

EC2015-172**CHARTERED PROFESSIONAL ACCOUNTANTS
AND PUBLIC ACCOUNTING ACT
DECLARATION RE**

Under authority of section 95 of the *Chartered Professional Accountants and Public Accounting Act* Stats. P.E.I. 2014, c. 2 Council ordered that a Proclamation do issue proclaiming the said "Chartered Professional Accountants and Public Accounting Act" to come into force effective April 1, 2015.

EC2015-173**CHARTERED PROFESSIONAL ACCOUNTANTS
AND PUBLIC ACCOUNTING ACT
GENERAL REGULATIONS**

Pursuant to section 76 of the *Chartered Professional Accountants and Public Accounting Act* R.S.P.E.I. 1988, Cap. C-4.2, the Board, with the approval of the Lieutenant Governor in Council, made the following regulations:

Interpretation**1. In these regulations**

Definitions

- (a) "Act" means the *Chartered Professional Accountants and Public Accounting Act* R.S.P.E.I. 1988, Cap. C-4.2; Act
- (b) "chargeable hour" means an hour of service that may be charged to a client of a licensee; chargeable hour
- (c) "former Act" means the *Public Accounting and Auditing Act* R.S.P.E.I. 1988, Cap. P-28; former Act
- (d) "legacy examination" means legacy examination
- (i) the Uniform Final Exam established by the Board of Evaluators for chartered accountants,
- (ii) the Professional Applications and Competence Evaluation examinations established by CGA Canada, or
- (iii) the Strategic Leadership Program Board Report established by CMA Canada.

Registration

- 2. (1)** Subject to subsection (2), for the purpose of subclause 13(2)(a)(i) of the Act, an applicant for registration as a member is required to have obtained, within the seven years immediately preceding the date the application for registration is made, 30 months of experience in paid employment that meets the standards for practical experience set by CPA Canada, of which 18 months was obtained as a student or a candidate in a Canadian jurisdiction. Practical experience

(2) Where the applicant under subsection (1) passed a legacy examination before January 1, 2016, the applicant may satisfy the requirement in subclause 13(2)(a)(i) of the Act by having obtained, before September 1, 2018,

Transitional requirements

(a) 30 months of experience in paid employment that meets the standards set for practical experience by the Canadian Institute of Chartered Accountants and the requirements of the Institute of Chartered Accountants of Prince Edward Island, as it existed immediately before the Act and these regulations came into force;

(b) 24 months of experience in paid employment that meets the standards set for practical experience by CGA Canada and the requirements of the Certified General Accountants Association of Prince Edward Island, as it existed immediately before the Act and these regulations came into force; or

(c) 24 months of experience in paid employment that meets the standards set for practical experience by CMA Canada and the requirements of the Society of Management Accountants of P.E.I., as it existed immediately before the Act and these regulations came into force.

3. (1) For the purpose to subclause 13(2)(a)(ii) of the Act, the prescribed examination for registration as a member is

Prescribed examination

(a) the Common Final Exam established by CPA Canada; or

(b) a legacy examination, if the applicant passed it before January 1, 2016.

(2) A member who is admitted to membership on the basis of passing the legacy examination referred to in subclause 1(d)(i) before January 1, 2016,

Legacy designation, CA

(a) shall use the designation “Chartered Accountant” or “CA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, for a period of ten years after these regulations come into force; and

(b) may use the designation “Chartered Accountant” or “CA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, at any time after the period specified in clause (a).

(3) A member who is admitted to membership on the basis of passing the legacy examination referred to in subclause 1(d)(ii) before January 1, 2016,

Legacy designation, CGA

(a) shall use the designation “Certified General Accountant” or “CGA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, for a period of ten years after these regulations come into force; and

(b) may use the designation “Certified General Accountant” or “CGA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, at any time after the period specified in clause (a).

(4) A member who is admitted to membership on the basis of passing the legacy examination referred to in subclause 1(d)(iii) before January 1, 2016,

Legacy designation, CMA

(a) shall use the designation “Certified Management Accountant” or “CMA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, for a period of ten years after these regulations come into force; and

(b) may use the designation “Certified Management Accountant” or “CMA” in conjunction with the use of the designation “Chartered Professional Accountant”, “CPA”, “Fellow Chartered Professional Accountant” or “FCPA”, as the case may be, at any time after the period specified in clause (a).

