



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

2023-2024

Regulatory Report to the Public

UPHOLDING THE
HIGHEST STANDARDS

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Message from the Leadership

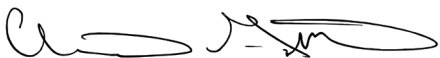
As we present our annual Regulatory Report to the Public, we are pleased to highlight CPABC's unwavering commitment to protecting the public interest. This year marks a significant milestone as we celebrate surpassing 40,000 members in BC, a testament to the trust British Columbians have in the professional excellence CPABC upholds.

In our continuous effort to enhance the integrity of that trust in the accounting profession, we have seen notable improvements in our public practice inspections following the implementation of additional education and training for our members. These initiatives were introduced in response to recent changes in accounting standards, demonstrating our proactive approach to regulation and adherence to the highest professional standards. These achievements, among others highlighted in our report, demonstrates how CPABC is adapting to the environment in which the organization and our members operate.

Within the dynamic of a changing and complex environment, one of our regulatory priorities included careful consideration of the Cullen Commission's recommendations and our efforts in supporting anti-money laundering in the province. The recommendations are integral to our regulatory framework, and we have strategically adjusted our focus to emphasize the broader scope of our regulatory functions.

As a result, new mandatory anti-money laundering (AML) professional development requirements were introduced for members to raise and enhance awareness of money laundering and its risks. Furthermore, to assist in minimizing the risk to the public and to CPAs, CPABC has implemented a new cash rule that limits the amount of cash a public practice member or registered firm may accept in any one client matter. These changes reflect our priority to safeguard the public through comprehensive oversight and the promotion of ethical conduct among our members.

We are proud to report that these efforts have yielded positive outcomes, contributing to the overall enhancement of our regulatory practices. As we move forward, CPABC is dedicated to working collaboratively with our counterparts across the country, ensuring that the public is well-protected, and that CPAs are held to the highest ethical standards.



