

The Public Accountants Council for the Province of Ontario
Business Plan
For the Years Ending October 31, 2017, 2018 and 2019

Introduction

The Public Accountants Council for the Province of Ontario's ("Council") role is set by the *Public Accounting Act, 2004* ("Act"). Generally, its purpose is to ensure that public accounting in Ontario is practised in accordance with internationally respected public accounting standards that reflect the public interest in the delivery of superior quality public accounting services.

This plan is prepared to summarize the Council's organizational, operating and financial policies for the three year period ending October 31, 2019.

The Unification of the three designated bodies, Chartered Professional Accountants of Ontario, Certified General Accountants of Ontario and Certified Management Accountants of Ontario into one authorized designated body was completed for public accounting oversight purposes in 2014. There are still administrative and legal matters such as a new CPA Ontario accounting act to be enacted by the Ontario government. For purposes of this planning document, Unification is considered to be complete.

Unification introduced a significantly changed environment in which the Council operates. The new CPA Ontario act to accommodate Unification is expected to be introduced sometime in late 2017. Until a new act has been proclaimed, there are certain unresolved issues that may impact the future operations of the Council but these are not expected to be significant.

To date, it appears that the role that the Council plays in the oversight of public accounting in Ontario will not change significantly now that there is one only one Authorized Designated Body ("ADB") to oversee. Council is working with Queen's Park to reduce the size of the Council through attrition to six public members and five CPA Ontario members. Council has also been asked to report to Queen's Park in 2018 on the status of the consolidation of the accounting bodies and the implications for the future role of Council.

Finally, Unification has resulted in CPA Canada and the other provincial accounting bodies attempting to harmonize professional and accounting policies across Canada that may differ from those set out in the Act or from the Council Standards. The January 2012 ruling of the *Agreement on Internal Trade* (AIT) Labour Mobility Panel disallowed Ontario's exception for public accounting. This means that the Council can no longer provide assurance that all public accounting practitioners entitled to be licensed in Ontario would measure up to The Council Standards.

Although there currently are differences between the provinces on issues such as restricted licensure, the definition of public accounting and conditions for licensure, none of these differences have manifested themselves in ways that seriously threaten Council's ability to ensure that superior quality public accounting services are delivered to stakeholders. We will continue to monitor these differences to determine if the ability of Council to meet its obligations is threatened.

As part of the process to resolve these issues, Promontory Financial Group Canada ULC was engaged in 2014 to make recommendations on the future role of Council. The Promontory report was issued in early 2015 and recommended that the Council remain in place with a similar mandate for the ensuing five years. This planning document, and the other business and budget documents that accompany it, have been prepared on the basis that there will be a continuing role for the Council in overseeing one ADB in Ontario over the three year period ending October 31, 2019.

Mandate of the Council

The role and authorities of the Council are established by the Act. Its mandate is to ensure that public accounting in Ontario is practised in accordance with internationally respected public accounting standards that reflect the public interest in the delivery of superior quality public accounting services. This planning document is prepared on the basis that the Council will focus its attention over the next three years on maintenance and updating of the Council Standards, oversight of the public accounting policies of CPA Ontario, and maintaining the public's confidence in public accounting.

I. About the Council

Public accounting is the business of providing independent assurance and certain other services in respect of financial statements and other financial information of enterprises, where it can reasonably be expected that the services will be relied upon by a third party.

The Act requires a designated body that seeks to be authorized to license and govern the activities of its members as public accountants to meet certain minimum standards relating to its:

- education, examination and practical experience requirements;
- rules of professional conduct, mandatory practice inspections of public accountants, the use of generally accepted accounting principles and generally accepted assurance standards, discipline procedures, the issuing of new licences to former licensees, the issuing of licences to persons who are permitted to practise in other jurisdictions, and mandatory professional liability insurance; and
- governance standards respecting the licensing and governing of the activities of its members as public accountants.