4. (1) For the purpose of meeting the terms and conditions of registration in clause 13(4)(a) of the Act, a member shall complete

Continuing professional development

(a) at least 20 hours of continuing professional development per year, including at least 10 hours of continuing professional

- development that is objectively verifiable through an independent third party; and
- (b) at least 120 hours of continuing professional development in each three-year period specified by the Board, including at least 60 hours of continuing professional development that is objectively verifiable through an independent third party.
- (2) The Board may pro-rate the requirements in subsection (1) for a member who has been a member for less than a year or less than three years, as the case may be. Board may pro-rate requirements
- (3) To count towards the requirements in subsection (1), the continuing professional development undertaken by a member shall Nature of continuing professional development
- (a) be quantifiable in terms of hours or parts of an hour;
- (b) be directly related to the competencies the member is required to demonstrate to practise as a chartered professional accountant or, where the member is a licensee, as a public accountant;
- (c) be relevant to the member's current practice or long-term career interests; and
- (d) contain significant intellectual or practical content related to practice as a chartered professional accountant or, where the member is a licensee, as a public accountant.
5. (1) A registrant whose registration was suspended, or a former registrant whose registration was cancelled, pursuant to section 22 of the Act may apply to the Board, subject to subsection (4), within one year of the date of the suspension or cancellation, as the case may be, in the form approved by the Board to have the registration reinstated in accordance with this section. Reinstatement of suspended or cancelled registration
- (2) Where the applicant's registration was suspended or cancelled pursuant to subclause 22(1)(a)(i) of the Act for contravening clause 13(4)(a) of the Act, the Board may reinstate the registration if the applicant submits a report and declaration in the form required by the Board that satisfies the Board that the applicant has met the requirements for continuing professional development set out in section 4. Reinstatement, continuing professional development requirements
- (3) Where the applicant's registration was suspended or cancelled pursuant to Reinstatement, payment of fees
- (a) subclause 22(1)(a)(i) of the Act for contravening clause 13(4)(b) of the Act;
- (b) subclause 22(1)(a)(ii) of the Act for contravening clause 14(3)(b) of the Act;
- (c) subclause 22(1)(a)(iii) of the Act for contravening clause 18(a) of the Act; or
- (d) clause 22(1)(b) of the Act for contravening clause 15(3)(b) of the Act,
- the Board may reinstate the registration if the applicant pays the outstanding annual registration fee, in addition to the reinstatement fee and late payment fee required under the Act.
- (4) Where the applicant's registration was suspended or cancelled pursuant to subclause 22(1)(a)(i) of the Act for contravening clause 13(4)(c) of the Act, the Board may reinstate the registration if the applicant Reinstatement, bankruptcy
- (a) applies to the Board within one year of the date of discharge of the bankruptcy in the form required by the Board to have the registration reinstated; and
- (b) satisfies the Board that his or her bankruptcy has been discharged in accordance with the *Bankruptcy and Insolvency Act* (Canada).
- (5) Where the applicant's registration was suspended or cancelled pursuant to Reinstatement, business organization requirements
- (a) subclause 22(1)(a)(ii) of the Act for contravening clause 14(3)(a) of the Act; or
- (b) clause 22(1)(b) of the Act for contravening clause 15(3)(a) of the Act,
- the Board may reinstate the registration if the applicant satisfies the Board that the applicant is now in compliance with clause 14(3)(a) or clause 15(3)(a) of the Act, as the case may be.

(6) Where the applicant's registration was suspended or cancelled pursuant to

- (a) subclause 22(1)(a)(ii) of the Act for contravening clause 14(3)(c) of the Act; or
- (b) clause 22(1)(b) of the Act for contravening clause 15(3)(c) of the Act,

the Board may reinstate the registration if the applicant satisfies the Board that the applicant is now in compliance with clause 14(3)(c) or 15(3)(c) of the Act, as the case may be, and has processes in place to prevent a subsequent contravention.

Reinstatement,
delivery of services
by CPA

(7) Where the applicant's registration was suspended or cancelled pursuant to clause 22(1)(b) of the Act for contravening clause 15(3)(d) of the Act, the Board may reinstate the registration if the applicant satisfies the Board that the applicant is now in compliance with clause 15(3)(d).

Reinstatement,
voting trust
agreement

(8) Where the applicant's registration was suspended or cancelled pursuant to subsection 22(3) of the Act, the Board may reinstate the registration if the applicant satisfies the Board that he or she is suitable to practise as a chartered professional accountant or to provide or offer to provide the services of a chartered professional accountant, as the case may be.

Reinstatement,
suitability

License to Practise Public Accounting

6. For the purpose of subclause 30(2)(a)(ii) of the Act, an applicant for a license to practise public accounting shall have successfully completed

- (a) the assurance and taxation elective modules of the CPA Professional Education Program; or
- (b) a post-certification program in public accounting established or adopted by the Board.

Education

7. For the purpose of subclause 30(2)(a)(iii) of the Act, an applicant for a license to practise public accounting is required to have obtained, within the five years immediately preceding the date the application for a license is made, at least 2500 chargeable hours of experience assisting a public accountant in his or her practice, as permitted under clause 1(3)(b) of the Act, which includes

- (a) at least 1250 chargeable hours of experience in assurance, including at least 625 chargeable hours of experience in attestation; and
- (b) at least 100 chargeable hours of experience in taxation.

