practices have been developed prior to and are more specific than the international guidelines.

15. *In relation to which activities does a particular ethical code exist (audit, accounting, insolvency, other)? Please specify its main policy objectives.*

Ethical codes are applicable to all activities a professional accountant (irrespective of designation) is engaged in. Each designated professional is subject to a code of ethics and professional conduct of its respective association.

16. *Which body or institution develops this code and monitors its implementation? What are the consequences in case of breach of the ethical code by a professional or a firm?*

The Rules of Professional Conduct applicable to CAs in each province are developed and issued by the PICA in that province. However, these Rules are now largely harmonized across Canada so that CAs in all provinces adhere to similar rules of professional conduct. Each PICA is responsible for the implementation of the Rules in its province and in monitoring adherence to them.

A CA who is suspected of breaching the rules of professional conduct would face the investigatory and disciplinary procedures of his or her PICA. If following these procedures a CA is found to have breached the rules, the CA would be subject to a range of sanctions which may include an informal admonishment, a reprimand, a fine, a requirement to satisfactorily complete certain professional development courses or examinations, a requirement to complete a period of supervised practice, a suspension of the member's rights and privileges, and/or expulsion from membership in the Institute.

The PICAs' Rules of Professional Conduct only apply to individuals at the present time.

For CGAs, there is a national code administered by each provincial affiliate body. These bodies implement and monitor compliance of its respective members to the existing national code. A breach could result in revocation of the CGA designation. The code only applies to individuals. A new national code is being integrated into the Association.

For CMAs, each professional affiliate of SMAC self-regulates its code of ethics and professional conduct. A breach could result in revocation of the CMA designation. The code only applies to individuals.

17. *Are there restrictions on marketing, solicitation, advertising?*

For CAs, some limited restrictions with respect to marketing, solicitation and advertising are contained in the PICAs' Rules of Professional Conduct.

Marketing and Solicitation

Rule 301 of the Ontario Institute's Rules of Professional Conduct provides:

301.1 Obtaining or attracting clients

A member engaged in the practice of public accounting shall not adopt any method of obtaining or attracting clients which tends to bring disrepute on the profession.

301.2 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 or who carries on a business or practice which constitutes a related function.

A similar rule is in force in the Rules of the other CA provincial institutes.

Advertising

Rule 217.1 of the Ontario Institute's Rules of Professional Conduct provides:

"A member may advertise, but shall not do so, directly or indirectly, in any manner

- (a) which the member knows, or should know, is false or misleading, or
- (b) which contravenes professional good taste or fails to uphold normal professional courtesy, or
- (c) which makes unfavourable reflections on the competence or integrity of the profession or any member thereof, or
- (d) which includes a statement the contents of which the member cannot substantiate."

A similar rule is in force in the Rules of the other CA provincial institutes.

CMAs must advertise in the market and solicit in accordance with their Society By-Laws, Rules of Professional Conduct and/or Code of Ethics.

CGA members are allowed to advertise their services only and are not permitted to make any promises relating to performance. Under the Association's statement of ethics/principles and rules of conduct a member shall not seek to obtain clients by advertising or other forms of solicitation that:

- are false or deceptive;
- includes the use of harassing conduct;
- creates an unjustified expectation of favourable results; and,
- contains self-laudatory statements that are not verifiable.

18. *Are there restrictions on fee-setting (minimum/maximum levels imposed, indicative scale, etc.)?*

No restrictions.

IV. LICENSING REQUIREMENTS AND PROCEDURES

19. *Apart from the qualification requirements, what are the licensing requirements for individuals in your country?*

This answer relates only to the fields of accounting and auditing. Within the fields of accounting and auditing only the field of public accounting is regulated by statute in some provinces. In the provinces which regulate public accounting by statute only a few do so by requiring practitioners to have a licence.

All CAs who are practising public accounting must be members of the PICA of the province in which they are practising public accounting.

This answer does not relate to any other fields which may require licences such as insolvency where trustees in bankruptcy must be licensed by the federal government.

CMAs offering services to the public must be registered as public practising members.

Specific questions

- **Membership of a professional body (in the jurisdiction, elsewhere)**

In Newfoundland a licence is necessary to practice public accounting.

In Nova Scotia a licence is necessary to practice public accounting.

In PEI the field of public accounting is restricted by statute to members of the PEI Institute of Chartered Accountants. There is no licence requirement.

In Quebec the field of public accounting is restricted by statute (with minor exceptions) to members of the Ordre des comptables agréés du Québec. There is no licence requirement.

In Ontario there is a licensing requirement and, since 1962, one of the preconditions to obtaining the licence has been membership in the Institute of Chartered Accountants of Ontario.

In Alberta the field of public accounting is restricted by statute to members of one of the three major accounting bodies (CAs, CGAs and CMAs). There is no licence requirement but membership is required to use the CA, CGA and CMA designation.