Chris Gimpel, CPA, CA
CPABC BOARD CHAIR

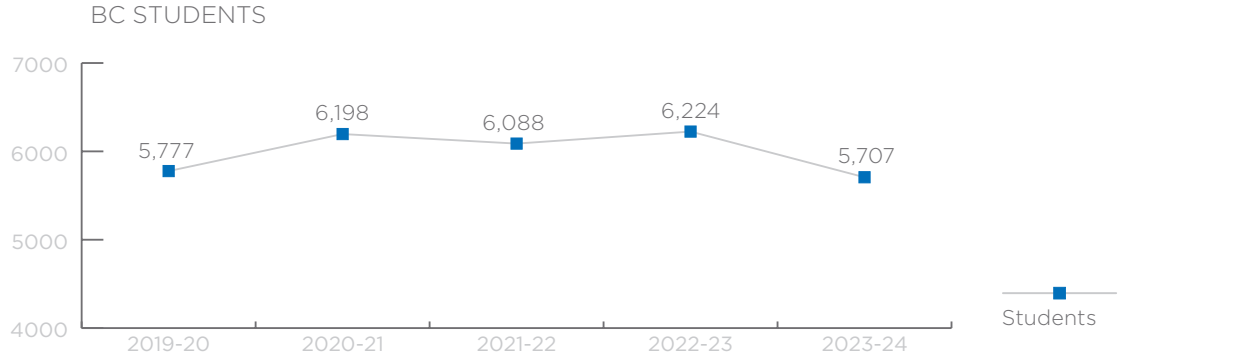
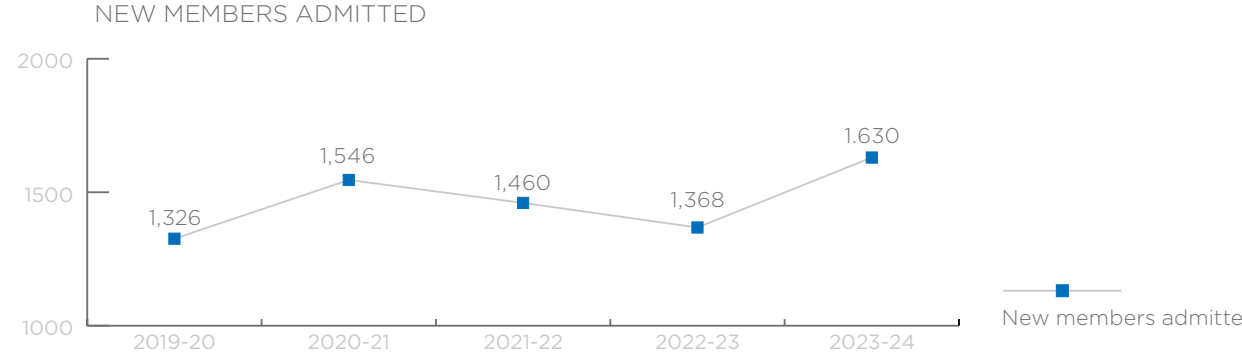
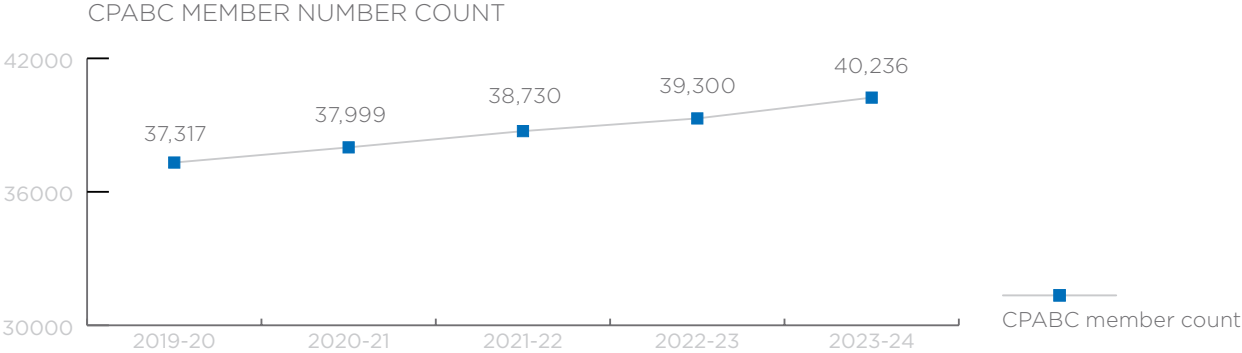


Stella Lam, CPA, CA
EXECUTIVE VICE PRESIDENT, REGULATION & REGISTRAR

Key Statistics and Five-Year Trends

Membership

CPABC only admitted those applicants who met the rigour of the CPA certification process or met the requirements of a CPA international agreement, and provided satisfactory evidence that they were of good character.





CPABC's member number count as at year end:

40,236



As of March 31, 2024, **5,707** students were pursuing the CPA designation in the CPA Professional Education Program.



During the fiscal year **1,630** new members were admitted into the profession, and **694** members left the profession.



