



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

2019-2020

Regulatory
Report
to the Public

UPHOLDING THE
HIGHEST STANDARDS



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Message from the Leadership

There have been few moments in modern history when society has faced a threat such as the COVID-19 global pandemic. At the time of writing, it is unclear how long communities will continue with isolation measures, or the extent to which behaviours will need to change once the immediate crisis has passed.

The federal and provincial governments have taken action to protect businesses and individuals, help stop the spread of the virus, and mitigate the economic damage that will come from mandated preventative measures. Through CPA Canada and the provincial COVID-19 Cabinet, CPABC has provided input to both governments, suggesting areas where relief is needed or announcements could be refined.

The provincial government named “accounting and professional services” to its list of essential services. Being expressly listed as an essential service at such a critical time confirmed the vital role CPAs play in keeping our society functioning, and underscored the importance of CPABC’s role in supporting members.

To that end, we quickly created an online COVID-19 Updates and Resources page for CPAs that provides relevant curated content from reputable sources. We also compiled resources to help members operate remotely, keep themselves and their staff safe, and navigate the mental health challenges being felt by many. Free professional development was produced for our members that was directly related to managing through this crisis and more content will be made available.



Ben Sander, FCPA, FCA
CPABC BOARD CHAIR

We also recognize that as our members’ clients and employers endure financial challenges, this will directly impact many individual CPAs and firms. To provide relief to members, CPABC introduced a new membership dues reduction for CPAs experiencing financial hardship as a result of COVID-19, and deferred membership dues collection processes.

Although professional accountants have changed and adapted how to deliver their services during this pandemic, professional standards have not changed, nor has the expectation that they will be met. As was noted in last year’s report, protecting the public is a cornerstone of the CPA profession, and CPABC continues to meet its mandate and its regulatory responsibilities.

This report describes the regulatory oversight activities and processes for the fiscal year ended March 31, 2020, the majority of which occurred prior to the COVID-19 disruption. It’s expected that similar regulatory diligence will be applied throughout the remaining crisis period and beyond.

Looking ahead, what the new “normal” will look like is uncertain, but CPABC will do what it can to help its members, residents, and businesses get back on track post-pandemic. BC’s economy will recover. It is up to all of us to work together to get through this crisis and emerge stronger and more united, and BC’s CPAs are ready to do their part.



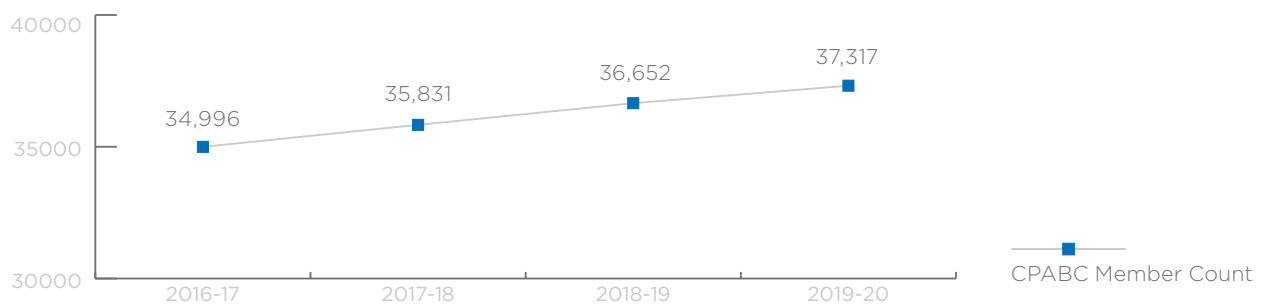
Jamie Midgley, FCPA, FCA
**EXECUTIVE VICE PRESIDENT,
REGULATION & REGISTRAR**