In British Columbia there is a restriction by statute with respect to the audit of public companies. Essentially, only the members of the CICA and the BC Association of CGAs are allowed to carry out these audits. There is no licence requirement but membership is required to use the CA and CGA designation.

- **Registration with the ministry or any other institution**

In Newfoundland a Roll of Public Accountants in Newfoundland and Labrador is maintained by the board established under the Public Accountancy Act.

In Nova Scotia the Public Accountants Board maintains a roll of those licensed to practice as public accountants.

In Ontario The Public Accountants Council for the Province of Ontario established under the Public Accountancy Act maintains a Roll of Public Accountants in Ontario of every person licensed under the Act.

- **Subscription to a professional liability insurance**

In the three provinces which require licences for public accounting there is no requirement in the legislation for public accountants to have professional liability insurance.

In Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Quebec, and Saskatchewan CAs in public practice are required by their provincial institutes to have professional liability insurance.

CAs in PEI are not currently required to have professional liability insurance.

CGAs in all provinces are required to carry professional liability insurance .

CMAs in public practice must have professional liability insurance.

- **Taking of an oath**

There is no oath in Newfoundland.

The application form in Nova Scotia for CAs applying for their licence contains the following statement. "I _____, the Applicant in the above Application for license DO SOLEMNLY DECLARE that the statements contained herein are complete and true in every respect. AND I declare that I shall carry on practice as a Public Accountant, alone or in partnership with others, as my principal means of livelihood. AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath." The applicant is required to make this declaration before a notary public and to sign the application immediately after this declaration.

The application form in Ontario for CAs applying for their licence contains the following statement. "I declare that I will comply with the provisions of the Public Accountancy Act, together with the regulations including rules of conduct thereunder." The applicant is required to sign the application immediately after this declaration.

All CGAs take an oath.

- **Absence of any criminal record**

On the application forms for CAs seeking a licence in Ontario and Nova Scotia there is a question asking if the applicant has ever been convicted of a criminal offence. If the applicant replies in the affirmative, then he or she is directed to provide details.

There is no similar question on the Newfoundland application form for CAs seeking to obtain a public accountant's licence.

- **Police enquiry**

A police check may be made if an applicant indicates that he or she has had a criminal conviction or if the Board has reason to investigate. However, there does not appear to be an automatic police enquiry for all applicants.

- **Minimum age**

There is no minimum age for obtaining a licence in Newfoundland, Nova Scotia or Ontario.

20. *Are there any conditions imposed to be eligible for membership of the relevant professional body(ies)? Please specify.*

None other than those specified under section II.

The followings pertains to seeking admission to a provincial institute of chartered accountants:

Foreign accountants holding designations from certain foreign accounting bodies may be exempted from some or all of the requirements applicable to students.

With respect to CA membership the provincial institutes decide who will be admitted to membership. The International Qualifications Appraisal Board (IQAB) reviews the qualification standards and processes of foreign accounting bodies and to make recommendations on the conditions for admission to membership in a provincial institute for the members of those foreign accounting bodies. IQAB's recommendations can vary from no exemptions from the requirements applicable to Canadian CA students to exemptions from virtually all qualification provisions, including the CA's Uniform Final Examination (UFE). In the case of the exemption from the UFE prospective members would still be required to complete some local knowledge qualifying examinations on Canadian business law, Canadian tax law, Canadian accounting and auditing standards, as set out in the CICA Handbook, and the Code of Ethics.

21. *Are there specific licensing requirements for professional firms?*

Not applicable.

Only individuals are allowed to be licensed as public accountants in those provinces which require licensing.

22. *Can an application for licensing be filed at any time of the year or are there specific dates to respect? How long does it take to complete the whole licensing procedure? Please specify in case of differences between individuals and firms.*

In Newfoundland an application may be filed at any time during the year but the current Public Accountants Licensing Board only meets to officially consider and approve of applications twice a year (in January and July).

In Nova Scotia an application may be filed at any time during the year but the licensing board only meets quarterly to officially consider and approve of applications.

In Ontario an application may be filed at any time during the year. The approval process may be as short as two weeks but can be considerably longer depending upon the follow-up work with respect to the application required by the Public Accountants Council.

Since firms may not be licensed as public accountants the last question is not applicable.

23. *Are there differences in terms of licensing requirements and/or procedures, according to the activities covered by the licence (audit, insolvency, etc.)? Please specify. What kind of documentation is necessary/accepted? Are documents issued in other countries acceptable? Please specify.*

No. There is only one type of public accounting licence issued in each of the provinces which require licensing (Newfoundland, Nova Scotia and Ontario).