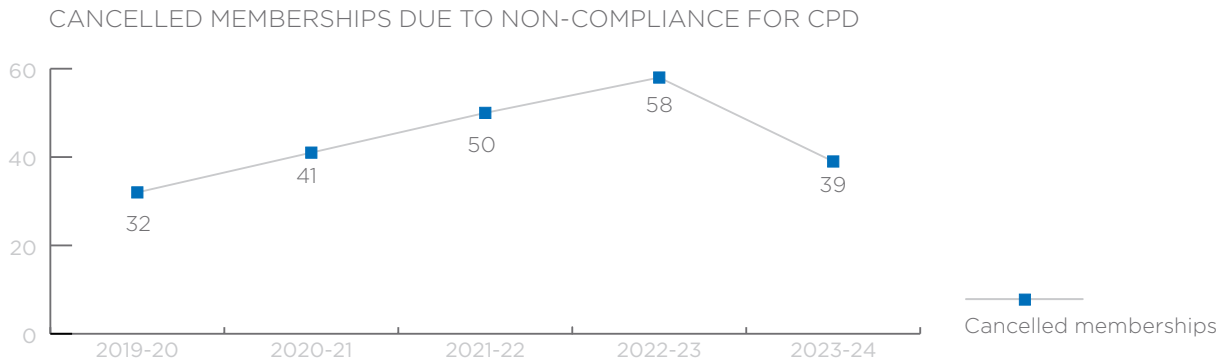
In BC, **many** of CPABC's members in industry work in small or medium-sized businesses where they are often the only designated accountant in the organization.



Over the past **five** years, an average of **946** BC students graduated annually from the profession's certification programs.

Continuing Professional Development (CPD)

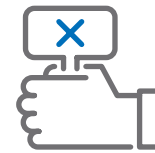
98% of members complied by the CPD reporting deadline.



32,898 active members were required to self-report compliance with 2023 CPD. Action is taken against members who do not comply with the requirements. This action can result in suspension or cancellation of membership.



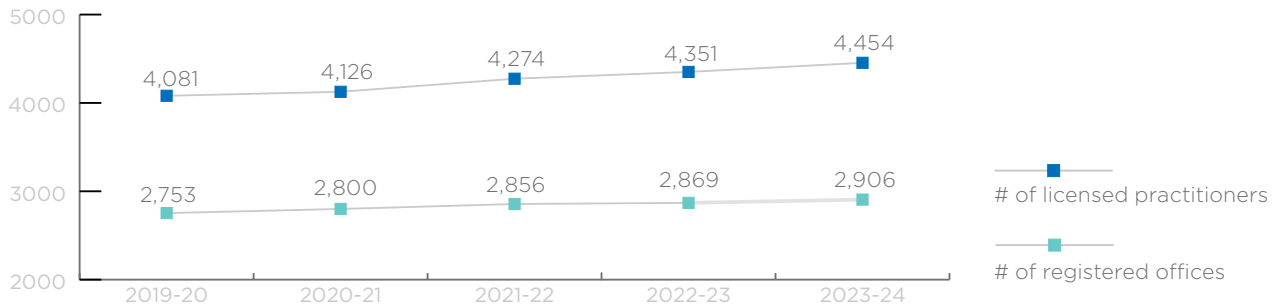
CPABC verified CPD compliance for roughly **1%** of membership. Members who did not comply with the CPD verification process risked being referred to the CPABC investigation and discipline processes, where they could have their membership suspended or cancelled for non-compliance.



During the year ended March 31, 2024: **125** members had their memberships suspended for CPD non-compliance. **39** of the suspended members had their memberships cancelled.

Public Practice

19% of CPABC's members work in public practice.



4,454 public practitioners operating in **2,906** public practice offices in BC as at March 31, 2024. The majority of practitioners work in small firms with **98%** of those firms owned by fewer than five professional accountants.



There were **1,051** practice reviews conducted this past year, including **66** re-inspections. The pass rate has improved slightly due to more resources, guidance and support provided to practitioners following changes in the standards



