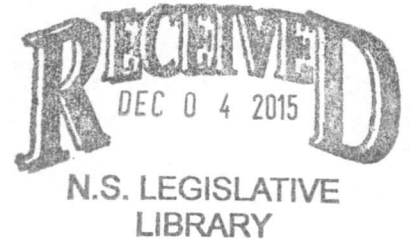


LAW AMENDMENTS COMMITTEE

Red Room, Province House

Friday, December 4, 2015

11:00 a.m.



Bill #110 - Marine Renewable-energy Act

1. Tony Wright, General Manager
Fundy Ocean Research Center for Energy (FORCE)
2. Sarah Saunders
Associate Specialist, Oceans
WWF - Canada
3. Dana Morin
Director, Business Development
Fundy Tidal Inc.

Bill #138 - Chartered Professional Accountants Act

1. Patricia ^{Towler} ~~Taylor~~, CEO
Chartered Professional Accountants of Nova Scotia
Bruce Densmore, Chair
*Chartered Professional Accountants of Nova Scotia and
Institute of Chartered Accountants of Nova Scotia*
Joe Moore, Chair
Certified Management Accountants Association of Nova Scotia
2. Debra Bower-Pinto, Vice-Chair, Certified
*General Accountants of
Nova Scotia*

Bill #139 - Municipal Elections Act (amended)

1. David Etherington
2. John Hutton
Dalhousie Student Union

DIDN'T APPEAR

Bill #140 - Public Accountants (amended)

no representation

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],
Jacklyn Mercer [REDACTED], Peter Duggan [REDACTED], Tracy
Black [REDACTED], Joe Moore [REDACTED], Mike Uberoi [REDACTED]
[REDACTED] "Kochetova-Kozloski, Natalia" [REDACTED], Patricia Towler
[REDACTED]
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.

Section 74 sets the time limit for filing a complaint against a former member or firm. While I understand the intent, I believe 6 years is beyond a reasonable time to initiate a complaint against an individual or firm that is no longer practising. 2 years should be a sufficient time for the registration of a complaint.

References:

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In Sections 66 and 68 to 112,

- (a) "registrant" includes a **former** member, student or candidate of, or an individual whose name formerly appeared on a register maintained by, CPA Nova Scotia or a legacy body;
- (b) "registered firm" includes
 - (i) a firm that was formerly registered by CPA Nova Scotia, and
 - (ii) a firm that was registered as a professional corporation or limited liability partnership by a legacy body or was a firm whose name had been approved by a legacy body.

74 A complaint against a registrant or registered firm must be brought within the latest of six years of the individual or firm

- (a) ceasing to be registered by CPA Nova Scotia;
- (b) ceasing to be a member of ICANS, CMANS or CGANS; and
- (c) ceasing to be a registered student of ICANS,

The Act sets out conditions under which a member may be subject to a custodianship order. Section 114 lists circumstances under which a custodianship order may be issued. Once issued there are broad powers of search and seizure (section 117). Section 114(5)(e) includes a condition that a custodianship order may be issued when the member has failed to conduct the member's practice in accordance with any restriction or condition to which the member is subject pursuant to this Act. In theory, this could result in the application of the search and seizure provisions for a minor infraction of the Act. This paragraph should be removed as there are adequate measures in the Act to protect the public and the members without including this paragraph.

114(5) A custodianship order may only be made if

- (e) the member has failed to conduct the member's practice in accordance with any restriction or condition to which the member is subject pursuant to this Act;

117 A custodianship order may

- (b) authorize the custodian or a sheriff or any police officer or other individual acting on the direction of the custodian or a sheriff to
 - (i) enter, by force if necessary, any building, dwelling or other premises, or any vehicle or other place, where there are reasonable grounds for believing that property that is or should be in the possession or control of the member may be found,
 - (ii) search the building, dwelling, premises, vehicle or place,
 - (iii) open, by force if necessary, any safety deposit box or other receptacle,
 - (iv) require an individual to provide access to property that is or should be in the possession or control of the member, and
 - (v) seize, remove and deliver to the custodian property that is or should be in the possession or control of the member;

Submission to Law Amendments Committee
Doug McNeil, FCPA, FCGA
BILL NO. 138

I am a former president of CGA Nova Scotia. I fully support this legislation, however, there are a few specific items that, in the public interest, require further consideration.

Under the proposed legislation, the Board and members decide what is to be included in services that will be subject to this Act. The definitions included in 2(g), 2(zr) and 2(zz) combined with section 130(7) could, in theory, subject a tax lawyer, tax preparer, bookkeeper, etc to the provisions of this Act.

This could be avoided if the Act clearly specified what activities are included or excluded from the definition of chartered professional accounting.

References:

2 In this Act,

(g) "chartered professional accounting" means the provision of any professional service usually or ordinarily performed by chartered professional accountants, whether or not

such services are offered to or provided to the public;

(zr) "professional services" means the services offered by a chartered professional accountant;

(zz) "regulated services" means those chartered professional accounting services specified as such in the by-laws;

130(7) For the purpose of this Act, proof of the performance of one act in the practice of chartered professional accounting is sufficient to establish that an individual has engaged in the practice of chartered accounting.

Similarly Section 2(v)(iii) in the definition of firm is too broad, particularly since section 44 prevents a firm from doing business in Nova Scotia. Eliminating paragraph (iii) would adequately define a firm for purposes of this Act.

References:

2 (v) "firm" means an organization that is

(i) carrying on the practice of public accounting,

(ii) using any of the protected designations as part of the name or description of the organization, or

(iii) carrying on any other activity identified in the by-laws as being an activity that, if undertaken to the extent set out in the by-laws, would cause the organization to be considered a firm for the purpose of this Act;

44 A firm shall not carry on any business in the Province unless it is registered by CPA Nova Scotia