The designated bodies that continue to be defined in the Act, all of which were previously authorized, are:

- Certified General Accountants of Ontario (CGAO)
- Certified Management Accountants of Ontario (CMAO)
- Institute of Chartered Accountants of Ontario (ICAO), now operating as Chartered Professional Accountants of Ontario (CPA Ontario).

CMAO and CGAO resigned their authorizations to license and govern the activities of their members as public accountants as of April 1 and July 2, 2014, respectively. CPA Ontario is now responsible for the regulation of all licensed public accountants in Ontario.

The Minister accountable for the Act is the Attorney General ("Ministry").

The Council's initial Standards were adopted on June 20, 2006. They were amended and restated on July 11, 2012, December 24, 2012 and January 8, 2014.

Objectives

The objects of the Council to achieve its mandate, contained in section 19.(2) of the Act, are set out below, along with steps taken to date by the Council to realize them.

- (a) developing and maintaining the standards that a designated body must meet in order to be authorized to license and govern the activities of its members as public accountants and raising the standards, as required*

Given that the Council's standards were adopted in 2006, it was agreed that a general updating of the Standards would be completed after the three designated bodies had been authorized. This update was completed in December 2013 with Ministerial approval of the changes received in January 2014.

The CEO and the Chair monitor national and international developments in public accounting to identify any need for change to ensure that the Council's Standards are in accordance with internationally respected public accounting standards.

(b) determining which designated body meets the standards, when it meets them and whether the designated body continues to meet the standards after it is authorized to license and govern the activities of its members as public accountants

The Council, together with its external consultants, identified potential evaluators. The Evaluation Team was selected based on the members having the requisite expertise, independence, time available to do the work and willingness to participate. New or replacement appointments to the Evaluation Team have been reviewed by Council including the last change that was made in 2013.

The Evaluation Team completed its review of the public accounting standards for:

- ❖ ICAO and reported its positive findings to the Council in October 2006. The Council approved the authorization of the ICAO as an authorized designated body (ADB) on November 1, 2006;
- ❖ CGAO and reported its positive findings to the Council in June 2010. The Council approved the authorization of the CGAO as an ADB effective June 22, 2010; and
- ❖ CMAO and reported its positive findings to the Council in January 2012. The Council approved the authorization of the CMAO as an ADB effective January 24, 2012.

As noted earlier, CMAO and CGAO resigned their authorizations to license and govern the activities of their members as public accountants as of April 1 and July 2, 2014, respectively.

(c) overseeing the designated bodies in their capacity to license and govern the activities of their members as public accountants

The objectives of the Monitoring and Review Process (as derived from sections 19 and 21) of the Act are to:

1. Determine whether the ADB continues to meet the standards after it is authorized to license and govern the activities of its qualified members;
2. Oversee the ADB in its capacity to license and govern the activities of its members as public accountants; and
3. Determine whether the purpose and objects of the Council are being met.

As CPA Ontario is currently the only ADB, future references to oversight will refer to CPA Ontario. The Act also requires that periodic reviews of an ADB be carried out not less than once in every three years and to report on them to the Minister.

The extent of oversight procedures carried out for CPA Ontario will be tailored to the particular circumstances when each review is carried out. This approach reflects Council's agreement at its May 2009 meeting and reaffirmed during its March 2011 meeting, that the reviews for a given ADB could be less detailed over time if experience and circumstances appeared to support this inasmuch that the ADB

has demonstrated that it has the necessary infrastructure, standards, processes and people to license and govern the activities of its public accountants at a level consistent with the Council Standards.

Three triennial reviews and three annual reviews have now been completed for CPA Ontario. The triennial reviews covered the two three-year reporting periods ending October 31, 2009, October 31, 2012 and October 31, 2015. The first two years after authorization of CPA Ontario were reviewed coincidental with the establishment of the generic assessment guidelines that were subsequently used to establish that the three DBs met the Council Standards. The three annual reviews covered the years ending October 31, 2008, 2010 and 2011. No Annual Review was carried out for the 2013 and 2014 reporting years as the standards of CPA Ontario were undergoing a substantive review as part of their conversion to the new CPA programs during the Unification process.

