

CONSULTATION PAPER

FEEDBACK REQUESTED

This Registrant Consultation Paper outlines amendments to Regulatory Bylaws and Regulatory Board Rules supported by the Rules Committee that CPA Saskatchewan intends to bring in force as regulation.

Registrants are invited to send written comments on the amendment in addition to the specific questions contained in this consultation paper. Please be specific when providing written comments and reference the specific question or Bylaw amendment you are addressing. Any comments that express disagreement with the amendments should clearly explain the problem and include a suggested alternative, supported by specific reasoning. All comments received by CPA Saskatchewan will be considered by the Rules Committee and the Board during the next review of proposed amendments.

HIGHLIGHTS

CPA Saskatchewan is proposing changes to Regulatory Bylaws in the areas of:

- Firm names excluding reference to the Legacy designations (CA, CMA or CGA).
- Use of "Licensed Professional Accountant(s)"
- Quantification of the term of non-compliance prior to cancellation

DEADLINE FOR COMMENTS – MAY 15, 2024

We value your input and look forward to your feedback on the proposed Amendments. Comment on this document by emailing registrar@cpask.ca or mailing your response to by **May 15, 2024**:

Leigha Hubick, CPA, CA
Registrar
CPA Saskatchewan
101-4581 Parliament Avenue
Regina, SK S4W 0G3

BACKGROUND

Registrants are subject to regulation defined as Rules, which includes:

- *The Accounting Profession Act* ("The Act")
- The Accounting Profession Regulatory Bylaws, enabled through subsection 15(2) of the Act and requiring ministerial approval.
- The Accounting Profession Administrative Bylaws, enabled through subsection 15(1) of the Act and requiring Board approval.
- Rules of Professional Conduct (RPCs) and Rule Interpretations.
- The Accounting Profession Regulatory Board Rules, enabled through Bylaws, which require Board approval.
- The Accounting Profession Administrative Board Rules, enabled through Bylaws, which require Board approval.
- Discipline Committee Rules made pursuant to subsection 30(3) of the Act, which are only approved by the Discipline Committee.

Changes to the Act and the Regulatory Bylaws require approval by the Ministry of Finance of the Government of Saskatchewan.

See below for the Proposed Regulatory Bylaw and Board Rule Amendments. A full blackline has not been provided, only the Regulatory Bylaw and Board Rules subject to amendment.

OBJECTIVES

The Board has established the following objectives for preparing Bylaws and Board Rules in the context of our legislated duty to serve and protect the public:

1. Clarity, understandability. Registrants will understand the intent and particulars of a bylaw upon careful reading;
2. Compliance. Registrants are able to comply with an exercise of reasonable diligence;
3. Enforceability. Enforcement mechanisms will meet the fairness, and reasonableness of process principles and tests established by the courts; and
4. Limit redundancy with the Act. Rules should be complimentary to the Act, not a duplication.

USE OF LEGACY DESIGNATIONS BY FIRMS

At unification of the three Legacy professions (CA, CMA, CGA) in 2014, a transitional provision was established in the Regulatory Bylaws for firms using the Legacy designations (CA, CMA and CGA). The deadline to remove legacy designations used in isolation from firm names was December 31, 2017 as follows:

62.2 A firm whose name, title or description includes reference to a Legacy designation shall, within three (3) years of the date the Act comes into force, amend the firm name, title or description to include either the title "Professional Accountant", the designation "Chartered Professional Accountant" or the initials "CPA".

The Regulatory Bylaw was in force from November 2014 through December 2018, at which time it was repealed and replaced with Regulatory Bylaws as follows:

14.5 Each firm shall have a name which:

- (a) is not misleading;*
- (b) does not contravene professional good taste; and*
- (c) is in accordance with the Rules established by the Board.*

14.6 A firm whose name, title or description includes reference to a Legacy designation shall include the designation "Chartered Professional Accountant" or "Comptable Professionnel Agréé" or the initials "CPA".

November 10, 2024 marks the tenth year since unification of the profession. At that time, members will use the title "Professional Accountant", the designation "Chartered Professional Accountant" or the initials "CPA" with or without their Legacy designation.

The initial purpose of the tagging provisions was to allow members and firms a temporary period of time to adjust to the new title, designation and initials. At this time, CPA Saskatchewan is the only jurisdiction in Canada that currently allows firms to use the Legacy designation on signage or descriptive style¹.

