

## 11 Rules of professional conduct

- (1) The rules of professional conduct of an authorized designated body shall be based on the following principles:
  - (a) a licensee or student shall conduct themselves at all times in a manner that will maintain the good reputation of public accountants and their ability to serve the public interest;
  - (b) a licensee or student shall perform professional services with integrity and due care;
  - (c) a licensee shall be independent of the assurance client. Independence of mind and in appearance is necessary to enable the licensee to express a conclusion;
  - (d) a licensee shall accept an obligation to sustain their professional competence by complying with relevant laws, rules and regulations, and keeping informed of, and complying with, developments in professional standards;
  - (e) a licensee who is engaged in providing assurance engagements such as an audit or review of financial statements, or a specified auditing procedures engagement, shall take reasonable steps to identify circumstances that could pose a conflict of interest, and shall hold himself or herself free of any influence, interest or relationship, in respect of the client's affairs, which impairs professional judgement or objectivity or which, in the view of a reasonable observer, would impair the licensee's professional judgement or objectivity;
  - (f) a licensee or student has a duty of confidentiality in respect of the affairs of any client or employer (or former client or former employer) and shall not disclose, without proper cause, any information obtained in the course of their duties, nor shall they in any way exploit such information for personal advantage;
  - (g) the development of the practice of a licensee shall be founded upon a reputation for professional excellence;
  - (h) a licensee shall meet the requirements of professional competence and due care, and shall provide only those services that the licensee is competent to perform;
  - (i) a licensee shall act in relation to any other person licensed under the Act, or any partnership or professional corporation of licensees under the Act, with the courtesy and consideration due between professional colleagues. A licensee who is asked to replace another licensee or who is considering accepting a new engagement currently held by another licensee shall determine whether there are any professional reasons for not accepting the engagement;
  - (j) a licensee associated in the practice of public accounting with any person who is not a licensee under the Act shall be responsible to the authorized designated body for any failure of such person, in respect of such practice, to abide by the rules of professional conduct, and the rules of professional conduct of the authorized designated body shall specify that the rules are deemed to apply to such person as if he or she were a licensee of the authorized designated body;

- (k) a licensee must be required to establish, maintain and uphold policies and procedures designed to ensure that:
  - (i) all public accounting services as defined in the Act are performed in accordance with generally accepted standards of practice of the public accounting profession, including the standards set out in the *CPA Canada Handbook – Assurance*, the *CPA Canada Handbook – Accounting* and the *CPA Canada Public Sector Accounting Handbook*; and
  - (ii) all licensees, students and other employees with whom the licensee contracts to carry out public accounting engagements or services comply with the rules of professional conduct of the authorized designated body.
- (2) An authorized designated body shall require licensees to identify threats to the independence requirements set out in the authorized designated body’s rules of professional conduct and apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level.
- (3) An authorized designated body shall adopt and enforce rules of professional conduct that:
  - (a) are specific to the practice of public accounting;
  - (b) ensure protection of the public and the users of the services of licensees;
  - (c) require maintenance of high professional standards of competence and ethical conduct by licensees;
  - (d) meet or exceed the standards established by the International Federation of Accountants, augmented or supplemented, where applicable, by any standards required by or under the authority of the Ontario Securities Commission or other regulatory body having jurisdiction in Ontario to regulate reporting issuers.
- (4) The rules of professional conduct of an authorized designated body shall include at least the following actions among those that constitute professional misconduct:
  - (a) fraud, theft, forgery, tax evasion, violation of securities laws, or unlawful conduct in the licensee’s professional capacity;
  - (b) acts or omissions likely to bring the accountancy profession into disrepute;
  - (c) breaches of professional standards; and
  - (d) instance(s) of professional negligence that either alone or cumulatively may indicate an inability to effectively practise public accounting.
- (5) In developing and maintaining rules of professional conduct, an authorized designated body shall ensure to the extent possible:
  - (a) public consultation and input; and

- (b) harmonization of the rules of professional conduct that are specific to the practice of public accounting with the rules of:
  - (i) the accounting bodies in other jurisdictions within Canada with which it is affiliated or associated; and
  - (ii) other authorized designated bodies.
- (6) Any rule of professional conduct relating to the practice of public accounting that an authorized designated body proposes to introduce, amend or repeal shall be submitted to the Council for prior review and comment and the authorized designated body can proceed as planned if the Council does not object within 60 days.
- (7) Despite the provisions of any other Section of these standards, an authorized designated body shall, where the Council determines that it is in the public interest:
  - (a) introduce or amend any rule of professional conduct specific to the practice of public accounting that the Council directs the body to introduce or amend;
  - (b) repeal any rule of professional conduct specific to the practice of public accounting as directed by the Council.
- (8) The rules of professional conduct of the authorized designated body respecting public accounting shall apply to the licensees and students of the authorized designated body.