Key Statistics and Four-Year Trends

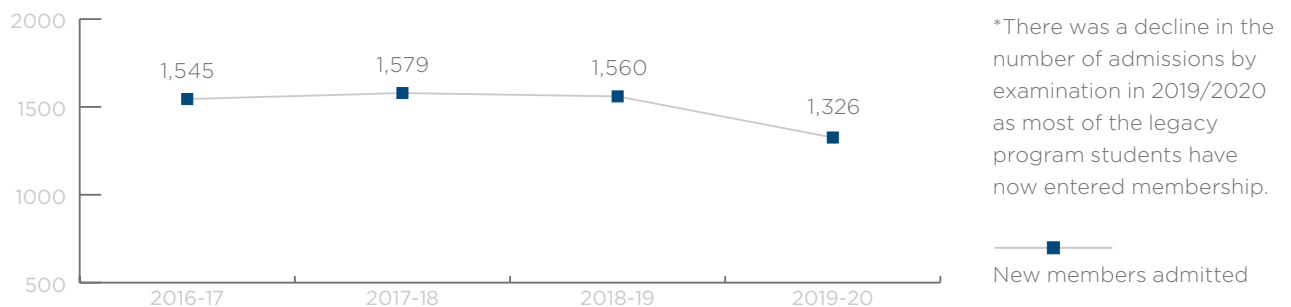
Membership

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.

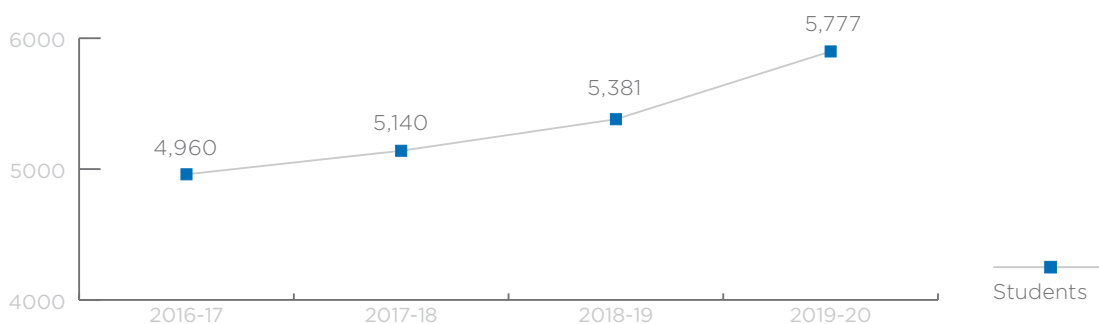
CPABC MEMBER NUMBER COUNT



NEW MEMBERS ADMITTED



BC CANDIDATES & STUDENTS ENROLLED WITH CPAWSB & LEGACY PROGRAM STUDENTS





CPABC Member Number Count: **37,317**



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.



During the fiscal year:

1,326 new members were admitted into the profession, and **661** members left the profession.



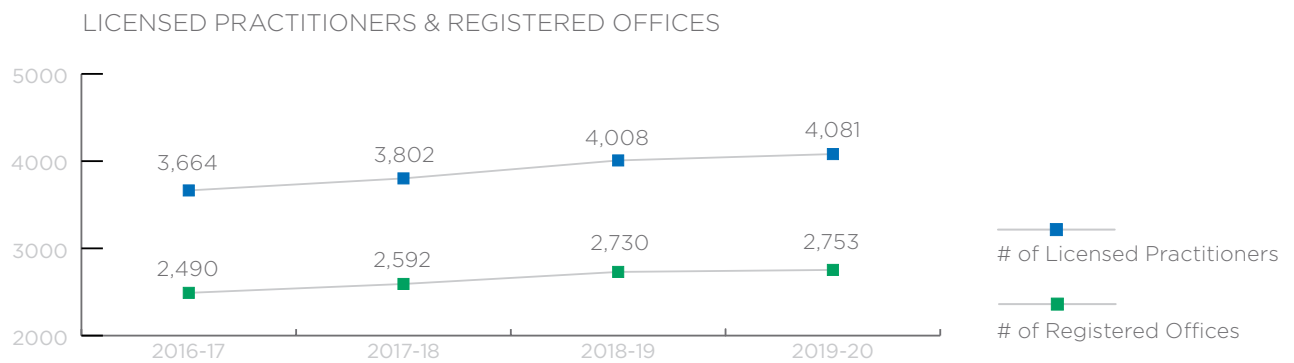
As at March 31, 2020 **5,777** students were pursuing the CPA designation, including **5,649** students in the CPA Professional Education Program (PEP) and **128** students in a predecessor program.



Over the past four years, an average of **775** BC students graduated annually from the CPA or legacy programs.

Public Practice

Approximately 20% of CPABC's members work in public practice.



