

Notice of Motions

To be presented to the membership for confirmation
at the 8th Annual General Meeting being held
virtually on Wednesday, June 21, 2023.

The following resolutions, including amendments to the bylaws and to the rules contained in the Code of Professional Conduct, as approved by the Board, will be presented to the membership for confirmation at the 8th Annual General Meeting of the Organization of Chartered Professional Accountants of British Columbia. The meeting will be held virtually via videoconferencing, on Wednesday, June 21, 2023 at 3:00 pm.

NOTICE OF MOTIONS

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RESOLUTION 1 **MINUTES OF THE 7TH CPABC ANNUAL GENERAL MEETING OF June 22, 2022**

Preamble: As a good governance practice, at every Annual General Meeting, the members are asked to approve the minutes of the previous Annual General Meeting.

RESOLVED that the minutes of the 7th CPABC Annual General Meeting held on June 22, 2022 be approved.

RESOLUTION 2 **APPOINTMENT OF AUDITORS 2023 - 2024**

Preamble: Each year the Audit Committee evaluates the overall effectiveness of the auditors and makes recommendations to the CPABC Board of Directors for the appointment of auditors for confirmation by the membership.

The following was approved by the board on May 25, 2023: the board recommends to the members of CPABC the appointment of BDO Canada LLP as the external auditor of the Chartered Professional Accountants of British Columbia (“CPABC”) and its related entities for the year ending March 31, 2024.

RESOLVED that the appointment of BDO Canada LLP as the external auditor of the Chartered Professional Accountants of British Columbia (“CPABC”) and its related entities for the year ending March 31, 2024 be hereby approved.

RESOLUTION 3 STUDENT ENROLLMENT

Preamble: CPABC Bylaws establish the framework for students and set out the Board of Director's authority to make regulations respecting delegation of authority pertaining to students.

In light of a recent Court of Appeal decision from another western province, it is proposed that amendments are made to CPABC's Bylaws and Bylaw Regulations, to clarify the Board's authority, intent and practice to delegate authority to the CPA Western School of Business ("CPAWSB") to administer the enrollment, suspension and cancellation of students with CPABC.

This resolution confirms the amendments to CPABC Bylaws 400, 401, 405.1, 405.2 and 406. The following was approved by the board on February 22, 2023.

PART 4 – STUDENTS

Applications for Enrollment

400 ...

- (4) As of September 6, 2016, an individual enrolled in the CPA PREP program is deemed not to be a student of CPABC under the Act until the individual becomes a CPA PEP student and is enrolled with CPABC as a student under this section ~~as a student in the CPA PEP program.~~

Arrangements with Educational Body

401 The board may make regulations respecting the delegation of

- (a) the board's authority respecting the delivery of educational programs established under section 31(1) of the Act, ~~and~~
- (b) subject to Bylaw 400(3.1), the Registrar's authority under Bylaw 400 respecting the enrollment of students in with CPABC who satisfy the qualifications and prerequisites for an educational program referred to in paragraph (a), and
- ~~(c) the Registrar's authority under Bylaw 1302 with respect to a student's failure to pay any fee, dues or assessment required by the board under section 38(a) or (b) of the Act~~

to a post-secondary institution or other educational body referred to in section 31(2) of the Act.

...

Failure to Successfully Complete CPA PEP Module or Examination

- 405.1 (1) Subject to subsection (2), if the Registrar or the post-secondary institution or other educational body referred to in section 31(2) of the Act determines that a ~~student enrolled in the CPA PEP~~ student has failed to successfully complete a required module, examination or other mandatory component of the CPA PEP after the student has exhausted all permitted opportunities to attempt to do so, the enrollment of the student with CPABC is cancelled.

...

Deadline to Complete CPA PEP and Practical Experience Requirements

- 405.2 (1) Subject to subsection (3), if a ~~student enrolled in the CPA PEP~~ student does not successfully complete all applicable program, examination and evaluation requirements within the time required by the board under section 30(a) of the Act or by the post-secondary institution or other educational body referred to in section 31(2) of the Act, the enrollment of the student with CPABC is cancelled.
- (2) Subject to subsection (3), if a ~~student enrolled in the CPA PEP~~ student does not successfully complete the practical experience requirements required by the board under Bylaw 501(1)(c) within the time required by the board under section 30(a) of the Act or by the post-secondary institution or other educational body referred to in section 31(2) of the Act, the enrollment of the student with CPABC is cancelled.

...

Deadline to Apply for Admission as a Member

- 406 (1) Subject to subsection (2), if a ~~student enrolled in the CPA PEP~~ student does not apply for admission as a CPA member within 12 months of successfully completing all applicable program, examination and evaluation requirements, as well as the practical experience requirements, the enrollment of the student with CPABC is cancelled.

