



Code of Ethical Principles and Rules of Conduct

Version 2.11

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A professional organization and its members are granted the legal right by society to organize themselves, to control entrance into the profession, and to formulate standards of behaviour governing its members. In return for this right, members of the profession are to act in the interest of society and its members. Provincial and Federal Acts, and the *Code of Ethical Principles and Rules of Conduct* formalize this arrangement. In order to fulfil this responsibility, professionals must have a number of important character traits, as well as the skill to make expert technical and moral judgments which serve the interest of society.

Certified General Accountants thus have an important role to play in society. In the performance of that role, many of a professional's actions have an effect on the welfare of other people. Because of their societal responsibilities, members of a profession are obligated to act in the interest of these other parties, who have a stake in the nature and quality of professional activities. These stakeholders include employers, clients, various identifiable third parties, and the public at large. Therefore, the professional organization and its members have a stake in the performance of individual members. The *Code of Ethical Principles and Rules of Conduct* applies to the behaviour of members of the Association when they either perform the role of a professional accountant or represent themselves as members of the Association.

The role of a CGA is broad and general. It is defined in two ways: first, by specifying the tasks which accountants characteristically perform and second, by specifying the parties who are to benefit from the performance of those tasks and how professional accountants should act in order to benefit them.

The characteristic tasks performed by Certified General Accountants include the production, analysis, and distribution of information. In addition, the provision of ancillary services is related to the core expertise in accounting. The *Code of Ethical Principles and Rules of Conduct* governs the CGA's actions in the performance of these tasks.

Certified General Accountants are committed to providing professional services competently and with due care. This requires extensive knowledge and experience, and the ability to make appropriate judgments. Competence and due care imply the necessity and ability to make ethical judgments. In addition, CGAs are committed to improving the quality of professional services and the profession itself.

Certified General Accountants are committed to the public interest. Normally, acting in the public interest is achieved by acting in the interest of one's client or employer. However, whenever there is a conflict between these interests, the professional's first obligation is to the public at large. Acting appropriately in such situations may require the courage of one's convictions.

In virtue of their commitment to the public interest, Certified General Accountants owe an obligation to other parties. In order to satisfy that obligation, two elements of character are crucial to members of the CGA profession. They must act with integrity and be trustworthy. Acting with integrity means that they are committed to a high standard of behaviour and strive to achieve it in their work. It implies the highest standard of behaviour, and thus exceeds the minimum allowable under laws, regulations, or specific professional pronouncements. Trustworthiness means that others may safely put themselves in a position in which a CGA is expected to help them. Integrity and trustworthiness imply the possession of other character traits, including honesty, prudence, competence, loyalty to the proper beneficiaries of their actions, and objectivity. Objectivity in turn requires that Certified General Accountants should be truthful and impartial, and should act fairly with regard to the interests of themselves and others.

Certified General Accountants are also committed to avoiding conflicts of interest. When a situation arises in which a conflict either cannot be avoided, or it is undesirable to avoid from the

beneficiaries' point of view, disclosure of the conflict (and consent of the beneficiaries) is necessary. Furthermore, CGAs are committed to protecting the confidentiality of information about their client or employer which they obtain or produce in the course of performing their role. This protection, however, is not absolute.

Certified General Accountants are committed to acting in accordance with all applicable laws and professional standards. In situations where violation of some standard occurs, the burden of proof is on the CGA to show why such an action is justifiable.

Subject to the provincial or territorial legislative requirements, the standards of conduct contained in the *Code of Ethical Principles and Rules of Conduct* provide standards of acceptable behaviour of Association members. They apply to all members of the Association, and extend to students (except where the wording of any Rule makes it clear that it specifically relates to members only). These standards take the form of Ethical Principles and Rules. Some of the basic principles apply to all CGAs; others relate specifically to the role which members play when they provide professional services. They provide a positive guide to members of the Association in their professional activities to help them make judgments about how they ought to act. They also provide a basis for enforcing a minimum level of acceptable behaviour.

Furthermore, for members providing professional services to clients, it is in the public interest that members, firms, and members of assurance teams be independent of assurance clients. This independence is necessary in order to provide a reasonable level of assurance that any engagement conducted and subsequent report issued is grounded on professional judgement that is free of conflict of interest or bias. These requirements are articulated in the *CGA Independence Standard*, which forms an integral part of the *Code of Ethical Principles and Rules of Conduct*.

CGA-Canada's *Code of Ethical Principles and Rules of Conduct* applies when a member performs services outside their own province or territory or even outside Canada. Members should be aware that other jurisdictions may impose more restrictive standards on services performed in those jurisdictions. Members should make every effort to be aware of these differences and comply with the more stringent requirements and guidance unless prohibited by law or regulation.

The most important part of this document is the *Code of Ethical Principles*. They provide the ethical standards in accordance with which accountants are to make their professional judgments. The *Rules of Conduct* provide clear statements of required or prohibited behaviour in specific situations. They are appropriate in areas in which the standard of acceptable behaviour is either vague or sufficiently important to formulate a written standard.

This *Code of Ethical Principles and Rules of Conduct* is structured so that the *Ethical Principles* are relatively general and only rarely subject to revision. As the profession and its environment change, it is anticipated that the *Rules of Conduct* will be amended occasionally by addition, modification, and deletion, as warranted.