Pass Rate for Practice Reviews

90%

2023-24

88%

2022-23

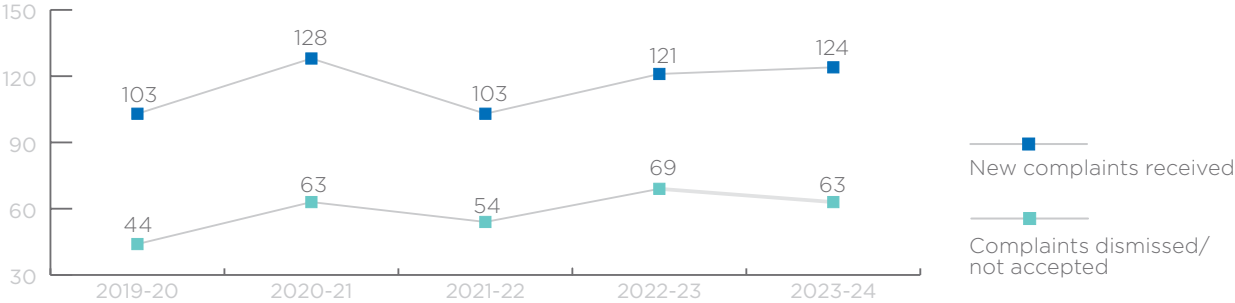
94%

2021-22

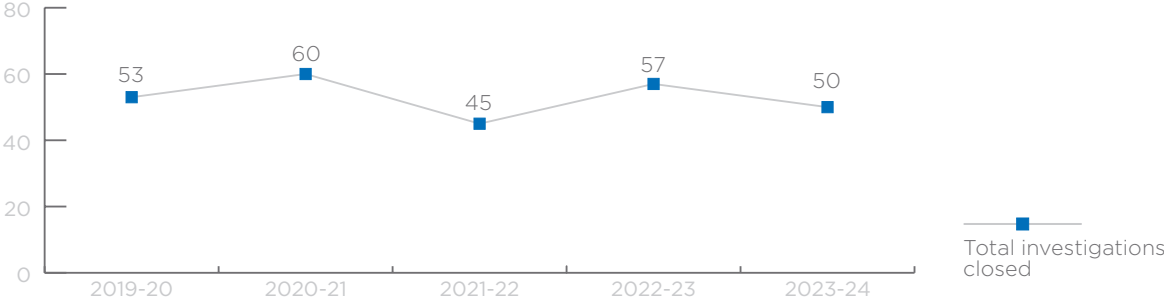
Professional Conduct

CPABC investigated complaints received about members, firms, and students. Where breaches of the bylaws or rules were found, the resolution typically included a reprimand and remedial education to protect the public from a repeat of the misconduct. In rare instances, there was a suspension or cancellation of membership.

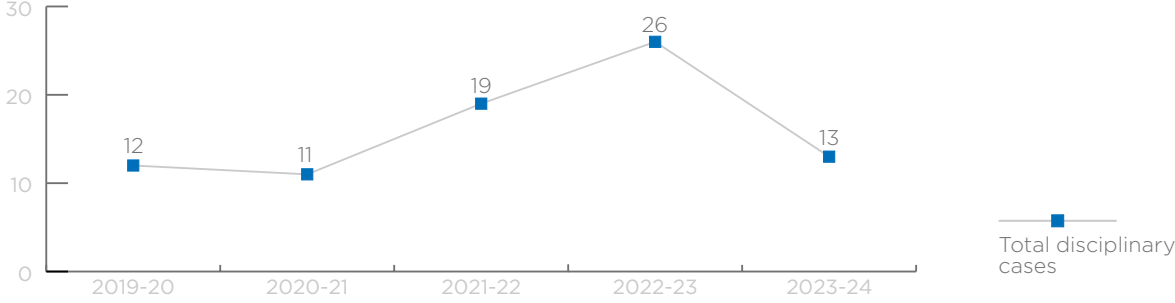
INVESTIGATION & DISCIPLINE PROCESS



INVESTIGATIONS CLOSED



DISCIPLINARY COMMITTEE ACTIVITIES





PROFESSIONAL CONDUCT PROCESS

149* Active complaints during the year

33 Under review

63 Complaints dismissed/not accepted

53 Investigations authorized

*Active complaints include new complaints and complaints carried over from the previous year