...

RESOLVED that the amendments to Bylaws 400, 401, 405.1, 405.2 and 406 (additions underlined and deletions shown as ~~strikeouts~~) that were approved by the board on February 22, 2023, are confirmed in accordance with section 28(1) of the *Chartered Professional Accountants Act*, to come into force in accordance with section 28(4) of the *Act*.

On February 22, 2023, the board also approved the following amendment to the bylaw regulations, to come into effect at the same time as the above bylaw amendments. It is **not** part of the resolution to be voted on.

PART 4 - STUDENTS

...

CPA Western School of Business

- 401/1 (1) Delivery of the CPA PEP program, including
- (a) the training of students,
 - (b) the conduct and delivery of examinations,
 - (c) the ~~establishment and~~ collection of fees, dues and assessments established by the board under section 38(a) or (b) of the Act that are payable by applicants for enrollment as a student and by students, and
 - (d) the exercise of any other functions of the board under section 30 and 32 of the Act in respect thereof,
- is delegated to the CPA Western School of Business in accordance with arrangements made between CPABC and the CPA Western School of Business under section 31(2) of the Act.
- (2) Subject to subsection (3), the CPA Western School of Business is authorized to exercise the authority of the Registrar
- (a) under Bylaw 400 with respect to the processing of applications for enrollment of students in with CPABC who satisfy the qualifications and prerequisites for the CPA PEP program, and
 - (b) under Bylaw 1302 with respect to a student's failure to pay any fee, dues or assessment required by the board under section 38(a) or (b) of the Act.
- (3) If there is any reason to question whether an applicant for enrollment as a student meets the good character requirement under Bylaw 400(3)(b), in accordance with any criteria or guidelines established by CPABC, the CPA Western School of Business must refer the application to CPABC for the Registrar or Membership Committee to review and determine whether the applicant meets the good character requirement in accordance with Bylaw 400(3)(b) and (3.1).

RESOLUTION 4 CULLEN COMMISSION REPORT RECOMMENDATIONS

Preamble: The Commission of Inquiry into Money Laundering in BC (the “Cullen Commission”) released various recommendations directed at CPABC. One of the recommendations was for CPABC to implement a cash transactions rule limiting the amount of cash its members can receive in a single client matter. A second recommendation was to clarify that members need to report findings from anti-money laundering regulatory bodies to CPABC.

While the work of CPAs is generally not cash intensive, CPABC understands from its survey of members that cash transactions do occur occasionally. The proposed new rule 411 to the CPA Code of Professional Conduct is to introduce a cash transaction rule that would limit members in public practice from accepting more than \$3000 cash in a single client matter.

This resolution confirms the addition of a new Rule 411. The following was approved by the board on April 4, 2023.

400 – PUBLIC ACCOUNTING PRACTICES

411: Cash Transactions

RULES:

411.1 *A member or registered firm shall not receive or accept cash in an aggregate amount greater than \$3,000 in respect of any single client matter.*

411.2 *A member or registered firm that receives or accepts cash in an aggregate amount greater than \$3,000 under Rule 411.1 must return out of such money in excess of \$3,000 in cash as soon as possible. The member or registered firm must also promptly notify CPABC of the receipt and refund.*

411.3 *Despite Rule 411.1, a member or registered firm may receive or accept cash in an aggregate amount greater than \$3000 in respect of a single client matter for professional fees, disbursements, or expenses in connection with the provision of accounting services by the registrant. A member or registered firm that receives or accepts cash in an aggregate amount greater than \$3000 for the payment of fees, disbursements, or expenses must make any refund out of such money in cash.*

RESOLVED that the new Rule 411 in the Code of Professional Conduct that was approved by the board on April 4, 2023, is confirmed in accordance with section 28(1) of the *Chartered Professional Accountants Act*, to come into force in accordance with section 28(4) of the *Act*.

Amendments to Code of Conduct Guidance

On April 4, 2023, the board also approved the adoption of the following new Code of Professional Conduct guidance regarding Rule 411 and Rule 102, to come into effect at the same time as the adoption of the above Rule amendments. It is **not** part of the resolution to be voted on.

GUIDANCE - Rule 411

- 1** Anytime a member or registered firm is dealing with cash received from or on behalf of a client, special attention is required. This cash rule is required because the use of cash is a method for laundering the proceeds of crime and also may support the underground economy. Registrants must take care to avoid the risk of accepting cash that has been obtained or derived from the criminal acts of an unscrupulous client or from other undeclared sources of income. Although it is acknowledged that cash is legal tender, the risks associated with cash transactions are significant and member or registered firm are encouraged to carefully consider all cash transactions and whether a more secure transaction process is possible.