(d) maintaining public confidence in public accounting through the appropriate prosecution of offences under the Act

Outside experienced legal counsel is retained to assist with prosecution and management of offences in accordance with Council's Practices and Procedures for Prosecutions under the Act.

Environmental Scan

The Council is focused on ensuring that public accounting in Ontario is practised in accordance with internationally respected public accounting standards that reflect the public interest in the delivery of superior quality public accounting services. The public accounting environment in which the Council operates could be impacted by the following factors:

Regulatory or Policy Changes – the 2012 Agreement on Internal Trade Labour Mobility Panel (AIT) decision disallowed Ontario's exception for public accounting, thus permitting entry into Ontario any Canadian public accountant seeking licensure in Ontario, regardless of the qualifying standards in their home province and territories. To date, this decision does not appear to have caused significant challenges in Ontario in maintaining the appropriate level of public accounting services. No other regulatory or policy changes are currently expected.

Quality of Public Accounting Standards - CPA Ontario is committed to complying with the standards established by the International Federation of Accountants ("IFAC") which sets standards for auditing, education, ethics and public sector accounting. The Public Interest Oversight Board ("PIOB"), an international independent body headquartered in Madrid, oversees the IFAC processes for the maintenance and upgrading of these standards. The PIOB is accountable to the Monitoring Board of global public authorities ("MB").

International Financial Reporting standards are set by the International Accounting Standards Board ("IASB") which is overseen by the International Financial Reporting Standards Foundation ("IFRS") which reports to the MB. Council Standard 10 requires that CPA Ontario's public accounting licensees use the generally accepted accounting principles and generally accepted assurance standards set out in the CPA Canada Handbook – Accounting, the CPA Canada Public Sector Accounting Handbook and the CPA Canada Handbook – Assurance as the same are amended from time to time, in accordance with the generally accepted standards of practice of the public accounting profession.

This environment is conducive to the continuation of superior quality public accounting standards in Ontario, but this is not to say that there are no challenges for public accountants. Questions are still in the public's mind for issues such as accounting firms' involvement in aggressive off-shore tax planning, or

quality of audit issues being raised by the Canadian Public Accountability Board. These issues are traditionally dealt with on a national basis but the Council does monitor them to ensure that the issues are being dealt with satisfactorily.

Adherence to the Public Accounting Standards – the Council conducts a triennial review of the operations of CPA Ontario to satisfy itself that CPA Ontario is adhering to the public accounting standards of the Council. Three reviews have now been conducted since CPA Ontario and its predecessor organizations assumed responsibility for public accounting in Ontario on November 1, 2005. Since this time, the triennial review results have been positive.

Business Environment – the realization of successful public accounting in Ontario could be put at risk in a severely distressed business environment. There are no signals that this will occur in the foreseeable future.

Availability of Public Accounting Resources – external factors such as low student intake or high staff turnover could result in endemic weaknesses in the public accounting profession that result in restricted assurance and audit services being available for the business community. To date, there has been no indication of any serious shortfall in the availability of public accounting resources.

II. Risk Identification and Mitigation Strategies

A report summarizing the risk environment for the Council is discussed annually at the December Audit Committee meeting. To date, the Committee has concluded that the risks have been appropriately assessed and managed. It has also been agreed that it is essential that members of the Council and management remain aware of, vigilant and sensitive to the evolving changes in the public accounting environment in Ontario and other jurisdictions. This will enable the Council to become aware of issues that may arise and to deal with them appropriately. In carrying out this review, the following risks have been identified:

Governance Performance Risk

Council's current seven public members are appointed by the Lieutenant Governor in Council (including the Chair and Vice-Chair) and starting in 2015 by CPA Ontario in the case of the current six designated body members.

As noted on page 1 of this document, it is anticipated that the Ministry will change the Council size from seventeen members to eleven members consisting of six public and five ADB members. In addition to this change, likely to occur in 2017, the terms of four long-serving members of CPA Ontario ended on October 31, 2016 and were replaced by four new members in November 2016. These changes will heighten the Governance Performance Risk during and after the changes are made. In the interim, vacancies arising from resignations or ending of terms have not been filled to accomplish the reduced size of Council members through attrition.