INVESTIGATIONS CLOSED

2 No grounds

11 Not pursued

36 Resolutions - D&R*

1 Referred to Disciplinary Committee

*Determination and Recommendation Agreement



DISCIPLINARY COMMITTEE ACTIVITIES

3 Resolution agreements

4 Outcomes pending

5 Disciplinary panel decision

1 Put in abeyance

Protections under the *CPA Act*

Protecting the Designation & Restricted Services

Only members of CPABC are recognized as having the requisite level of training, education, and proficiency to qualify them to practise as professional accountants in BC. CPABC’s regulatory processes are governed by the *Chartered Professional Accountants Act* (“CPA Act”), Bylaws, and Bylaw Regulations. These documents and processes are described more fully on CPABC’s website.

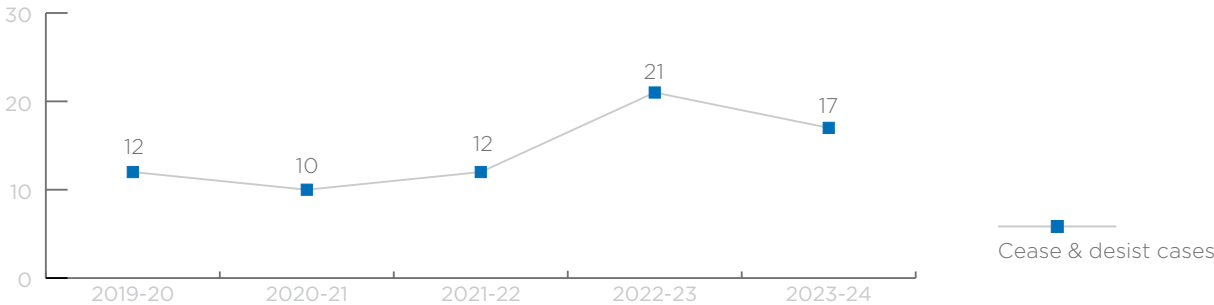
In order to protect the public, under the *CPA Act*, use of the designation “professional accountant” is reserved exclusively for CPABC’s members. A non-member must not use the designation “professional accountant” or, in any manner, imply, suggest, or hold out that they are a professional accountant.

No person other than an authorized CPA member may perform the services described in Section 47 of the *CPA Act* on application of or in accordance with professional standards published by the Chartered Professional Accountants of Canada.

These restricted services include an audit or assurance engagement, the issue of an audit or assurance report, or the issue of any form of certification, declaration, or opinion with respect to information related to a financial statement service or any part of a financial statement. This ensures that only suitably trained and regulated accountants provide services under the CPA Canada Handbook Standards.

There is also protection to prevent non-members from using CPA and related designations such as CA, CGA, or CMA. This reduces the risk to the public, who should always be aware when they are receiving services from individuals who are not subject to the equivalent training and regulatory oversight expected of CPA members. When CPABC becomes aware of non-members misusing protected designations, the organization takes steps to stop the misuse.

CEASE & DESIST CASES



CPABC's Profile

Canadian Context

The Canadian CPA profession has harmonized requirements and regulatory practices across the country whenever possible, subject to provincial legislation. This allows members to provide services when they move from one province to another, and firms to operate in more than one provincial jurisdiction.

CPABC's Mission

CPABC's mission is to enhance the influence, relevance, and value of the Canadian CPA profession by:

- » Protecting the public interest;
- » Supporting its members and students; and
- » Contributing to economic and social development.

CPABC's Objectives

The objectives of CPABC are:

- » To promote and maintain the knowledge, skill, and proficiency of members and students in the practice of accounting;
- » To establish qualifications and requirements for admission as a member and continuation of membership, and for enrollment and continuation of enrollment of students;
- » To regulate all matters, including competency, fitness, and professional conduct, relating to the practice of accounting by members, students, professional accounting corporations, and registered firms;
- » To establish and enforce professional standards; and
- » To represent the interests of members and students.



CPABC also ensures members have the support they need as they deal with personal and professional challenges, and provides free access to confidential counselling assistance services.

