

Certified General
Accountants of
Nova Scotia

From: Bruce Densmore [REDACTED]
Date: December 3, 2015 at 4:29:32 PM AST
To: Debra Bower-Pinto [REDACTED], "Reid, Doug W." [REDACTED],
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Cc: Stana Colovic [REDACTED], 'Rodney Rodenhiser' [REDACTED],
Gordon Moore [REDACTED]
Subject: By-Laws Approval Process

Steering Committee Members:

I would like to reiterate the points I made at the last steering committee meeting related to the by-laws approval process.

CPA NS's outside counsel has been working on the by-laws development, and we expect a first draft in the near future. I believe it to be prudent to add a step in the by-laws review process and Patti Towler, who is our Chief Legal Officer in addition to CEO, will initially review those by-laws.

The CPA NS board will develop a further by-laws review process that includes participation of all three legacy bodies and the Steering Committee. The exact nature and timing of that consultation and review process will be determined by the CPA NS board which has representation from all three legacy bodies.

Ultimately, as the body which will be governed by the by-laws, it is the board of CPA NS that will oversee their development, approve them, and present them to government. The CPA NS Board, which has representation from all three legacy bodies, will approve and present to government appropriate by-laws after the consultation process with the legacy bodies and steering committee is completed to CPA NS's satisfaction.

Should a legacy body wish to vote on the proposed by-laws there is nothing to preclude them from doing so but any such vote is not binding on CPA NS.

I also wish to reiterate my point that I anticipate that the by-laws review and approval process will positively move forward in tandem with an effective transition process that functionally merges the three legacy bodies.

Regards

Bruce

Bruce Densmore, FCPA, FCA
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4. UNIFICATION ACTIVITIES

- 4.1 During the Transition Period the Steering Committee will ensure that the following activities are undertaken to prepare for the merger of CMANS, ICANS, and CGANS, to the extent permitted by legislation and subject to approval by CMANS' Board, ICANS' Council, and CGANS Board:

General

- 4.1.1 Monitor the unification initiatives of and consult with other provincial accounting bodies, the National bodies and other related organizations.
- 4.1.2 Prepare a budget for the Steering Committee's work that shall include cash funding requirements.
- 4.1.3 Participate in the implementation of the Transitional Implementation Accord and the CPA Collaboration Accord.
- 4.1.4 Identify, analyze and discuss risk management issues and execute strategies to mitigate and manage risks and liabilities identified.
- 4.1.5 Conduct appropriate legal and other professional due diligence relating to the merger of the three bodies including, but not limited to, information provided by CMANS, ICANS, and CGANS as outlined in the Preliminary Due Diligence Checklist as attached hereto as Schedule A. This due diligence shall be completed within 90 days of the execution of this Agreement.
- 4.1.6 Determine, if necessary, the designation to be granted to Students/Candidates who complete the new CPA certification program and practical experience requirements.
- 4.1.7 Review, to the extent necessary or possible, the existing professional standards defined in the bylaws, regulations and policies of CMANS, ICANS, and CGANS, other accounting bodies in Nova Scotia and Affiliates in other jurisdictions in Canada as well as the recommendations of the National CPA Regulatory Working Group in order to develop and harmonize, where possible, the most appropriate standards and enforcement for individuals and entities that will be regulated by, CPA Nova Scotia.
- 4.1.8 Develop Governing Documents and other documents, as applicable, which address the following matters:
 - (a) Policies relating to access to the CPA profession along with recognition of credentials and designations;
 - (b) Qualification criteria to become a designated accounting professional through Canadian and international professional education programs;
 - (c) Rules of Professional Conduct and interpretations applicable to Nova Scotia CPA Members, Candidates and Students;
 - (d) CPD Requirements, sanctioning processes, and enforcement;