- 2** A member or registered firm must be aware of their vulnerabilities. Members are required to protect the public interest and are prohibited from associating in any activity they know, or should know, is unlawful (R. 213).

- 3** Generally, this rule prohibits members in public practice from receiving cash in excess of CAD 3,000 (in aggregate) from a client for any reason other than in respect of payment of fees or expenses.
A member or registered firm are permitted to accept more than \$3000 for a single client matter, however, only when that cash is for the payment of fees, disbursements, or expenses related to the provision of accounting services. Any overpayments, for example if cash in excess of \$3000 was paid in advance as a retainer, must be refunded in cash. Members or registered firms are encouraged to carefully consider all cash transactions, even those in respect of payment of fees or expenses, given the risks associated with cash and money laundering.

- 4** When a member or registered firm receives or accepts more than \$3,000 in cash, the amount over \$3,000 must be refunded as soon as possible and it must be refunded in cash. In addition, the registrant must have the payee sign the receipt for the refund.

- 4** An important point to remember is that cash receipts are considered in aggregate and over the entire life of the client matter. That means that not all the cash has to come in on the same day. The distinction between “client” and “client matter” is also important since one may have a client with several distinct client matters. Members or registered firms must track the cash received on each distinct client matter.

- 5 In the event that a registrant in public practice receives cash in excess of \$3,000 the member or registered firm must:
- (a) make no use of the cash,
 - (b) return the cash, or if that is not possible, the same amount in cash, to the payer immediately, and
 - (c) promptly report to CPABC the details of the transaction.
- 6 For the purposes of this rule, a member or registered firm that receives or accepts cash in foreign currency is deemed to have received or accepted the cash converted into Canadian dollars.

GUIDANCE - Rule 102

(additions underlined and deletions shown as ~~strikeouts~~)

- 7 A “regulatory body” is a body that has power to compel a person to appear and answer to charges relating to compliance with its requirements. In this context, such a regulatory body’s requirements include legislation that it is empowered to enforce, whether against its own members or the public generally, codes of ethics, bylaws, regulations, professional or practice requirements and similar standards. Examples of regulatory bodies include, but are not limited to, bodies that regulate competition, elections, gaming, human rights, environmental protection, anti-money laundering, and health and occupational safety.
- 8 In applying Rules 102.1 through 102.4, the words “guilt” and “guilty” include findings by a regulatory body of a contravention, breach, violation, infringement, non-compliance, and other similar term in relation to failures to comply with its requirements. Additionally, the imposition of a requirement, ~~or restriction,~~ and/or an administrative monetary penalty on a registrant by a regulatory body is equivalent to “guilt”. However, ~~administrative~~ orders for penalties such as late filing penalties from tax assessments or reassessments or interim cease trade orders of a securities regulator do not constitute findings of guilt.

RESOLUTION 5 GENDER NEUTRALIZE CONTINGENT FEES

Preamble: To ensure the inclusiveness of CPABC governing documents, wording should be gender-neutral language.

In 2022, amendments were approved to Rule 204.4 of the CPABC Code of Professional Conduct, based on language that was drafted nationally. These amendments included instances where “he” was used in referring to a member or firm. The proposed amendments are to gender neutralize these instances.

The following was approved by the board on April 4, 2023.

204 Independence

204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements Fees

Contingent fees

- (36.1) (a) *A member or firm shall not provide, directly or indirectly, an assurance service on a contingent fee basis.*
- (b) *A member or firm shall not provide an assurance service to a client to whom ~~he~~ they provides, directly or indirectly, any non-assurance service on a contingent fee basis when the outcome of the non-assurance service and the amount of the fee is dependent on a contemporaneous or future judgment related to a matter that is material to the subject matter of the assurance engagement.*
- (c) *A member or firm shall not perform an audit or review engagement to a client to whom ~~he~~ they provides, directly or indirectly, any non-assurance service on a contingent fee basis when:*
- (i) *The contingent fee that is charged by the firm to the audit or review client is or is expected to be material to the firm;*
 - (ii) *a member of the audit or review engagement team for that client will be entitled to a portion of that contingent fee and that portion is material to that member of the audit or review engagement team; or*
 - (iii) *the outcome of the non-assurance service and the amount of the contingent fee is dependent on a contemporaneous or future judgment related to a matter that is material to the financial statements that are subject to audit or review by the member or firm.*

RESOLVED that the amendments to Rule 204.4 (additions underlined and deletions shown as ~~strikeouts~~) that were approved by the board on April 4, 2023, are confirmed in accordance with section 28(1) of the *Chartered Professional Accountants Act*, to come into force in accordance with section 28(4) of the *Act*.