Practical experience

8. (1) Subject to subsections (2) and (3), for the purpose of subclause 33(2)(a)(iv) of the Act, a licensee who applies to renew his or her license to practise public accounting shall satisfy the Board that he or she has completed at least 1250 chargeable hours of practice as a public accountant within the five years immediately preceding the date the application to renew the license is made.

Renewal

(2) Where a licensee applies to renew his or her license to practise public accounting

- (a) within the first year immediately following the date these regulations come into force, the licensee shall satisfy the Board that he or she has completed at least 415 chargeable hours of practice as a public accountant within the five years immediately preceding the date the application to renew the license is made; or
- (b) within the second year immediately following the date these regulations come into force, the licensee shall satisfy the Board that the licensee has completed at least 830 chargeable hours of practice as a public accountant within the five years immediately preceding the date the application to renew the license is made.

Transitional

(3) The Board may pro-rate the requirements in subsection (1) or (2) for a licensee who has been practising public accounting for less than five years.

Board may pro-rate
requirements

9. (1) A member whose license to practise public accounting under the Act or the former Act has lapsed may apply to the Board, in the form approved by the Board, to have his or her license reinstated in accordance with this section.

Reinstatement of
lapsed license

(2) Where the applicant's license lapsed less than twelve months before the date the application for reinstatement is made, the Board may reinstate the license if the applicant meets the requirements for the renewal of a license in clause 33(2)(a) of the Act and section 8.

Lapse for less than
12 months

(3) Where the applicant's license lapsed twelve months or more than twelve months before the date the application for reinstatement is made, the Board may reinstate the license if the applicant

Lapse for twelve
months or more

(a) meets the requirements for the renewal of a license in clause 33(2)(a) of the Act and section 8; and

(b) satisfies the Board that the applicant

(i) has obtained the practical experience required in section 7, or

(ii) has

(A) successfully completed a post-certification program in public accounting established or adopted by the Board, and

(B) obtained at least 1500 chargeable hours of experience assisting a public accountant in his or her practice, as permitted under clause 1(3)(b) of the Act, within the three years immediately preceding the date the application for reinstatement is made.

10. (1) A licensee whose license was suspended, or a former licensee whose license was cancelled, pursuant to section 35 of the Act may apply to the Board, subject to subsection (4), within one year of the date of the suspension or cancellation, as the case may be, in the form approved by the Board to have the license reinstated in accordance with this section.

Reinstatement of
suspended or
cancelled license

(2) Where the license was suspended pursuant to subsection 35(1) of the Act or cancelled pursuant to subsection 35(2) of the Act, the Board may reinstate the license on the reinstatement of the applicant's registration pursuant to section 5 or an order of the investigation committee or discipline committee.

Reinstatement with
registration

(3) Where the applicant's license was suspended or cancelled pursuant to subsection 35(3) of the Act for contravening clause 30(4)(b) or 31(3)(c) of the Act, the Board may reinstate the license if the applicant submits proof satisfactory to the Board that he or she is covered by the prescribed amount of professional liability insurance or assets equal in value, in accordance with section 11 of these regulations.

Reinstatement on
proof of insurance
coverage

(4) Where the applicant's license was suspended or cancelled pursuant to subsection 35(3) of the Act for contravening clause 31(3)(b) of the Act, the Board may reinstate the license if the applicant satisfies the Board within 30 days of the date of the suspension or cancellation that the applicant is now in compliance with clause 31(3)(b) of the Act.

Reinstatement,
delivery of services
by public
accountant

(5) Where the applicant's license was suspended or cancelled pursuant to subsection 35(4) of the Act, the Board may reinstate the license if the applicant satisfies the Board that he or she is suitable to practise public accounting or to provide or offer to provide the services of a public accountant, as the case may be.

Reinstatement,
suitability

Professional Liability Insurance

11. (1) The prescribed amount of professional liability insurance coverage required for a licensee is as follows:

Amount of coverage

(a) where the licensee is an accounting firm or a professional accounting corporation with one public accountant practising public accounting through or on behalf of the licensee, not less than one million dollars covering the licensee and its public accountant;

(b) where the licensee is an accounting firm or a professional accounting corporation with two or three public accountants practising public accounting through or on behalf of the licensee, not less than 1.5 million dollars covering the licensee and its public accountants;

(c) where the licensee is an accounting firm or a professional accounting corporation with four or more public accountants practising public accounting through or on behalf of the licensee, not less than two million dollars covering the licensee and its public accountants.

