

Standards of The Public Accountants Council for the Province of Ontario

Preamble

The following sets out the standards (the “Standards”) developed by The Public Accountants Council for the Province of Ontario (the “Council”) pursuant to Section 19 of the *Public Accounting Act, 2004* as the minimum standards that a designated body must meet in order to be authorized to license and govern the activities of its members as public accountants.

As specified in the Act, these Standards are no less rigorous than the internationally recognized standards under the *Public Accountancy Act* (which has since been repealed) as they existed on June 9, 2004.

These Standards recognize that an authorized designated body may use different processes to meet or exceed the requirements set out in any Section of these Standards, provided that the authorized designated body can demonstrate to the satisfaction of Council that its processes meet the requirements set out in them.

Evolution of the Standards and the Public Accountants Council Handbook

In 2006, when these Standards were established, the Council was faced with the choice of developing its own handbook, or adapting an existing competency map related to the development of public accountants. The answer then was to adopt and adapt, as required, the Institute of Chartered Accountants of Ontario’s (as it then was) 2004 competency map.

The Public Accountants Council Handbook is the foundational document for Standards 2, 3, 4, 5, 6 and 8, and has been in effect since its adoption in June 2006. Also, the Public Accountants Council Handbook has remained unchanged in an effort to have a consistent reference point for the evaluation of the three designated bodies as part of the process by which they became authorized designated bodies.

However, while the Public Accountants Council Handbook remains relevant and useable, it has also become increasingly dated as the nature and scope of the public accounting profession has evolved. While there have been no significant changes in defined competencies since 2006, knowledge, in the form of technical content, has both changed and increased in a number of significant ways with new requirements in accounting, auditing and tax.

Accordingly, once the Council had determined (as of January 2012) that the public accounting standards of all three designated bodies were substantially equivalent to the Standards, it began the process of updating its Standards. This process has included considering how to address the particular features and demands of the Public Accountants Council Handbook and the changes within the profession, outlined above.

At the same time, the Council has been carefully monitoring any changes that any of the three authorized designated bodies have sought to make to their specific constituting documents so as to ensure that any changes continue to satisfy the Standards. This monitoring is achieved in two ways:

- 1) Any changes to an authorized designated body’s constituting documents must be made in accordance with the terms of the *Operating Procedures Relating to an Authorized Designated Body’s Compliance with the Council’s Standards Memorandum*; and

- 2) In accordance with Section 21 of the Act, the Council conducts periodic reviews of the operations of each authorized designated body at least once every three years. Also, the Council undertakes a systematic review of each authorized designated body in years where there is no triennial review.

Given that: (1) all three designated bodies are authorized; (2) there is ongoing monitoring of the authorized designated bodies for compliance with the Standards; and (3) the Council must maintain and raise the Standards, as required, the Council has determined that it must also update its processes for ensuring that Standards 2, 3, 4, 5, 6 and 8 are satisfied and are being maintained. Historically this was done, at least in part, through ensuring compliance with the Public Accountants Council Handbook.

Going forward, while the Public Accountants Council Handbook will remain in its originally established form as approved in June 2006, the Council will also be relying on its monitoring of any proposed changes to an authorized designated body's constituting documents, including, in particular, any proposed changes to an authorized designated body's competency map, in order to ensure that all authorized designated bodies continue to meet the Standards.

If a new designated body is designated under the Act, upon receiving an application for authorization, the Council will evaluate whether that new designated body meets Standards 2, 3, 4, 5, 6 and 8 by comparing its processes to the processes of the authorized designated bodies that are in place at that time, including the existing authorized designated bodies' competency maps, as well as by reference to the Standards, and if deemed necessary, back to the Public Accountants Council Handbook.