The heightened level of Governance Performance Risk is mitigated by strong continuity of the other members of Council, the Chair and the CEO.

Measures to Address the Risk:

In an effort to ensure that Council Members are experienced and qualified and to assist the appointing bodies in their choices, the Council in the past, with the input of the designated bodies, developed a Member Profile and a template to be used to assess the competencies and diversity of individual Council

Members and of potential appointees to the Council. This information is used to prepare a Competency and Diversity Matrix to assess the overall strength of the skills and diversity of the Council Members and to identify any gaps. The Council has requested the appointing bodies to use these tools in determining whether their respective appointees or proposed appointees are qualified to serve.

The Council has been successful in maintaining an appropriate dialogue and consultation with the Public Appointments Secretariat (“PAS”) of the Ontario Government regarding the suitability of Council appointments. There are currently two vacancies for public appointments. This shortfall will be addressed when the size of the Council has been determined.

The Council adopted a Code of Conduct and orientation procedures that focus Council Members on the fact that they owe their fiduciary obligations to the Council and, in the case of those Council Members appointed by the designated bodies, not to the designated body that appointed them.

The Council maintains a process to review performance and the performance of its Committees in addition to the performance of its individual members every two years and that of the Chair and the CEO every year. The most recent review biennial review was completed for the two-year period ended October 31, 2016 with the next one scheduled for the two-year period ended October 31, 2018.

Mandate Risk

It was reported in earlier versions of this document that if the Government of Ontario does not maintain its exception from the labour mobility provisions of the Agreement on Internal Trade for public accounting, the Council will be at risk to maintain fully the standards in Ontario that are required under the Act. As a result of the AIT Mobility Panel Report issued in January, 2012, that exception was withdrawn. There is ongoing communication with Ministry officials for determining how the Council will oversee public accounting in Ontario in the new environment. To date, there is no indication that public accounting in Ontario has been put at additional risk with an influx of marginally qualified public accountants.

Measures to Address the Risk:

The Council has previously agreed to do what it can to promote high standards for public accounting in Canada and in particular to do this through its review of the new public accounting standards for CPA Ontario. With Unification, CPA Canada has committed to continue with high public accounting standards that are harmonized to the extent they can be in Canada. Certain of the CPA Canada recommended policies that have been adopted by other provinces or territories do differ from those of CPA Ontario. These include the definition of public accounting, the issue of restricted licensure and the policy for practising in a substantive way. Based on decisions made to date by CPA Ontario, there are no contemplated changes for public accounting policies that challenge the current policies of the Council.

Management Performance Risk

There is the risk that the Council will not have capable management in place to lead the planning and execution of operations. This risk has two parts: first, that management will not prove capable; and second, given there is only one senior professional, that there is insufficient management capacity in the case of sudden change.

Measures to Address the Risk:

There is regular communication over the range of Council matters between the Chair and the CEO. The

CEO attends all Council and Committee Meetings and there is an annual assessment of the CEO's performance by the Council.

The CEO's current arrangement with the Council expires in February 2018.

The Council recognizes that smooth backup arrangements are difficult to achieve in its situation, where the staff is limited in size. To meet the risk of an unexpected departure of the CEO, the CEO and the Chair continue to network in the public accounting and related academic community with a view to identifying individuals who might be candidates to fill developing or unexpected management needs.

Litigation Risk

Legal action may be undertaken against the Council, its members or former members, its employees or former employees, for decisions made or actions taken. Also, given the Council's role as an administrative body, proceedings may be commenced against the Council, its members or former members, its employees or former employees, seeking judicial review of decisions made.

Measures to Address the Risk:

The Council has ready access to legal counsel who would immediately be engaged for these circumstances. In addition, Section 40 of the Act provides that *no action shall be brought against the Council, any member or former member of the Council or employee or agent of the Council for any act done in good faith in the exercise or performance or the intended exercise or performance of any power or duty under this Act or for any neglect or default in the exercise or performance in good faith of such power or duty.*

More recently, the indemnification form signed by all members of the Council and on behalf of Council has been reviewed with the office of the Director, Ministry of Finance, Legal Services branch to confirm that it complies with the requirements of the Ministry.