All provinces have adopted the Rules of Professional Conduct (RPC) and related guidance on firm names and descriptive style, CPA Saskatchewan's version with guidance is in Appendix A.

To fully align nationally with the RPC our Regulatory Bylaw would need to include a clause stating that the name must not be self-laudatory.

Licensed members and firms have the option to use "Licensed Professional Accountant" in Regulatory Bylaw 16.12 which needs to be updated to include any use in all areas of professional accounting when licensed and not just exclusive to signing assurance reports.

STATISTICS

There are 426 registered firms as at December 31, 2023; 36 of those registered firms reference the legacy designation. 311 of those registered firms are also licensed.

¹ A descriptive style is the requirement to use "Chartered Professional Accountant(s)" in conjunction with the firm name, unless it is a part of the name as per Rule 402 from the CPA Code. The descriptive style must also be included in advertising materials or where ever to firm name is advertised.

AMENDMENTS

14.5 Each firm shall have a name which:

- (a) is not misleading;
- (b) is not self-laudatory;
- (c) does not contravene professional good taste; and
- (d) is in accordance with the Rules established by the Board.

14.6 A firm shall not reference a Legacy designation in its name, title, description or signage.

16.12 Further to section 22 of the Act and Bylaws 21.1 and 21.2, a licensed member or firm may use the term "Licensed Professional Accountant(s)" or "Comptable(s) professionnel(s) agréé(s)".

SPECIFIC QUESTIONS

1. **Would you use the title, "Licensed Professional Accountant"?**
2. **Does use of a "Licensed Professional Accountant" create confusion?**
3. **Any other concerns related to amendments on firm names or firm signage?**

NON-DISCIPLINARY ENFORCEMENT TERM OF SUSPENSION

In March 2023, a series of Regulatory Bylaws came into force to enable "automatic" suspensions for non-payment of fees, CPD and registration renewal. The Bylaw was amended as follows:

33.5 When a suspended registrant continues to not comply with the Rule underlying the suspension for a period established in the Rules his registration shall be cancelled.

The Bylaws had the term of one (1) year. The term was not reflected in the Board Rules, therefore a change is proposed to amend the Board Rules to include the one (1) year timeframe for those suspended through other regulatory processes like CPD verification and practice inspection.

The Registration Committee has a Term Suspension Model that was used heavily when it made determinations for all suspensions. As the Registration Committee has to make the determination to suspend the registration of the registrant, placing the appropriate term of suspension may be left to its determination.

AMENDMENTS

333.14 A registration of a suspended registrant shall be recommended to the Board for cancellation at the end of the term determined by the Registration Committee when suspended by the Registration Committee under Board Rules 333.4 and 333.5.

SPECIFIC QUESTIONS

1. **Any concerns related to amendments on non-disciplinary enforcement?**

APPENDIX A – RELEVANT RULES AND GUIDANCE ON FIRM SIGNAGE

14 PRACTICE NAMES

Bylaw 14.5

Each firm shall have a name which:

- (a) is not misleading;*
- (b) does not contravene professional good taste; and*
- (c) is in accordance with the Rules established by the Board.*

GUIDANCE - PRACTICE NAMES

- 1** It is in the interest of all members of the Institute that members and firms be allowed to conduct their practices under names which reflect their individual preferences and which are appropriate for their particular marketplaces. This Guidance provides assistance for members and firms in the selection of practice names and in the identification with other professional service organizations.
- 2** Members, firms and related businesses or practices should ensure, at all times, that any information contained in their practice names about themselves, their firms or their services is accurate. The following are examples of practice names containing inappropriate information:
 - any implication in the practice name that the practising unit is larger than it is, such as by use of plural descriptions or other misleading use of words. The use of “and Company” or similar wording in a practice name is permitted, if it is not misleading with respect to the total number of full-time equivalent persons, whether members or not, performing professional services within the practice;
 - any implication in the practice name that a person is a partner or a former partner of a practice, when the person is not;
 - any reference to representation or association which is not in conformity with the facts;
 - any implication that separate firms sharing office space, staff or other resources or in other cost-sharing arrangements are in partnership or otherwise share ownership of a practice;
 - any reference in the practice name to particular services provided where the practice is not currently able to provide those services; and
 - any statement in the practice name that may create false or unjustified expectations as to the results of a particular engagement;
- 3** When a member or firm engaged in the practice of professional accounting, other regulated services or related business or practice participates in an organization whose members practise accounting internationally, with professional engagements accepted and reports or opinions issued in the international name, the member, firm or related business or practice may refer to such international name on professional stationery and in name plates, directory listings, announcements and brochures by using terms such as “internationally”, “globally”, “international firm”, or “global firm”. General references to “offices throughout the world” or “offices in principal cities throughout the world” imply broad coverage and should be used only where the international organization’s members practise accounting in many countries.
- 4** A member or firm engaged in the practice of professional accounting, other regulated services or a related business or practice may have an arrangement with another person or organization whereby one acts for the other in a particular location, and the assignment, by agreement, may be in the name of one of them. In such circumstances it is appropriate, if desired, for the member, firm or related business or practice to refer to the fact of such representation by a suitable reference to the location and the name and/or address and professional designation of the representative,