24. *What happens when the licensing conditions are no longer respected by the individual or the firm?*

Individuals who are in violation of the conditions necessary to maintain their licence or who have committed an offence under the relevant legislation are subject to sanctions from the licensing body which range up to and include being removed from the Roll of those permitted to function as public accountants.

As noted above, firms are not permitted to hold public accountancy licences.

V. RECOGNITION OF QUALIFICATIONS

25. *Are there any possibilities for taking account of qualifications acquired by foreign professionals in another country? Are there bilateral agreements with other countries in this respect?*

This answer relates only to the recognition of a foreign applicant's qualifications by a PICA for the purposes of the applicant's admission to membership in that PICA. It does not deal with the possibilities of recognition of the foreign applicant's qualifications for the purposes of a licensing board. In this connection it should be noted that the Public Accountants Council in Ontario does consider applications for a permit (it is not a licence and contains restrictive conditions) to practice as a public accountant in Ontario from licensed public accountants from another state or province.

For admission of foreign accountants to membership in a PICA see the answer to question 20, above.

The CICA, the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) signed a Principles of Reciprocity document in 1991. However, since the provincial institutes in Canada and the state boards in the United States decide on admission to the CA and CPA designations respectively, the reciprocity agreements provisions only apply in those provinces and states which have accepted the Principles of Reciprocity document. Most Canadian provinces and approximately 35 U.S. states have accepted it thus far. The agreement provides for certain local knowledge qualifying examinations as well as satisfactory experience.

While this is the only reciprocity agreement which the Canadian CA profession has signed, IQAB (see question 20, above) has made favourable findings with respect to a number of foreign

accounting bodies. Their members are exempted from writing the Canadian UFE but they must complete certain local knowledge qualifying examinations (see question 20, above).

The 8 foreign accounting bodies for which IQAB recommends a UFE exemption are:

- The Institute of Chartered Accountants in Australia
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- The Institute of Chartered Accountants in Ireland
- The South African Institute of Chartered Accountants
- The 54 State Boards of the United States
- L'Ordre des Experts Comptables et des Comptables Agréés
- Japanese Institute of Certified Public Accountants

As well, now when IQAB studies foreign accounting designations with a view to recommending exemptions, one of its considerations is whether reciprocity exists for Canadian CAs seeking to move to the foreign jurisdiction.

For CMAs, each applicant/candidate must complete the CMA Professional Program. While no possibilities currently exist for taking account of foreign qualifications, the CMA Board may be considering some advanced standing procedures in the future. The SMAC have no agreements in place with other countries.

Provincial CGA Associations will review foreign qualifications and may exempt applicants/candidates from certain CGA academic requirements. CGA Canada is applying for reciprocity with the U.S. International Qualifications Appraisal Board. Reciprocity is accorded to all holders of the CGA designation. The CGA Education Program is currently in place in a number of universities in China and the Caribbean.

- 26. *Are there any automatic recognition or mutual recognition agreements between your professional bodies and their counterparts in other countries? If so, please specify the main characteristics of such agreements; if not, please explain why.***

Refer to the answer to question 25.

- 27. *Where possibilities of taking account of foreign qualifications exist, is a full local examination or a local training exceeding 12 months required? Please specify. Is a local licence always necessary to practice a regulated accountancy activity? Please specify when this is not the case.***

The following answer relates only to CAs.

There are two different aspects to this question.

One aspect is the use of the foreign qualifications to become a member of a provincial institute of CAs. The answer to question 20, above notes that there may be an exemption for some or all of the usual requirements for CA students. A full exemption would mean that the applicant would not be required to take the Uniform Final Examination (UFE) required of all CA students or to complete additional practice experience. However, in the case of a partial exemption based on the applicant's foreign qualifications the applicant may still be required to write the full local examination (the UFE) or complete more than 12 months of local practice experience.

The second aspect of the question is the use of the foreign qualifications to get a licence in those provinces which require licences. In Newfoundland and Nova Scotia a licence issued in that province is necessary to practice as a public accountant. As noted above, the Public Accountants Council in Ontario does consider applications for a permit (it is not a licence and contains restrictive conditions) to practice as a public accountant in Ontario from licensed public accountants from another state or province.

Currently, in all three provincial jurisdictions an applicant wishing a public accountant's licence might well apply to the local PICA for membership based on his or her foreign qualifications and then apply for the licence based on their membership in the PICA.

As specified in previous answers, a local licence is necessary to practice public accounting in those provinces which require a licence for public accounting. In some other provinces, while a licence is not necessary, membership in a specified accounting body is necessary. In some provinces there are no restrictions as to who can offer and perform any types of accounting and auditing work.

28. *What are the accreditation/licensing requirements imposed on foreign professionals authorised to practice in their home country? May certain (regulated) activities be carried out on the basis of a foreign licence?*

Generally they would be required to become licensed under the relevant provincial legislation where such legislation exists.