Efforts to reduce any risk of judicial review include compliance with the Act (the Council's operative statute) and, relying importantly on the assistance of legal counsel, with the *Statutory Powers Procedure Act*.

Operating Risk

In addition to the objectives of the Council set out by the Act, the Council aims to manage its operations in a way that achieves proper stewardship of its resources.

Measures taken:

All significant disbursements and commitments are approved in line with the Council-approved policy for *Commitments and Approvals*. As regards procurement, the Chair and the CEO work together to ensure that the Council receives proper value for money;

The Chair and CEO will continue to follow good governance processes to engage consultants in ways consistent with the need for the Council to engage highly specialized evaluation resources that will provide continuity over time to complete CPA Ontario evaluations;

Management of short term funds follows the terms of an *Investment Policy Statement*;

Cash transactions are minimal;

Quarterly financial results against the annual approved budget are reported to the Council;

The Audit Committee's responsibilities include the review of the Council's financial statements, the Council's risk management processes, systems of internal controls and compliance with applicable laws and regulations. The Audit Committee is chaired by a public member of Council and a majority of its members are also public members. The external auditor for the Council carries out an annual audit and reports directly to the Audit Committee;

There is an annual budgeting process based on historic costs for expense categories that are controllable;

The Council's operations are straight-forward with minimal opportunity for mismanaging Council assets;

Triella Technology Transformations was engaged to perform an IT security review in 2014. All substantive recommendations were implemented;

The IT security provisions for the Council are constantly monitored by this IT services provider;

The Council's software and hardware needs are regularly monitored and upgraded as needed; and

Daily backup is performed for all systems by an external service provider.

III. Activity Overview

The Council's activities over the past eleven years focused on the oversight of the evaluation of the three ADBs, development of Council Guidelines, responding to planned changes by ADBs in bylaws and regulations, reacting to the changes resulting from the AIT Mobility Panel Report, working through Unification and maintaining confidence in public accounting through appropriate prosecution of offences under the Act. This AIT report, along with Unification has led to questions about the future role of the Council. They are summarized at the beginning of the Business Planning memo to the Council.

In addition to these activities, the Council is required to develop and maintain the standards that a designated body must meet in order to be authorized to license and govern the activities of its members as public accountants and to raise the standards as required. The updating of the standards was approved by the Minister in January 2014.

IV. Resources Required to Meet the Objectives

Below is a summary of the objectives, resources required and financial impact. All other costs of operation are set out in the attached budget document.

<u>Objectives</u>	<u>Status of Follow- up</u>	<u>Consulting or Financial Resources Required Annually</u>
<p>1. (a) Develop and maintain the standards that a designated body must meet in order to be authorized to license and govern the activities of its members as public accountants</p> <p>(b) Conduct research to raise the standards as required</p>	<p>The Council's initial Standards were adopted on June 20, 2006. They were amended and restated on July 11, 2012, December 24, 2012 and January 8, 2014.</p> <p>The Standards will continue to be maintained and raised as required.</p>	<p>The services of Norton Rose Fulbright (“NRF”) have been used extensively to advise on the legal aspects of changes to the Standards. An annual allowance of \$25,000 has been made in Standards expenses to allow for changes that may need to be reviewed resulting from the introduction of the new CPA Ontario act.</p> <p>With the recent update of the Council Standards, any costs for maintenance of the Standards for NRF and the Evaluation Team are included in the above allowance.</p>
<p>2. Determine which designated body meets the standards, when it meets them and whether the designated body continues to meet the standards after it is authorized to license and govern the activities of its members as public accountants</p>	<p>The three accounting bodies were authorized. After the CMAO and the CGAO continued their business under the CPA Ontario banner they resigned from their authorized status.</p>	<p>No new resources required.</p> <p>Four of the six external evaluators have remained in place since 2007. Two Council-approved replacements were engaged in 2012 and one additional evaluator was added in 2013.</p>
<p>3. Oversee the designated bodies in their capacity to license and to govern the activities of their members as public accountants</p>	<p>See comments in <i>II c</i> above</p>	<p>Resources are in place.</p> <p>All costs for future CPA Ontario reviews are recoverable from it.</p>
<p>4. Maintain public confidence in public accounting through the appropriate prosecution of offences under this Act</p>	<p>Most of the resources used for this activity are internal, supported as needed by an external law firm and investigative agencies.</p>	<p>Resources are in place. Engagement of legal and investigative services as required at a cost that is unlikely to exceed \$100,000.</p>