Pass/Fail Rate for
Practice Reviews

92%
2018-19

94%
2019-20



4,081 public practitioners operating in **2,753** public practice offices in BC as at March 31, 2020. The majority of practitioners work in small businesses where **98.4%** of firms are owned by fewer than five professional accountants.

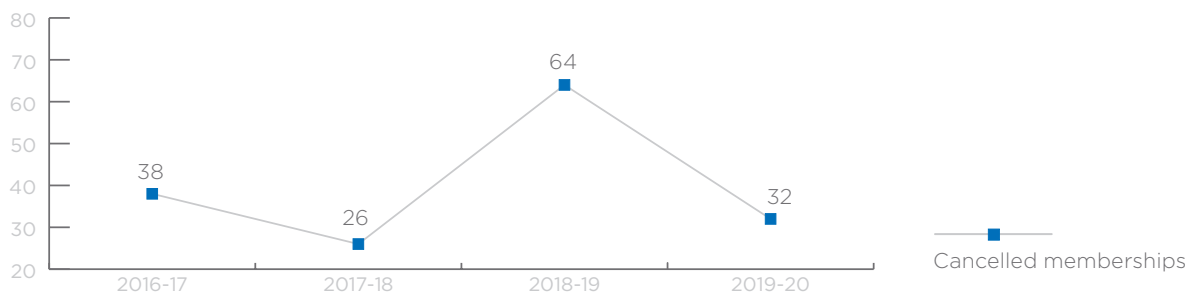


Sanctions may be imposed in cases where there are more serious issues. There were **858** practice reviews conducted this past year. This number includes **43** re-inspections that were undertaken in situations where standards had not been met.

Continuing Professional Development (CPD)

CPAs were required to report CPD.

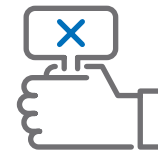
CANCELLED MEMBERSHIP DUE TO NON-COMPLIANCE FOR CPD



31,327 active members were required to self-report compliance with 2019 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 a minimum of **1%** of CPD required reporters. 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, 2020:

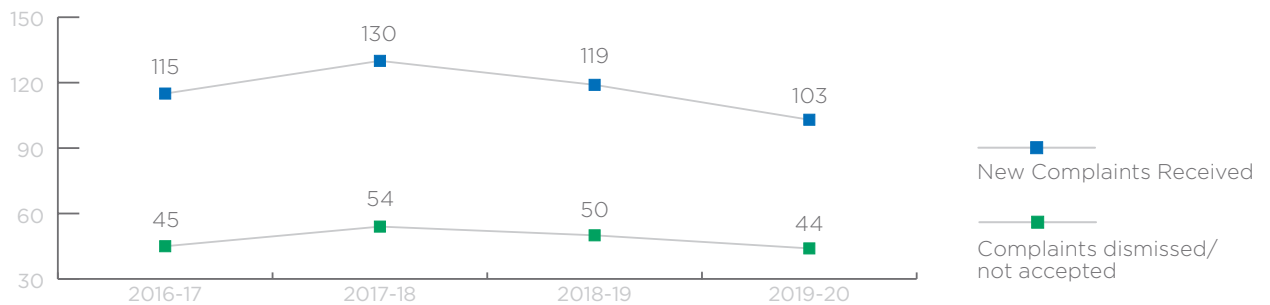
174 members had their memberships suspended for CPD non-compliance.

32 of the suspended members had their memberships cancelled.

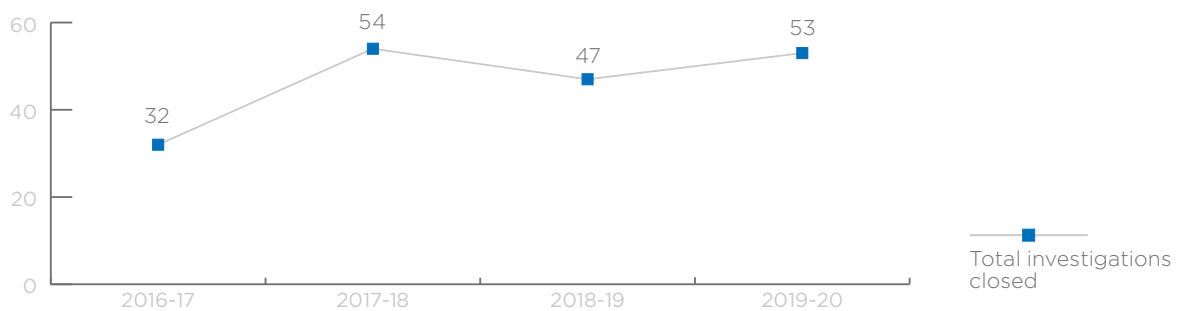
Discipline

CPABC investigated complaints received about members, firms, and students. Where breaches of the bylaws or rules were found, the resolutions 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.