Where membership in a specified accounting body is required, they would be required to join the specified body.

There are no regulated activities which may be carried out on the basis of a foreign licence.

VI. REGULATIONS GOVERNING THE ESTABLISHMENT OF A COMMERCIAL PRESENCE

29. *Are there any restrictions on the form under which one can establish (partnership, incorporation, other)? Please specify.*

Commercial presence must in most provinces take the form of a sole proprietorship or partnership. Incorporation is permitted in British Columbia, Alberta and New Brunswick. In Alberta and New Brunswick, only individual locally qualified professionals are allowed to incorporate.

30. *Are there restrictions on foreign direct investment and ownership, including restrictions applying to not locally qualified individuals or firms? Please specify.*

Firms must be fully owned by locally qualified professionals.

31. *Is there a requirement of a minimum number or percentage of local directors, managers or staff (please specify)?*

A majority of the directors of a company incorporated for business in British Columbia and at least 50% in Alberta must be resident Canadians. In British Columbia at least one director must be resident in the province.

32. *Are there restrictions on the ability of locally established firms to develop international relations (membership of an international network, association with foreign firms, etc.)? Please specify.*

No restrictions.

33. *Is the use of international or foreign names restricted for firms?*

No restrictions.

VII. REGULATIONS GOVERNING THE ENTRY AND TEMPORARY STAY OF NATURAL PERSONS FOR THE PURPOSE OF SUPPLYING ACCOUNTANCY SERVICES

34. *Is the entry and stay of professionals subject to labour market tests or any other restrictions? Please specify.*

As perhaps intended here, we make a distinction between this question and question 35 on the basis of persons/professionals seeking to enter on a permanent or temporary basis.

Accordingly, any person/professional applying to enter Canada to engage in permanent employment or to become a permanent resident will be subject to Canadian immigration laws and regulations. A number of criteria are involved in determining whether an applicant will be granted immigrant status, including, depending on the circumstances, a labour certification test.

35. *Is there any procedure facilitating the temporary entry and stay of professionals to supply accountancy services? Please explain.*

The issue of Canada's NAFTA and GATS commitments with respect to temporary entry has no bearing on permanent employment or permanent residence.

Canada's commitments under the GATS admits intra-corporate transferees (executives, managers and specialists) for a maximum period of three years (without a labour market test) provided the foreign firm maintains a commercial presence in Canada. Our commitments under the GATS also provides for the temporary entry and stay for a number of professionals, not including accountants, for a period of up to 90 days or the time necessary to complete the services contract, whichever is less.

Under the NAFTA temporary entry provisions, accountants are granted temporary entry to engage in a business activity at the professional level on presentation of proof of citizenship of a Party and documentation demonstrating that the business person will so be engaged and describing the purpose of entry.

36. *Are there any restrictions on hiring of local professionals by foreign firms and professionals? Please explain.*

No restrictions.

VIII. NATIONALITY/RESIDENCY REQUIREMENTS

37. *Is a condition of nationality/citizenship imposed to practice certain activities, to start an education, to obtain a licence, to become member of a professional body, etc.? Please specify.*

No conditions of nationality/citizenship imposed with respect to membership, licensing, admittance to education programs or any other activity related to the provision of accountancy services.

38. *Is a condition of establishment, prior residency or residency imposed to practice certain activities, to obtain a licence, to become member of a professional body, etc.? Please specify the conditions and the definition of establishment, residency, etc. when relevant. Is it possible to have a professional establishment in more than one country?*

- **To practice certain activities**

Only public accounting is regulated in the field of accounting and auditing. Access to public accounting, in those provinces in which it is regulated, is either by licence or by restricting it to membership in a specified accounting body.

- **To start an education**

Generally, individuals applying to enter a provincial institute's CA program must be residents on the day that the application is made. Individuals proceeding through the normal student route to become a CA are generally required to complete a period of practical experience in a student training office approved by a provincial CA institute. Obviously, during the training period the students would generally be resident (living in) in Canada.

- **To obtain a licence**

Residency (resident of Canada/ in-province resident) requirement to be licensed as an public accountant/certified public accountant in Quebec, Newfoundland and Nova Scotia.

- **To use a designation**

Residency (living in-province) requirement to become a member of the provincial CA institute in Manitoba, Alberta and British Columbia.

Residency requirement to become a member on the CGA provincial association in British Columbia, Newfoundland and Alberta. The residency requirement in British Columbia will be eliminated in January 1997.

Residency requirement to become a member of the provincial CMA association in Manitoba.

- **Establishment**

Firms of accredited public accountants (engaged in the practice of public accounting) must be under the charge of a resident partner who is a member of the provincial accounting institute (Ontario, Saskatchewan, British Columbia, Newfoundland and Yukon).