V. Summary of Staff Numbers, Impact of Business Plan on Human Resources and Compensation Strategy

The Council has a staff of three permanent employees; a CEO, Administration Manager and Administration Coordinator, and one contract lawyer who provides recording secretarial and miscellaneous legal services. With the exception of the CEO, there are no expected changes anticipated in

these positions over the next few years. The current employment agreement with the CEO expires on February 14, 2018. The Council will initiate discussions with the CEO in 2017 to explore succession alternatives.

The salary for the CEO is set by the Council, and for the two other employees, by the CEO. The CEO uses the Board of Trade Not-for-Profit compensation statistics as a guideline for setting competitive salaries. Benefits are also compared to the Board of Trade surveys for the Not-for-Profit sector. The pension plan is defined contribution.

The term for the Chair of the Council will expire on February 18, 2018. Under the enabling legislation of the *Public Accounting Act, 2004*, the Chair is appointed from among the members of the Council by the Lieutenant Governor in Council on the advice of the Cabinet.

As in the past, the Governance Committee of the Council will work closely with the Public Appointments Secretariat at Queen's Park in 2017 to initiate a selection process to recommend the appointment of a new Chair of the Council.

VI. Performance Measures and Targets over the Three-Year Life of the Business Plan

Performance Measures

- Monitoring and oversight responsibilities are carried out annually and reviewed by the Council;
- Acknowledgements to public accounting complaints and s. 22 requests are made within 24 hours of receipt of complaint or request for s. 22 review;
- To date, there appear to have been no public complaints about the Council that have been registered with the Minister or the Chair;
- The CEO receives strong performance ratings from the annual performance review process; and
- Annual controllable operating expenditures of the Council stay within budget.

Targets

- Appropriate oversight of CPA Ontario through the annual and triennial reviews;
- Resolution or monitoring of public accounting matters related to the definition of public accounting, restricted licensure and practising in a substantive way;
- Continuing timely responses to public complaints and monitoring of public satisfaction with public accounting services; and
- Report on the future role of the Council in 2018.

VII. Financial Budget over the Three-Year life of the Business Plan

See attached Budget document.

VIII. Initiatives Involving Third Parties

The CEO has made a commitment to be involved in other initiatives that would assist him and the Council in remaining knowledgeable and current on matters relating to public accounting. With this goal in mind, the CEO was a member of the Council of Governors of the Canadian Public Accountability Board for two five year terms ending September 2015. Ongoing contact is kept with the CEO of CPAB. In addition the CEO is now Chair of the Consultative Advisory Group of the International Accounting

Education Standards Board providing for ongoing opportunities to stay involved with international standard-setting matters for public accounting.

IX. Implementation Plan

The resources remain in place to implement the plan.

X. Communication Plan

The Council maintains a recently redesigned bilingual website to provide extensive information on the Council's role and activities. There are no plans to expand communications beyond this.