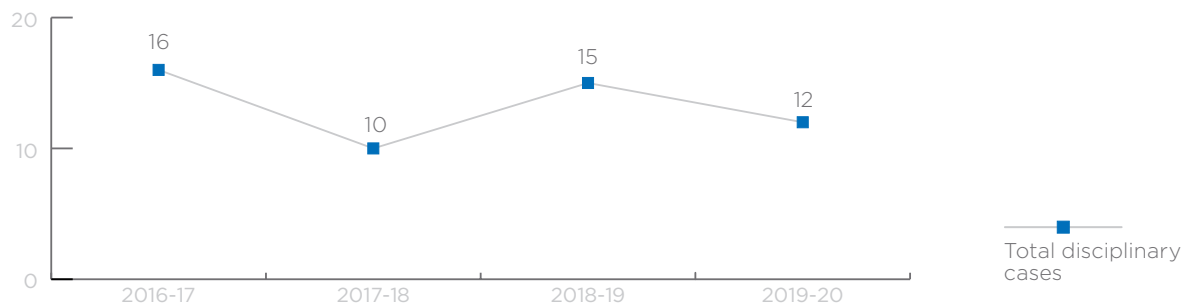
INVESTIGATION & DISCIPLINE PROCESS



INVESTIGATIONS CLOSED



DISCIPLINARY COMMITTEE ACTIVITIES



INVESTIGATION & DISCIPLINE PROCESS

130* Total Active Complaints in 2019-2020

23 under review

44 complaints dismissed / not accepted

63 investigations authorized

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



INVESTIGATIONS CLOSED

9 no grounds

2 not pursued

27 resolutions - D&R*

15 referred to disciplinary committee

*Determination and Recommendation Agreement



DISCIPLINARY COMMITTEE ACTIVITIES

5 resolution agreements

7 outcome pending

4 disciplinary panel decisions



Canadian Context

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

However, since CPA bodies are subject to provincial legislation, full harmonization is not always possible.

CPABC's Profile

Characteristics of a Profession

Distinguishing elements of a regulated profession and professionals:

- » Extensive training and education leading to mastery of a particular intellectual skill.
- » Objective offering of services to others and accepting the responsibility of putting the public good above one's own interests.
- » Belief in the duty of exchanging views and contributing to the development of the profession, adding to its knowledge, and sharing advances in knowledge and technique with peers.
- » Accountable and governed by peers, and the regulatory body maintains standards of qualification, attests to the competence of individual members, and safeguards and develops the skills and standards of the profession.
- » Specialized code of ethical conduct designed principally for the protection of the public.

CPABC's training and regulatory processes ensure that our members meet the required professional standards, and the expectations of British Columbians.

The CPA profession also ensures that its standards and processes evolve to reflect the changing nature of business, while supporting and providing appropriate guidance amidst the uncertainty of a global economy.

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.

Governance

The public interest is at the forefront of policy development by CPABC's Board. The 20 person board is made up of three public representatives and 17 members – 15 were elected while two were initially elected and then had their three year term extended under the bylaws given their leadership positions.

Five board appointed 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 members, and BC's financial markets.

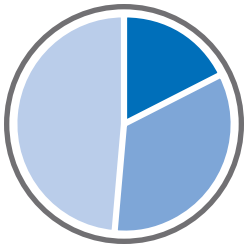
Protecting the Professional Accountant Designation

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.



Member Directory

Member and firm online directories allow members of the public to verify if an individual is a member or a firm is registered. These directories are searchable by name or city and they are accessible online.



Investigation & Discipline Process

130 total complaints
in 2019-2020

23 under review

44 complaints
dismissed / not
accepted

63 investigations
authorized

Under the CPA Act, 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.