Governance

The public interest is at the forefront of policy development by CPABC's Board. The 19-person board is made up of three public representatives (appointed by the government) and 16 members.

Five board-appointed regulatory committees oversee regulatory matters:

- 1 Membership
- 2 Public practice
- 3 Investigation
- 4 Disciplinary
- 5 Bylaws

These five committees manage CPABC's regulatory processes, which are designed to meet or exceed Canadian and international standards. Committees are continuously assessing the regulatory environment, and where needed, evolving CPABC's processes to meet the changing needs of the public, members and BC's financial markets.

CPABC Bylaws

Any proposed changes to the Bylaws need board approval, confirmation at a members meeting (usually the AGM), and oversight by the Minister of Post-Secondary Education and Future Skills before they can be implemented.



Online Directories

Online directories allow members of the public to verify if an individual is an enrolled student or a member, or if a firm is registered (thereby regulated).

CPABC Code of Professional Conduct

The national *Code of Professional Conduct* (Code) includes a Preamble and the Rules of Professional Conduct.

CPABC has adopted this Code with a few modifications to address provincial considerations.

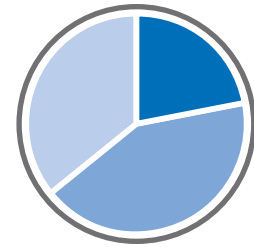
The Code is derived from five principles of ethics that are fundamental to the conduct of all members. They are:

- » Professional behaviour;
- » Integrity and due care;
- » Objectivity;
- » Professional competence; and
- » Confidentiality.

This Code evolves as national and international standards and best practice continue to change.

CPABC's members must act in the public interest. The public relies upon ethical leadership and sound and fair financial and management reporting, and providing these essential reports is an economic imperative and a critical obligation of the profession. Confidential member advisors are available at no cost to members and students needing guidance.

The Code has the same legal standing as the Bylaws, hence any changes are required to go through the same approval process as the Bylaws.



Investigation & Discipline Process

149 Active complaints during the year

33 Under review

63 Complaints dismissed/not accepted

53 Investigations authorized

Protecting the Public

Proactive Approach to Regulation

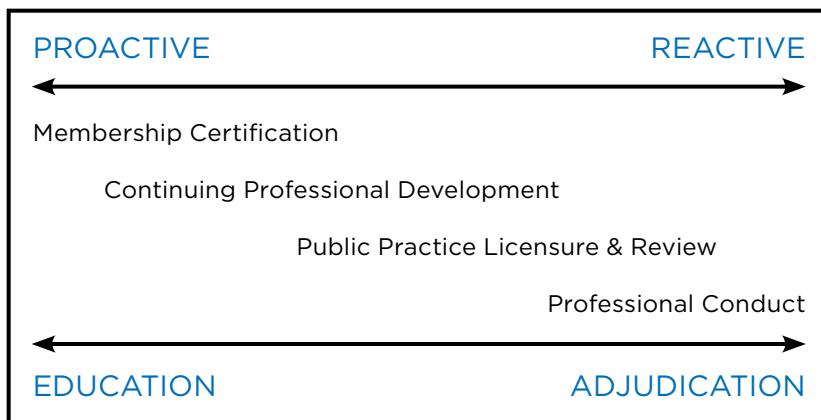
CPABC's regulatory activities include membership certification, continuing professional development, public practice licensure and review, and professional conduct.

Effective regulation includes proactive and reactive activities that are provided through education or adjudication.

Proactive activities: are focused on preventing problems from occurring and include having only qualified people admitted to membership, ensuring members complete required professional development, and public practice licensure and review.

Reactive activities: occur after a problem has surfaced. The Investigation and Disciplinary committees determine if there was a breach of the Bylaws or the Code of Professional Conduct, and if yes, recommend sanctions. These are the final regulatory steps and are necessary only when all else fails.

