

## PRACTICE REVIEW GUIDELINES

This package contains information about the practice review process. If you would like further clarification on the process, please contact the Practice Review Officer or the Director, Practice Review at CPABC.

1. **Definitions** – In these guidelines
  - (a) “Public Practice Committee” means a committee with that name established by the Board as provided for in the Bylaws;
  - (b) “Practice Review Officer” means an individual appointed as a reviewer by the Board for the purposes of these procedures;
  - (c) “authorized practising office” means an office licensed under the Bylaws.
  
2. **Purpose and Scope of Practice Review** – The purpose of a practice review is to determine whether the practice in an authorized practising office:
  - (a) *Complies with generally accepted accounting principles and generally accepted audit and review standards;*
  - (b) *Complies with the standards of practice as set out in the Rules of Professional Conduct;*
  - (c) *Is maintained at a sufficiently high standard with regards to generally accepted standards of practice in the profession; and*
  - (d) *Should be pre-approved for the training of CPA students.*

The scope of the practice review program is determined from time to time by the Board and the Public Practice Committee.
  
3. The authorized practising offices in which a review is to be conducted shall be selected in accordance with the following guidelines:
  - (a) The practice in each authorized practising office is typically reviewed periodically based upon a 3-year risk adjusted cycle;
  - (b) Priority will be given to reviewing offices with new licences;
  - (c) Priority will be given to authorized practising offices requesting pre-approval to train CPA students or requesting pre-approval to train more CPA students; and
  - (d) Priority will be given to authorized practising offices who received a non-comply in their last practice review and require a follow-up review.
  
4. **Confidentiality** – The Public Practice Committee, Practice Review Officers and any other staff member of CPABC shall neither use nor disclose to any person except as may be required in the performance of their duties:
  - (a) Practice review reports and files;
  - (b) Files, papers, documents or records reviewed by a Practice Review Officer or the Public Practice Committee; or
  - (c) Any other information obtained in the course of a review except as may be required by law, the Bylaws or Rules of Professional Conduct.
  
5. Further, all Practice Review Officers, members of the Public Practice Committee and staff of the department sign a confidentiality pledge in a form as prescribed from time-to-time.
  
6. **Prior to the review**

- (a) Offices are sent by e-mail a notification from CPABC that they will be reviewed. The notification will include whether their practice review will be performed as an office visit or as a desk review.
  - (b) Firms are provided with roughly a month to complete their list of assurance and compilation clients return it CPABC; the information in this list is provided to the Practice Review Officer.
  - (c) If the practice review is being performed as a desk review, the office is contacted by a Practice Review Officer who selects the files to be reviewed and provides the firm a deadline to submit these to CPABC electronically or by mail.
  - (d) If the practice review is an office visit, the firm is contacted by a Practice Review Officer to establish a suitable date for the review.
7. A confirmation e-mail is sent to the office confirming either the files selected for inspection and the file submission guidelines or confirming the appointment. The confirmation email includes practice review guidelines, contact information and CPABC's cancellation policy.
8. **During the review** – The following general procedures are followed:
- (a) Office visit:
    - (a) The Practice Review Officer or review team will meet with the member in charge of the review. The office procedures, staff and partner responsibilities and client/engagement mix will be discussed.
    - (b) Based on this, and in consultation with the member in charge of the review, a representative sample of files will be selected. The Practice Review Officer may request and review any files, papers, and documents or records in the possession, custody or control of the member that are pertinent to the review. Where an office has strong, effective quality controls that are subject to internal or external review, and the results of that review are made available to the Practice Review Officer, the normal procedures may be varied based on an evaluation of the effectiveness of the controls.
    - (c) The member in charge of the review will obtain the requested engagement working papers and files.
  - (b) Desk Review
    - (a) The PRO will have arranged a mutually convenient time with the office for when the inspection will occur.
    - (b) The PRO will select files in advance of the scheduled review time.
  - (c) The individual working papers will be reviewed and the member provided with copies of the Practice Review Officer's notes on the individual files reviewed. Items noted will be discussed in-person (office visits) or via phone / Zoom (desk review), where possible, with the member in charge of the engagement.
  - (d) The Practice Review Officer will summarize the findings on the engagement files and will determine if additional procedures are required.
  - (e) The Practice Review Officer will prepare a report to the Public Practice Committee which will include:
    - (a) An assessment as to whether the practising office complies with the established standards in those areas set out in the scope of the review;
    - (b) A summary of the findings and deficiencies; and
    - (c) Key recommendations.