No person other than an authorized CPA member may perform any assurance engagement in accordance with the standards of professional practice published by the Chartered Professional Accountants of Canada or issue any form of certification, declaration, or opinion with respect to information related to a financial statement or any part of a financial statement, on application of:

- » Financial reporting standards published by the Chartered Professional Accountants of Canada; or
- » Specified auditing procedures in accordance with standards published by the Chartered Professional Accountants of Canada.

This ensures that only regulated accountants assurance services under the CPA Canada Handbook Standards.

CPABC Bylaws

Any proposed changes to the Bylaws need board approval, confirmation at a members meeting (usually the AGM), and oversight by the minister. They can then be implemented.

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, and confidential member advisors are available at no cost to members and students needing guidance.

CPABC's members must act in the public interest. The public relies on sound and fair financial and management reporting, and providing these essential reports is an economic imperative and a critical obligation of the profession.

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.

Protecting the Public

Proactive Approach to Regulation

CPABC's regulatory activities include membership, continuing professional development, public practice licensing 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 licensing 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 rules, and if yes, recommends sanctions. These are the final regulatory steps and are necessary only when all else fails.



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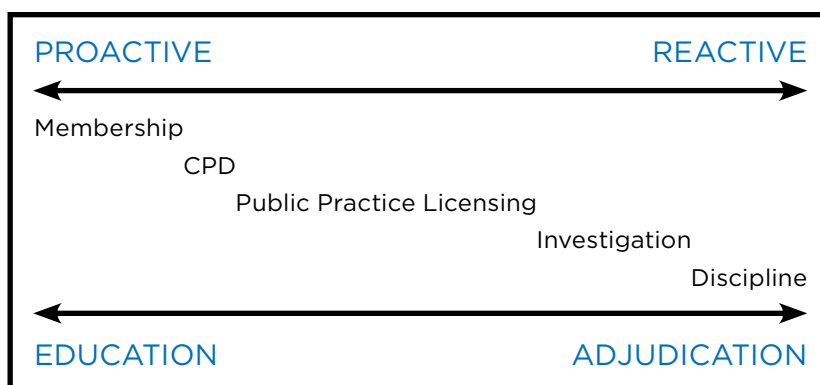
- » Professional behaviour;
- » Integrity and due care;
- » Objectivity;
- » Professional competence; and
- » Confidentiality.



97%

of members
comply by
CPD reporting
deadline

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.



Education

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, and 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 requirement established by CPABC is 120 hours every three years, with an annual requirement of 20 hours.

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.

Practice Licensing

Members 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 licensing have been established to ensure members only practice in areas in which they have appropriate experience and competency.

Practice Review

Members in 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 deficiencies are noted, re-inspections may be required and corrective measures put in place.



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

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



CPABC ensured members had relevant, timely information related to government programs and assistance for the COVID-19 pandemic.

This allowed them to better support their clients and employers. As an essential service, the accounting profession is here to help businesses and individuals navigate through these challenging times.

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

Investigation and Discipline

The Investigation Committee reviews the results of complaint investigations. Most complaints that proceed to investigation are resolved by an agreement with the member, which typically includes recommendations that focus on ensuring the conduct is not repeated in the future. Most members comply and a “no name” summary of the agreement is posted to the CPABC website.

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.

Disclosure

Privacy

CPABC is required to protect the confidentiality of the members and students it investigates as set out in section 69 of the CPA Act and the Freedom of Information and Protection of Privacy Act (FOIPPA).

However, when it is in the public interest, summaries of cases and decisions are published on CPABC’s public website. This ensures process transparency and aids in member education and deterrence.

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 is committed to keeping members and the public informed in cases of suspension or cancellation of membership.

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

Names of individuals whose memberships in CPABC have been suspended or cancelled for administrative reasons (i.e. for non-payment of dues or CPD non-compliance) are listed on the CPABC website. Names of suspended members appear for the duration of the suspension.

Names of individuals with cancelled memberships will appear for a period of one year following membership cancellation, unless the member is readmitted, in which case the name will be removed upon readmission.

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 in BC and across Canada. 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 review.

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 consider this a fundamental service provided by the organization, and recognize that a well regulated profession benefits all stakeholders.



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.



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