CPABC primarily focuses its activities on education and helping members deal with and meet constantly changing standards. However, education alone will not always work, and there will be a need for an adjudication process.



CPABC Code of Professional Conduct

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They are:

- » Professional behaviour;
- » Integrity and due care;
- » Objectivity;
- » Professional competence; and
- » Confidentiality.

Membership Certification

The CPA Professional Education Program (PEP) develops and enhances a CPA student's ability to apply professional knowledge, values, ethics, and attitudes in a professional context.

Students must meet practical experience requirements to develop the competencies and proficiencies required of a newly qualified professional accountant, as well as soft skills, such as professional and ethical behaviour, problem solving and decision making, communication, self-management, teamwork and leadership.

There are common Canadian CPA certification requirements for all CPA applicants, and in BC, there is also an ethics course requirement. Ethical guidance and discussion are regularly provided to students and members through various publications and courses.

The program develops strong technical professional accountants with the basic skills needed to become leaders of the future, able to meet the changing needs of business.

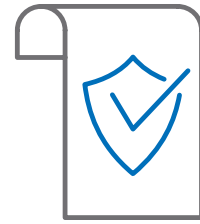
Continuing Professional Development (CPD)

CPD helps accountants develop and maintain professional competence that is relevant to their roles, and is an important element in maintaining public confidence and trust in CPAs.

Professional development compliance is an important part of the professional commitment of CPA members. Maintenance of CPD standards is one of CPA Canada's obligations as a member of the International Federation of Accountants (IFAC).

The minimum CPD requirement established by CPABC is 120 hours every three years, with an annual requirement of 20 hours. A minimum of four hours every three years must relate to professional ethics.

Members are required to report their CPD to CPABC annually. CPABC verifies a sample of these reports. On average, less than 1% sampled are referred to the CPABC investigation and discipline processes. CPD includes seminars, workshops, courses, and other activities that update the professional knowledge, skills, and values of a CPA. Qualifying courses may be provided by CPABC or others.



CPD requirements set the profession apart from others working in business.

High-quality and relevant education, services, and resources directly support and enhance the regulatory compliance of CPABC's members.

Practice Licensure

Members engaged in public practice must be licensed and their firms registered with, and overseen by, CPABC. They are required to carry minimum levels of professional liability insurance.

Different categories and sub-categories of public practice licenses have been established to ensure that members only practice in areas in which they have appropriate experience and competency. Non-members are not permitted to provide services that are restricted to members of CPABC in accordance with Section 47 of the *CPA Act*.

Practice Review

Members in most areas of public practice are required to undergo mandatory practice reviews. These reviews focus on compliance with professional standards and provide CPAs with guidance and education based on the results.

The program is an important part of ensuring that public practitioners maintain the knowledge, skill, and proficiency to provide the highest level of service to their clients, and are aware of and meeting any changing regulatory standards.

Public practice firms are generally reviewed once every three years. Where significant deficiencies are identified, corrective measures may be required. In instances where the issues identified are considered more serious, a reinspection may be required and possibly a referral to the investigation committee.

CPABC communicates the overall results and common deficiencies of these practice reviews to all practitioners annually for educational purposes.



90%

2023-24
pass rate
for Practice
Reviews

Professional Conduct

The Investigation Committee reviews the results of complaint investigations. Most complaints that proceed to investigation are resolved by an agreement between the Investigation Committee and the member. These agreements typically include recommendations that focus on ensuring the conduct is not repeated in the future. Most members comply with these agreements. In addition, a “no name” summary of the agreement is posted to the CPABC [website](#). The member is named publicly when the Investigation Committee considers it necessary to protect the public.

The Investigation Committee refers the more serious matters to the Disciplinary Committee. A hearing panel presides over disciplinary matters, and following the hearing, determines whether there were breaches of the CPABC governing documentation and, if so, the appropriate sanctions. Disciplinary Panel decisions are posted to the CPABC website.