(2) Where a licensee establishes to the satisfaction of the Board that obtaining professional liability insurance coverage in the amount required under subsection (1) would be an undue hardship for the

Assets of equal
value

licensee, the licensee may place assets of an equal value in trust for the purpose of covering professional liability.

(3) Proof satisfactory to the Board of the insurance coverage required under subsection (1), or of assets equal in value in accordance with subsection (2), shall be submitted

Submission of proof of coverage

- (a) within 14 days of the issuance of the license; and
- (b) on application for a renewal.

(4) A former licensee shall ensure that he or she continues to be covered by professional liability insurance for services provided while he or she was a licensee in the amount required under subsection (1), or assets of equal value in accordance with subsection (2), for at least six years after the licensee ceases to practise public accounting or offer the services of a public accountant, as the case may be.

Continued coverage

(5) Clause 30(4)(b) and subclause 33(2)(a)(ii) of the Act and subsections (1) to (4) do not apply to

Exceptions

- (a) a licensee who is practising public accounting solely in the course of his or her employment in the Office of the Auditor General; or
- (b) a licensee whose practice consists solely of providing audit or review engagement services without compensation to non-profit organizations that have a gross annual revenue of not more than \$250,000.

Time Periods

12. (1) For the purpose of section 56 of the Act, the prescribed time period within which an investigation committee shall consider a complaint and any response to the complaint and pursue a course of action provided for in the section is 30 days after the referral of the complaint to the investigation committee under clause 53(2)(c) or subsection 55(3) of the Act.

Consideration by investigation committee

(2) For the purpose of subsection 59(1) of the Act, the prescribed time period within which an investigation committee shall pursue a course of action provided for in the section following an investigation is 60 days after the time period referred to in subsection 58(4) of the Act expires.

Disposition by investigation committee

(3) For the purpose of clause 60(1)(a) of the Act, the prescribed time period within which a hearing committee shall hold a hearing is 60 days after a complaint is referred to it.

Hearing by discipline committee

(4) For the purpose of subsection 63(3) of the Act, the prescribed time period within which a discipline committee shall serve notice of its determination and a copy of any order is 30 days after the completion of a hearing.

Service of notice of determination and order

13. For the purpose of subsections 80(3) to (8) of the Act, the prescribed period of time is ten years after the Act comes into force.

Required use of legacy designation

Fine

14. Pursuant to clause 63(2)(h) of the Act, a discipline committee may impose a fine of not more than \$50,000 on a respondent whose conduct has been determined to constitute professional misconduct or professional incompetence.

Maximum fine

Commencement

15. These regulations come into force on April 1, 2015.

Commencement

EXPLANATORY NOTES

SECTION 1 defines terms used in these regulations.

SECTION 2 sets out the practical experience requirements for registration as a member.

SECTION 3 sets out the prescribed examination for registration as a member. It also provides for the use of legacy designations by members who qualify by passing a legacy examination.

SECTION 4 sets out the continuing professional development requirements for a member and provides for the Board to pro-rate the requirements for certain members.

SECTION 5 provides for a registrant whose registration has been suspended, or a former registrant whose registration has been cancelled, pursuant to section 22 of the Act to apply to have the registration reinstated. It sets out what the applicant is required to do to have the registration reinstated, depending on the reason for the suspension or cancellation.

SECTION 6 sets out the education an applicant is required to successfully complete to obtain a license to practise public accounting.

SECTION 7 sets out the practical experience an applicant is required to obtain for a license to practise public accounting.

SECTION 8 sets out the requirements for the renewal of a license to practise public accounting and provides for the Board to pro-rate the requirements for certain licensees.

SECTION 9 provides for a member whose license to practise public accounting under the Act or the former Act has lapsed to apply to have the license reinstated. It also sets out the requirements for reinstatement, depending on how long the license has lapsed.

SECTION 10 provides for a licensee whose license was suspended, or a former licensee whose license was cancelled, pursuant to section 35 to apply to have the license reinstated. It sets out what the applicant is required to do to have the license reinstated, depending on the reason for the suspension or cancellation.

SECTION 11 sets out the professional liability insurance coverage amount for a licensee and the circumstances in which a licensee may instead place assets of an equal value in trust to cover professional liability. It sets out when proof of coverage is to be submitted to the Board and requires former licensees to maintain professional liability coverage for services provided while licensed for at least six years after ceasing to practise public accounting or offer the services of a public accountant, as the case may be. It exempts licensees with certain limited practices from the requirements for liability coverage in the Act and regulations.

SECTION 12 prescribes time limits for various stages of the complaints and discipline process.

SECTION 13 prescribes the time period during which members shall use legacy designations specified in the Act.

SECTION 14 sets out the maximum fine a discipline committee may impose on a respondent whose conduct has been determined to constitute professional misconduct or professional incompetence.

SECTION 15 provides for the commencement of these regulations.