

Advisory Services

Quick Reference Guide to Help You Understand How the CPA Code Applies to You

(Updated August 2017)

This is part of a series of guidance that has been prepared to explain the impact of the new CPA Code of Professional Conduct (“CPA Code”) that came into effect for CPA Ontario on February 26, 2016 and amended August 26, 2016.

Application of the CPA Code

CPA Ontario’s CPA Code applies to all members and firms, as well as students and applicants. Although the term “members and firms” is used throughout the CPA Code, specific references to students and applicants were removed in most cases to allow some flexibility in addressing certain matters; for instance, some matters may be addressed by a committee rather than the full discipline process. Students and applicants remain subject to the same obligations as members, as stated in Bylaw 6.3.

The CPA Code applies to all members, not only those engaged in providing professional services or public accounting. As described in the Preamble, the CPA Code “applies, with the necessary modifications, to every member or firm acting in respect of a matter of personal concern and to the exercise, by the member or firm of any other activity, in particular, a job, a function, an office or the operation of an enterprise.” Unless there is a specific modification to apply a Rule only to professional services or public accounting activities, then the requirement applies to all members, irrespective of employment status (employed or retired); whether compensated or not; whether providing services directly or indirectly to the public, etc.

The fundamental principles that underscore the specific Rules remain the same: professional behavior; integrity and due care; objectivity; professional competence; and confidentiality.

Understanding Application of Rules

This table is intended to illustrate the multitude of Rules that apply to all members, irrespective of whatever activity they are involved in. Although Rules are categorized according to activity for convenience, members need to remember that this is guidance only. They may fall into one category only some of the time – during the day or during their lifetime; at other times they may fall into two or all three categories, depending on their role at any particular moment. For the purpose of the following table, the most conservative interpretation was taken regarding whether a Rule applied to that category of services.

	100 PROFESSIONAL GOVERNANCE	200 PROTECTING THE PUBLIC	300 PROFESSIONAL COLLEAGUES	400 PUBLIC ACCOUNTING FIRMS	500 FIRMS
All	101,102,103, 104,105	201, 202.2, 203, 205, 206, 207, 208 (part), 211 212, 213, 217			
Professional Services	Same as “All”	Same as “All” + 202.1, 208 (part), 209, 210, 214, 216, 218	302, 303, 304, 305, 306		
Public Accounting	Same as “All”	Same as “Professional Services” + 204, 215	Same as “Professional Services”	401, 402, 403, 404, 405, 406, 408, 409	501, 502, 503

Note: Rules 301 and 407 do not currently exist and are reserved for future use

For convenience, each Rule or requirement provided in the table above is listed below by name.

All members

- 100 Professional Governance
 - 101 *Compliance with governing legislation, bylaws, regulations and the CPA Code*
 - 102 *Matters to be reported to CPA Ontario*
 - 103 *False or misleading applications*
 - 104 *Requirement to co-operate*
 - 105 *Hindrance, inappropriate influence and intimidation*

- 200 Protecting the Public
 - 201 *Maintenance of the good reputation of the profession*
 - 202 *Integrity and due care and Objectivity: Rule 202.1*
 - 203 *Professional competence*
 - 205 *False or misleading documents and oral representations*
 - 206 *Compliance with professional standards*
 - 207 *Unauthorized benefits*
 - 208 *Confidentiality of information: Rules 208.1; 208.2; 208.3(a)*
 - 211 *Duty to report breach of the CPA Code*
 - 212 *Handling property of others*
 - 213 *Unlawful activity*
 - 217 *Advertising, solicitations and endorsements*

Providing professional services

The following requirements are in addition to those listed above for all members.

The definition of “professional service” in the CPA Code is provided below for convenience.

“professional service” means a service or activity of a member or firm, whether undertaken for remuneration or not, where the public or a professional colleague is entitled to rely on membership or registration with CPA Ontario as giving the member or firm particular competence and requiring due care, integrity and an objective state of mind. For greater certainty, in this context, the public includes, but is not limited to clients, employers and not-for-profit or other organizations.

- 200 Protecting the Public
 - 202 *Integrity and due care and Objectivity: Rule 202.2*
 - 208 *Confidentiality of information: Rule 208.3(b)*
 - 209 *Borrowing from clients*
 - 210 *Conflicts of interest*
 - 214 *Fee quotations and billings*
 - 216 *Commission or similar compensation arrangements*
 - 218 *Retention of documentation and working papers*

- 300 Professional Colleagues
 - 302 *Communication with predecessor*
 - 303 *Provision of client information*
 - 304 *Joint engagements*
 - 305 *Communication of special engagements to incumbent*
 - 306 *Responsibilities owed to an incumbent*

Providing public accounting services

The following requirements are in addition to those listed for all members providing professional services.

The definition of “public accounting” in the CPA Code, as well as the related CPA Ontario bylaw definitions 1.1.26 and 1.1.31, are provided below for convenience.

CPA Code: “public accounting” has the meaning set out in CPA Ontario bylaws definitions “practice of public accounting” and “providing accounting services to the public”.

Bylaw 1.1.26 “practice of public accounting” means the provision of the services described in s. 2 of the Public Accounting Act, 2004, excluding any exceptions to services listed in s. 3 of that Act;

Bylaw 1.1.31 “providing accounting services to the public” includes:

- (i) the performance of any engagement addressed by standards in the CPA Canada Handbook-Assurance for which a licence is not required under the Public Accounting Act, 2004 to perform the engagement;*
- (ii) accounting insofar as it involves analysis, advice and interpretation in an expert capacity, but excluding record keeping;*
- (iii) taxation, insofar as it involves advice and counselling in an expert capacity, but excluding mechanical processing of returns;*
- (iv) compilation services, if it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the Member providing the service will be relied upon or used by a third party, whether or not a licence is required under the Public Accounting Act, 2004; and*
- (v) such other services and activities as may be included by the Council by resolution from time to time;*

and all references in the Rules of Professional Conduct to “public accounting” shall be read as though they were also references to “providing accounting services to the public”

200 Protecting the Public
204 Independence
215 Contingent fees

400 Public accounting firms
401 Practice names
402 Use of descriptive style
403 Association with firms
404 Access to members practising public accounting
405 Office by representation
406 Responsibility for a non-member
408 Association with non-member in public practice
409 Practice of public accounting in corporate form

500 Firms
501 Policies and procedures for compliance with professional standards
502 Policies and procedures for conduct of a practice
503 Association with firms

Questions

CPA Ontario’s Member/Practice Advisors can provide more specific information on how the CPA Code applies in specific circumstances. The Advisory Service is a free, confidential service that is available to all members regarding ethical matters, technical accounting and assurance matters, and practice management issues. Contact an Advisor at memberadvisory@cpaontario.ca or practiceadvisory@cpaontario.ca, or call 416.962.1841 ext. 4456 or 1 800.387.0735 ext. 4456.