At any stage of the investigation and discipline process, a disciplinary matter may be resolved through a resolution agreement. These agreements are consensual and require approval by the CPABC Board. As these agreements are generally used in the more serious cases, they usually include suspension or cancellation of membership and are made public.



CPABC ensured members had relevant, timely information on a variety of important topics. This allowed them to better support their clients and employers.

Anti-Money Laundering

Money laundering is a global issue which is illegal, unethical, and harmful. In Canada, it poses threats to our national reputation, economy, and society.

The CPA profession is not generally viewed as having a high risk vulnerability to money laundering, which is why the federal government has not identified CPAs as high risk. In fact, the CPA profession plays a role in fighting money laundering both by helping advance public policy and communicating with members regarding AML developments and obligations.

In addition to keeping members up to date with compliance requirements, the profession has been working steadily in Canada and internationally to help strengthen AML regimes. Our support of beneficial ownership information and transparency is one example. Another is the multiple submissions that CPABC and CPA Canada have made to the federal government calling for reforms to Canada's AML legislative framework, including to better facilitate the sharing of information between public and private sector partners in the regime in order to assist investigations and improve the level of prosecutions of money laundering and for the development of a national whistleblowing framework.

The CPABC *Code of Professional Conduct* applies to all CPABC members and specifically prohibits them from associating with any activities they know, or should know, are related to any illegal or unprofessional conduct, or any information that is false or misleading. Further, CPAs are subject to the *Proceeds of Crime (Money Laundering) Terrorist Financing Act* (PCMLTFA) and the Financial Transactions and Reports Analysis Centre of Canada's (FINTRAC) reporting regime.

Unlike CPAs, non-designated accountants are not subject to the PCMLTFA or the FINTRAC reporting regime, and do not have to comply with regulatory requirements.



CPABC is committed to being part of the solution against money laundering.

Disclosure

Privacy

CPABC must keep confidential information as set out in section 69 of the *CPA Act* and comply with the *Freedom of Information and Protection of Privacy Act* (FOIPPA).

While the organization is able to publicize the outcome of a disciplinary hearing, FOIPPA does not permit the organization to comment publicly on any complaint while it is being investigated.

Access to Information

CPABC maintains an up-to-date member and firm directory on its website. The CPA Western School of Business maintains a directory of enrolled students on its website.

If there is public disclosure of a discipline matter, public notices relating to the outcome of the complaint may be published in printed media outlets and on the CPABC website.

Public Trust at the Forefront

Within an environment of increasing public and regulatory scrutiny, and the need for businesses and individuals to navigate through continuous change, the protection of the public will remain front and centre for the profession.

To that end, CPABC works closely with other regulators in Canada, such as the Canadian Public Accountability Board (CPAB). CPAB is Canada's independent, public company audit regulator and is charged with overseeing audits performed by registered public accounting firms. CPABC has a memorandum of understanding with CPAB, and shares information on the inspection results of firms in BC that are registered to audit public companies.

CPAs may also be subject to requirements under the *Proceeds of Crime (Money Laundering) Terrorist Financing Act* (PCMLTFA). Compliance reviews of obligations under the PCMLTFA are conducted by the Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC). Its mandate is to facilitate the detection, prevention, and deterrence of money laundering and the financing of terrorist activities. As was noted earlier in the report, CPABC has enhanced provincial regulations to provide greater protection of the public, and members are required to notify CPABC if FINTRAC finds them non-compliant with AML legislation.

Supporting our members through education, regulation, and continuous communication regarding changing standards is critical. As is ensuring they meet these changing standards through mandatory professional development, and for those in public practice, regular practice reviews.

CPABC is proud of its proactive approach to regulation, and protecting the public is one of CPABC's most valued and important functions. CPA members also consider this a fundamental service provided by the organization, and recognize that a well-regulated profession benefits all stakeholders.



CPA

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