- (f) The member in charge of the review will receive a copy of the report, and will sign the report indicating receipt. The member may note on the report any comments that they wish to make at the time of the review.
  - (g) Offices have the opportunity, within 14 days of delivery of this draft report, to make written representations to the Public Practice Committee where they disagree with the reviewer's assessment, recommendations or findings.
9. **Consistency review** – All practice review files are consistency reviewed by another Practice Review Officer. This review is primarily to ensure consistency of ratings and recommendations by a Practice Review Officer. Should the consistency review result in change to the overall assessment or to the recommendations, these will be communicated to the member in charge of the authorized practising office.
10. **Report to Committee** – The Practice Review Officer's report, amended as necessary for changes resulting from the consistency review, along with any written communication from the authorized practising office is presented to the Committee for approval. In those cases where the rating indicates major deficiencies or where a follow-up review is recommended, the Director or Associate Director of Practice Review will contact the partner in charge of the review to discuss the results and recommendations of the review, as well as to obtain feedback on the process. A Committee member will then present the Practice Review Officer's report to the Committee for discussion and approval at the Committee meeting.
11. **Committee's Determination and Recommendations** – The decision of the Public Practice Committee shall be based on:
- (a) The report of the Practice Review Officer; and
  - (b) Any representations made by the member in charge of the authorized practising office received in advance of the Committee meeting.
12. The Public Practice Committee may ratify or modify the Practice Review Officer's recommendations and assessment of the office's overall performance.
13. The Public Practice Committee may:
- (a) Make one or more recommendations to the member in charge of a authorized practising office regarding desired improvement in the practice of the office;
  - (b) Direct that a Practice Review Officer conduct a follow-up review to determine whether the recommendations have been adopted and have resulted in the desired improvements being made in the practice;
  - (c) Pre-approve the office for the training of CPA students, and specify the number of students who may be pre-approved in the office;
  - (d) Not make a complaint to the Investigation Committee on the condition that the member accepts all the recommendations for improvement noted in the practice review findings and/or voluntarily restricts the practice;
  - (e) Make a report to the Investigation Committee if it considers any one or more of the following matters to be of a sufficiently serious nature:
    - (a) The uncooperative manner of a member in a review or a follow-up review;
    - (b) Failure to comply with the Bylaws or Rules of Professional Conduct;
    - (c) Failure to adopt and implement the recommendations, requirements, or restrictions, regarding desired improvements arising from the current or previous practice inspection;
    - (d) Breach of Part 7 of the Bylaws regarding Licensure for Public Practice; or
    - (e) Any apparent fraud, misrepresentation, flagrant disregard of standards or gross negligence.

14. The office will be notified by letter of the Public Practice Committee's determination and recommendations concerning the practice, areas where improvements are required and the decision regarding approval to train students. In response, a letter from the authorized practising office to the Director of Practice Review describing the steps taken to implement the recommendations may be required.
15. The Director of Practice Review and Associate Director of Practice Review will review the office's response and advise the Public Practice Committee of any recommendation for additional follow-up action or reviews. The Public Practice Committee will vote on the recommendations for additional follow-up action or reviews. The office will be notified of the Public Practice Committee's decision.
16. The member, under Bylaw 1005, may request the Committee to refer the determination and recommendations for a binding opinion in accordance with Bylaw 1009 accompanied by the following.
  - (a) The cheque payable to CPABC for binding opinion fee of \$1,000
  - (b) A detailed and comprehensive statement as to why the member or registered firm disagrees with the Determination and Recommendations of the Public Practice Committee, and
  - (c) The member's written agreement to be bound by and act in accordance with any opinion rendered.