- (e) Registration of members, Students/Candidates and firms practicing public accounting;
 - (f) Regional education delivery model;
 - (g) Education, training, and regulation of non-residents;
 - (h) Processes for appointments to boards, committees and task forces of CPA Nova Scotia, its associated organizations and other organizations as necessary;
 - (i) Minimum professional liability insurance requirements;
 - (j) A schedule of member dues and member fees based on the expected budget for CPA Nova Scotia;
 - (k) Member services, support and communications; and
 - (l) Marketing, promotion and recruitment.
- 4.1.9 Ensure delivery of Student and Candidate recruiting programs and enhance the communication efforts with both post-secondary institutions and workforce prospects with a view to transitioning the career interests and understanding of those seeking to become designated accountants, to the CPA designation.
- 4.1.10 Develop the governance and organizational structure and related policies of CPA Nova Scotia and of the CPA Nova Scotia JV (if created) including delegation of authority to the CPA Nova Scotia CEO and CPA Nova Scotia Board standing committees as well as appropriate protections of principles important to ICANS, CMANS, CGANS, and their members.
- 4.1.11 Identify assets and liabilities of ICANS, CMANS, and CGANS and plan for the assumption of such assets and any identified and potential liabilities by CPA Nova Scotia upon the Unification Date.
- 4.1.12 Negotiate and finalize the regulatory and contractual changes necessary to give effect to the merger.
- 4.1.13 Seek legal advice, as appropriate, with respect to the implementation of this Agreement.
- 4.1.14 Conduct any other activities as directed by CMANS' Board, ICANS' Council, and CGANS' Board.

Regulatory Matters

- 4.1.15 Develop Governing Documents, as applicable, which address the regulatory activities of CPA Nova Scotia, including, but not limited to, the inspection of public accounting firms, professional conduct and discipline matters as well as the associated authority.
- 4.1.16 Prepare the Governing Documents to govern the regulation of public accounting in Nova Scotia, which shall be within a common framework that:
- (a) harmonizes, to the extent possible, nationally among CPA organizations;
 - (b) addresses entrance and continuance standards;
 - (c) ensures compliance with professional standards;
 - (d) recognizes that the Nova Scotia Public Accounting Board licenses persons who engage in the practice of public accounting in Nova Scotia as defined in the *Public Accountants Act* R.S.,c.369.1; and
 - (e) respects the obligations of CPA Nova Scotia and the Nova Scotia Government to other organizations that are the subject of trade agreements of the Nova Scotia Government or agreements of CPA Nova Scotia.

Legacy Protection

- 4.1.17 Develop Governing Documents, as applicable, which address the following matters:
- (a) To authorize the use of the designation "CPA" by Members holding a Legacy Designation, and to require for approximately 10 years following the Unification Date the appending of a Legacy Designation thereto, in the style (for example) of "CPA, CA", "CPA, CMA" or "CPA, CGA", and after the approximate 10 year period following the Unification Date, to authorize the use by Members holding a Legacy Designation of either:
 - (i) "CPA" on its own, or
 - (ii) "CPA" with a Legacy Designation appended thereto;
 - (b) To authorize the use of the designation "CPA" for those members who do not hold a Legacy Designation and to ensure that those CPA members who do not hold a Legacy Designation are prohibited from using any Legacy Designation;
 - (c) To enable CPA Nova Scotia to review the mandatory tagging period after five years following the Unification Date to consider provincial tagging protocols in effect at that time provided that a legacy member's continued use of the CPA designation along with a legacy designation will not be subject to review.
 - (d) To ensure that, following the Unification Date, Public Accounting Firms shall use "CPA" or "Chartered Professional Accountant" following the firm

name; however inclusion of the Legacy Designation will be permitted for a reasonable period of time following the Unification Date. Legacy designations on their own will not be permitted as part of or following the firm name. For clarity, Public Accounting Firms shall be prohibited from referring to themselves solely as a Legacy Designation Firm;

- (e) To ensure that following the Unification Date CPA members and Public Accounting Firms shall be prohibited from using any Legacy Designation without the CPA designation being appended thereto.
- (f) To establish rules for the naming of firms where there are members of more than one professional accounting body.
- (g) The conversion of public usage of Legacy Designations at post-secondary institutions to the usage of CPA in as expeditious a manner as is reasonably possible.

Transition Process

4.1.18 Prepare for, and where necessary draft Governing Documents, as appropriate, in relation to, the following matters:

- (a) the integration of activities, assets, liabilities, records, and registers of CMANS, ICANS, and CGANS, including budgets and supporting fees for future operations;
- (b) the transition of control over all associated activities and bodies controlled by CMANS, ICANS, and CGANS;
- (c) the hiring of employees as required by CPA Nova Scotia;
- (d) the phase out, reorganization, realignment or integration, as applicable, of related provincial and/or regional related entities (for example the Atlantic School of Chartered Accountancy);
- (e) transition policies for persons who will be Students or Candidates on the Unification Date;
- (f) the implementation of the CPA certification and other relevant programs and the discontinuance of legacy educational programs in accordance with strategies and commitments to do so;
- (g) the continuation of ICANS' and CGANS' inspection of public accounting firms and professional conduct; and
- (h) the coordination and integration of CMANS', ICANS', and CGANS' discipline matters, and the transition of discipline matters outstanding as at the Unification Date.