with a description of the relationship as being "represented by". If representation arrangements exist in a number of locations it may not be possible to give full details of each, and in such case it would be appropriate, if desired, to refer to the fact of representation in the particular locations, specifying the locations individually. Generally references such as "represented throughout the world", which may not be factual and may be misleading, should be avoided. In any public reference to representation.

- 5 Members, firms and related businesses or practices may associate themselves with international organizations which do not practise professional accounting and which exist primarily to provide their members with access to international professional accounting services through referrals or other means. In these cases it is appropriate to make public reference on professional stationery and elsewhere to membership in a *bona fide* international organization by using a term such as "a member of (name), an international association of accounting firms". However, terms such as "internationally", "globally", "international firm" or "global firm" should not be used in those circumstances. General references such as "members throughout the world" should be used only where there are in fact members of the organization in many countries. References such as "represented throughout the world" should be avoided unless they are factual and not misleading.
- 6 Members, firms and related businesses or practices should ensure that their practice names or styles do not claim superiority over any other member, firm or related business or practice. Care should be taken in using the word "The" in the firm name so that it does not imply exclusivity.

Practice names that might tend to lower public respect for the profession should not be used. Care should also be exercised with respect to the use of acronyms.
- 7 In general, approval will be given to non-personal firm names unless they are misleading or contravene professional good taste. However, there may be certain other considerations which will affect the approval decision. A practice name that is so similar to that of another firm registered in the same area as to cause confusion in the minds of the public may not be approved. Consideration will also be given to cultural and linguistic sensitivities in deciding whether to approve a non-personal firm name.
- 8 The Institute, in its discretion, is permitted to be flexible in transitional situations. For example, a member engaged in the practice of professional accounting or other regulated services as a sole proprietor or, where permitted, an incorporated professional, may apply to the Institute for permission to practise for a specified period of time under both the member's approved name and, with the predecessor's written authorization, the name used by a predecessor sole proprietor or firm.

Other situations where transitional flexibility may be granted include those where a previously approved firm name becomes inappropriate. An example of such a situation would occur when, due to the departure of a partner, the firm name becomes misleading with respect to the size of the firm. In such cases, the member or firm may apply to the Institute for permission to continue to use the name for a specified period of time.

314.1 AND 314.2 USE OF DESCRIPTIVE STYLE

314.1 The member or group of members applying to register a firm shall obtain approval of its name from the Registrar prior to applying for insurance required under Bylaw 24.1 and the commencement of practice.

314.2 The name or descriptive style of the firm may include “chartered professional accountant” or “professional accountant” where at least eighty percent (80%) of the proprietary interest of the firm is held by one or more members.

GUIDANCE - Rule 314

- 1** The requirement to carry out the practice of professional accounting or other regulated services under the descriptive style “Chartered Professional Accountant(s)” does not preclude a firm from advertising professional services without reference to “Chartered Professional Accountant(s)”. However, all material that refers to the firm services, including printed promotional material and website content, must include a reference to “Chartered Professional Accountant(s)” in conjunction with the firm name. In addition, such a reference must be included on audit reports, review engagement reports, compilation engagement reports and other material and correspondence that relates to the provision of professional accounting services, such as engagement letters, invoices, management letters and responses to requests for proposals.
- 2** In a jurisdiction that may permit the use of the initials “CPA” as part of a firm name, such use would not be considered to meet the requirement for the use of the descriptive style “Chartered Professional Accountant(s)” when carrying on the practice of professional accounting or other regulated services unless the jurisdiction specifically permits the use of the initials for that purpose.