

## PRACTICE ADVISORY

### Case of the Excellent CPA

(Originally published in Spring 2014 CheckMark - updated November 2018)

The Dear Advisor series of articles helps members become better informed about the provisions of the *Chartered Professional Accountants of Ontario Act, 2017* and the By-law and Regulations under that Act, as well as other ethical requirements under the CPA Code of Professional Conduct.

#### Dear Advisor:

I am undertaking a strategic review of my firm, including adding partners to focus on the areas that I am not very interested in. As part of that review, I've decided that I want to change the name of the firm to accommodate the different backgrounds of my potential partners. I would like to focus on the quality of the services I provide instead of using my own name in the firm name. My firm name is currently Jane Doe, CPA, CA (or CGA or CMA). So how about "Excellent Accountants"?

- *Excellent in Elora*

#### Dear Excellent:

There are a number of requirements of which you should be aware, which are outlined below: In respect of changing the name of the firm:

- Your firm name needs to meet a number of requirements: CPA Ontario's By-law, Regulations and the CPA Code; the *Business Names Act*, and, if applicable, the Ontario *Business Corporations Act* and the regulations adopted pursuant to that Act.
- CPA Ontario's Rule of Professional Conduct 401 *Practice names* (Rule 401) outlines a number of requirements for practice names, including that the name shall not be: misleading; self-laudatory; nor contravene professional good taste. The term "excellent" is self-laudatory and suggests that your services are of a higher quality than those of your colleagues.

Also, you are precluded from including any statement in the name that may create false or unjustified expectations as to the results of a particular engagement. Are you confident that your services will **always** meet this standard? Remember that you need to consider the quality of services of any current and future partners and employees as well.

As such, this name will likely not be approved.

- The name change is timely. Your current name only refers to "CA (or CGA or CMA)", and as outlined in section 20 of Regulation 12-1 *Designations and Distinctions*, as of January 1, 2021, every firm registered with CPA Ontario shall only use, following and as part of the registered name, "Chartered Professional Accountant(s)" or the initials "CPA" or "C.P.A."



- You will need to notify CPA Ontario in advance of making the change. Per section 10.2.5 of the Bylaw, “Every Firm shall provide CPA Ontario with written notice of any significant change in the practice, composition or structure of the firm before the change takes place or within 30 days of the change.” The firm representative can submit their required firm update using My Portal on CPA Ontario’s website.
- If you have any concerns about the name chosen, non-traditional names can be pre-approved using the Firm Name Pre-Approval Application in My Portal on CPA Ontario’s website.

In respect of adding partners to your firm, you need to be aware of the requirements of the *Chartered Professional Accountants of Ontario Act, 2017*, Regulation 10-1 *Firms* and Regulation 12-1 *Designations and Distinctions*. In accordance with s.21-28 of the *Act*, only members or associations of members are allowed to form partnerships, limited liability partnerships, or professional corporations for the purpose of practicing as Chartered Professional Accountants. Regulation 10-1 sets out specific requirements that must be met to register a Firm.

- *Advisor*

**Dear Advisor:**

I recently qualified and was admitted to membership with CPA Ontario, and now would like to register my new firm. I anticipate being able to grow my practice quickly, and although I can’t afford to hire any employees now, I expect to be able to hire one or two professional staff in the next six months. To save time and effort, can I register a name now that anticipates that expansion, such as “John Wong, CPA and Associates”?

- *Newbie in North Bay*

**Dear Newbie:**

When a sole proprietor has at least one employee providing “professional services” on a “full-time equivalent” basis, then he or she can use the term “Associate” in the firm name. If there are two or more full-time equivalent employees, the term “Associates” or “Company” can be used. As outlined by the Guidance to Rule 401, there should be no “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”.

- *Advisor*

As no two situations are identical, CPA Ontario members are responsible for ensuring that their own situation complies with the CPA Code of Professional Conduct, By-law and Regulations.

For further guidance, members are encouraged to contact a Practice or Member Advisor:

Phone: 416-962-1841, ext. 4456 or toll free at 1-800-387- 0735, ext.4456.

Email: [practiceadvisory@cpaontario.ca](mailto:practiceadvisory@cpaontario.ca) or [memberadvisory@cpaontario.ca](mailto:memberadvisory@cpaontario.ca).