The Public Accountants Council for the Province of Ontario

Three Year Budget

	F'16	F'17	F'18	F'19
	Projected Actual	Budget	Budget	Budget
Salaries and Benefits ¹	\$645,485	\$625,000	\$ 644,000	\$ 663,000
Standards Assessments ²	495,661	655,000	171,000	261,000
Council Fees & Prep, Travel Time & Meetings ³	70,919	83,000	80,000	80,000
Legal Advisory ⁴	168,036	165,000	140,000	140,000
Standards ⁵	25,549	42,000	40,000	40,000
Hearings & Prosecutions ⁶	15,386	100,000	100,000	100,000
Consultants ⁷	5,186	50,000	50,000	50,000
Office ⁸	41,407	59,000	57,000	59,000
Rent ⁹	120,254	118,000	120,000	123,000
Insurance ¹⁰	12,202	13,000	13,000	13,000
Amortization ¹¹	14,354	33,000	33,000	31,000
Audit ¹²	12,000	12,000	12,000	12,000
Total	\$1,626,439	\$1,955,000	\$ 1,460,000	\$ 1,572,000
Less: Recovery of Standards Assessments	495,661	655,000	171,000	261,000
Net Operating Costs	\$1,130,778	\$1,300,000	\$ 1,289,000	\$ 1,311,000

See attached notes

The Public Accountants Council for the Province of Ontario

Notes to Budgets for F'17, F'18 and F'19

1. Salaries provide for a non-executive Chair, a CEO, an Office Administrator and Administrative Coordinator. The salary rates allow for adjustments to reflect inflation and level of responsibilities.

Benefits for administrative staff include:

- a. Contributions to staff RRSPs at 5% of earnings up to YMPE plus 6% of earnings over YMPE
 - b. Group Life Insurance based on 2 times annual earnings
 - c. Travel Insurance is 2 times annual earnings
 - d. Health Insurance and Dental Plan
 - e. Council contributions to CPP
 - f. Health club membership for employees
 - g. Employer Health tax at statutory rates.
2. The operations line of Standards Assessments for CPA Ontario will continue to be shown as a recoverable expenditure rather than treating them as operating expenditures. These assessment costs will relate primarily to the ongoing evaluation of the new CPA public accounting program, changes that CPA Ontario proposes to make to its public accounting standards and the annual/triennial reviews.
 3. Council fees include travel for Council members and the related costs of Council and Committee meetings. It is assumed that the size of the Council will remain at thirteen members until the end of F'17 and then reduce to eleven for F'18 and F'19. As the Council is now expected to continue with its traditional form of operation, provision has been made for three half day meetings and one full day meeting. In addition, provision has been made for two Audit committee meetings and two Governance committee meetings.
 4. Legal Advisory is an estimate for general external legal services to the Council, primarily from Norton Rose Fulbright (NRF) and R. Vezér. Extra costs have been budgeted in F'17 for NRF for general legal matters that may arise with the deliberations on the future of the Council. The budgets for external advisory for F'18 and F'19 have been set to reflect the costs for the Council meetings and general ongoing legal matters.
 5. This is an estimate for general external legal services from NRF to the Council for matters related to Standards. Extra costs have also been budgeted for NRF in F'17 for discussions that may arise with the deliberations on the future of the Council.
 6. Hearings and Prosecutions include costs of investigations and prosecutions for complaints. The actual costs will depend on the number of prosecutions required. As this number is not reliably predictable, an estimate has been made based on two cases being prosecuted each year.
 7. Consulting includes a general provision for engagement of external consultants during the three years.
 8. Office includes telephone, internet, stationery, printer supplies and other general expenses.

9. The current lease for 1200 Bay Street ends on Dec 31, 2016. The lease with Brookfield for 2 Bloor Street (2,140 sq. ft.) is \$26/SF for the term of the lease to September 30, 2023. Additional rent of \$22/SF is applicable for 2017 and subject to a 5% estimated annual inflation adjustment.
10. Insurance is estimated at current renewal rates. The D&O insurance coverage remains \$10M. The Travel/Accident covers Council Members for \$100K, and the CEO for \$200K. The office leaseholds and equipment continue to be insured at \$358,000 for replacement costs.
11. Amortization is based on the standard Council annual rates applied to the original cost of assets as follows:

Furniture & Fixtures	10% Straight Line
Computer Equipment	25% Straight Line
Leaseholds	Over the Term of the Lease
12. The Audit expenses are expected to remain at approximate historic levels.