

Council Guideline No. 2007 – 4

**Criteria for Issuance of a Public Accounting Licence to a Member of an
Authorized Designated Body who Previously Qualified But Never
Applied For a Licence or Allowed His or Her Licence to Lapse**

The provisions of the *Public Accounting Act, 2004* (the “Act”) and the Standards of The Public Accountants Council for the Province of Ontario (the “Council”) are intended to ensure that all licensees have the capabilities, competencies and current skills to provide the public accounting services described in Section 2 of the Act.

Section 5 of the Act provides that a member of an authorized designated body (“ADB”) is entitled to be licensed as a public accountant under the Act if,

- (a) the person is a member of the designated body;
- (b) the person applies to the designated body and pays the fees established by it;
- (c) the person meets the qualifications to be licensed as a public accountant established by the designated body at or after the time it became an ADB; and
- (d) the designated body is satisfied that the person is of good character.

In this Council Guideline, the following terms are used with the following meanings:

“Applicant” means a member of an ADB who previously qualified for a licence to practice public accounting by meeting the Basic Requirements but never applied for a licence or allowed his or her licence to lapse.

“Additional Requirements” means the requirements specified in Sections 3, 4 and 5 of this Council Guideline respecting public accounting experience, continuing professional development and ethical and independence requirements.

“Basic Requirements” means the requirements respecting pre-licensing education and study requirements, public accounting experience, and evaluations or examinations for licensure required by the Council or its predecessor that the Applicant was required to meet at the time the Applicant qualified for a licence to practise public accounting.

Minimum Criteria

This Council Guideline sets out minimum criteria to be considered by the licensing board of an ADB in determining under Section 5 (c) of the Act whether an Applicant meets the ADB’s qualifications to be licensed as a public accountant.

1. Basic Requirements

The Applicant must establish to the satisfaction of the ADB's licensing board that he or she has successfully completed the Basic Requirements.

2. Additional Requirements

The Applicant must establish to the satisfaction of the ADB's licensing board that he or she has met the Additional Requirements.

3. Additional Requirements Respecting Public Accounting Experience

Within the past five years the Applicant must have participated in a recognized capacity in public accounting engagements in a practising office that has successfully completed a practice review to assess that its quality control system, its current engagement files, and related financial statements adhere to professional standards contained within the CICA Handbook and other professional standards established by the designated body of which the Applicant is a member.

The following persons shall be regarded as having participated in a recognized capacity in providing public accounting services:

- (i) each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
- (ii) each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:
 - consultation regarding professional standards;
 - consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
 - quality control reviews.
- (iii) a practice inspector appointed by the ADB or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices.

The Applicant must have obtained a minimum of 2,500 hours of public accounting experience consisting of:

- (i) a minimum of 1,250 eligible hours in public accounting services within the immediate past five years; and
- (ii) up to 1,250 eligible hours in designated services within the immediate past five years.

Eligible hours are:

- chargeable hours acquired as a result of participating in a recognized capacity in providing public accounting services; and

- other hours acquired in designated services.

Chargeable hours are hours normally chargeable to clients of a public accounting practice, provided that work of a routine clerical nature shall not be included in the computation of chargeable hours.

Designated services are services that require competencies that are complementary to those required to provide public accounting services. Designated services are:

- taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
- performance measurement relating to the evaluation, development and interpretation of an entity's financial and non-financial information that measures and enhances an entity's organizational performance;
- forensic accounting;
- research on the interpretation or application of either or both of Canadian Generally Accepted Accounting Principles ("GAAP") and Canadian Generally Accepted Assurance Standards ("GAAS") or on professional standards.
- financial reporting involving the review of accounting principles and financial statement disclosure and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;
- corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial institution, and assisting a client in analyzing the accounting effects of certain transactions;
- research conducted for, or advice given to, assurance clients on matters related to assurance engagements;
- training of other accountants or staff of the practice or firm in respect of the performance of assurance services where such training is a formal role for the Applicant.

4. Continuing Professional Development

The Applicant must have completed the minimum number of hours of continuing professional development prescribed by the ADB, including the specified minimum number of verifiable hours prescribed by the ADB, in activity that is quantifiable and directly related to the competencies needed to provide public accounting services.

5. Ethical and Independence Requirements

Underlying all of the other criteria for the determination of whether the Applicant is entitled to a licence are the requirements contained in GAAS and the rules of professional conduct adopted by the ADB that an Applicant must meet.

These requirements include the following principles of professional ethics:

- integrity;
- objectivity;
- professional competence and due care;
- confidentiality;
- professional behaviour.

Because the fundamental principle of objectivity for assurance engagements cannot be maintained if an individual or their firm lacks independence, independence policies and procedures must be an integral part of the Applicant's practice environment where the Applicant's experience has been acquired.

Where an Applicant has breached or is under investigation for failure to observe any of these ethical and independence requirements, the licensing board of the ADB when considering the eligibility of the Applicant for licensure must satisfy itself that there are no circumstances which would preclude the Applicant from having his or her licence renewed.

Exercise of Discretion

In circumstances where the Applicant has met the Basic Requirements and all of the Additional Requirements with the exception of those specified in Section 3 of this Council Guideline relating to additional public accounting experience and is able to satisfy the ADB's licensing board that the Applicant nevertheless has the required capabilities, competence and current skills to provide public accounting services, the ADB's licensing board may use its professional judgement to issue a licence to the Applicant to practice public accounting, provided that the ADB's licensing board documents in writing its reasons for exercising its professional judgement to do so.

The ADB shall include in the supplemental reports that it is required to file with the Council pursuant to Section 18(6) of the Council's Standards the number of licenses issued to the Applicants referred to herein where the ADB's licensing board has exercised its professional judgement to issue a license to an Applicant that has not met the minimum criteria set out in Section 2 of this Council Guideline respecting additional public accounting experience together with an outline of its supporting reasons and any further information that the Council may request.

References:

Section 5 of the *Public Accounting Act, 2004*

Sections 2, 3, 4, 5, 6 and 18 of the Council's Standards

Approved and Adopted by the Council on October 23 , 2007.

Original Signed: "Glorianne Stromberg"

Chair and Secretary