CODE OF ETHICAL PRINCIPLES

RESPONSIBILITIES TO SOCIETY

Members have a fundamental responsibility to safeguard and advance the interests of society. This implies acting with trustworthiness, integrity, and objectivity. This responsibility extends beyond a member's own behaviour to the behaviour of colleagues and to the standards of the Association and the profession.

TRUST AND DUTIES

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

DUE CARE AND PROFESSIONAL JUDGMENT

Members shall strive to continually upgrade and develop their technical knowledge and skills in the areas in which they practice as professionals. This technical expertise shall be employed with due professional care and judgment.

DECEPTIVE INFORMATION

Members shall not be associated with any information which the member knows, or ought to know, to be false or misleading, whether by statement or omission.

PRACTICE OF THE PROFESSION

Members shall act openly and fairly towards others in the practice of their profession.

RESPONSIBILITIES TO THE PROFESSION

Members shall always act in accordance with the duties and responsibilities associated with being members of the profession, and shall carry on work in a manner which will enhance the image of the profession and the Association.

RULES OF CONDUCT

The *Rules of Conduct* provide specific statements of the minimum standards of acceptable professional behaviour. They provide clearer statements about specific ethical issues, but do not exhaust the range of enforceable ethical standards. They are organized under the headings of the *Ethical Principles* to which they apply. The *Rules of Conduct* also provide guidance concerning the application of the Rules to certain specific situations. A member shall, when encountered with a circumstance or relationships not explicitly addressed in the Code of Ethical Principles and Rules of Conduct, comply with the ethical principles when evaluating the specific facts. The member shall be alert for such circumstances and relationships.

RESPONSIBILITIES TO SOCIETY

Members have a fundamental responsibility to safeguard and advance the interests of society. This implies acting with trustworthiness, integrity, and objectivity. This responsibility extends beyond a member's own behaviour to the behaviour of colleagues and to the standards of the Association and the profession.

R101 Discredit

A member shall not permit the member's firm name or the member's name to be used with, participate in, or knowingly provide services to any practice, pronouncement, or act which would be of a nature to discredit the profession.

R102 Unlawful Activity

A member shall not permit the member's firm name or the member's name to be used with, participate in, or provide services to any activity which the member knows, or which a reasonable and informed third party would believe, to be unlawful.

R103 Discrimination

A member shall not engage in a discriminatory practice on a prohibited ground of discrimination, as those terms are defined in the *Canadian Human Rights Act*.

R104 Breach of Rules

A member shall, subject to Rule R105 and Rule R201, notify the Association of any breach of the *Code of Ethical Principles and Rules of Conduct* by another member, or any other situation of which the member has sufficient knowledge which appears to put in doubt the competence, reputation or integrity of members.

R104.1 Member Advisor

A member or other person appointed by the Association as a Member Advisor, or to a similar position, shall be exempt and prohibited from reporting under these rules any matter of which the appointee becomes aware in the course of the duties incumbent in such a position.

R104.2 Practice Review Committee

A member shall, when appointed by the Association to a Practice Review Committee, or engaged by such a Committee to conduct a practice review, be exempt and prohibited from reporting under these Rules any matter of which the member becomes aware in the course of Association-related duties except when:

- (a) the Practice Review Committee files a complaint relating to a breach of these Rules; or
- (b) the practice review was made on request of a Panel of an Ethics Committee.

R104.3 Disclosure Prohibited By Law

A member shall be exempt and prohibited from reporting under Rule R104 where the disclosure of such matters is otherwise prohibited by law.

R105 Criticism of a Professional Colleague

A member shall not criticize another professional colleague without first submitting this criticism to that colleague for explanation. Where the criticism may result in a complaint against the colleague being lodged with the Ethics Committee, the member must, where required, first submit that criticism in writing to the colleague for explanation. The member thereafter shall inform that colleague as to the action the member has taken concerning the criticisms. The lodging of an Ethics complaint against a professional colleague is considered a criticism under this rule.

R105.1 Notice Waived

Notwithstanding Rule R105, a member may first submit a criticism of another professional colleague to the Association should the matter be considered of such a nature that prior written notice to that colleague is not appropriate.

R106 Reporting of Acts Detrimental to the Profession

A member shall report to the Association any situation of which the member has sufficient personal knowledge and which the member thinks may be detrimental to the profession.

R107 Compatible Activities

A member may engage in any profession, trade, industry, office, or duty except where these undertakings are detrimental to the public good or to the standards of the profession.

R107.1 Professional Practice other than Public Accounting

A member engaged in the practice of public accounting may carry on a business or practice through an organization separate from such public accounting practice, either as a proprietor or partner, or as a director, officer, or shareholder of a corporation, and may associate with non-members for this purpose, subject to the following provisions:

- (a) the business or practice shall not be designated “Certified General Accountant(s)”; and
- (b) no reference to any such business or practice may be made in the letterheads, name plates, professional cards, or announcements of the public accounting practice, nor may reference be made to the public accounting practice in the letterheads, name plates, professional cards, or announcements of any such business or practice.

R107.2 Constraints on a Professional Practice other than Public Accounting

A member engaged in a professional practice other than public accounting, but not also engaged in the practice of public accounting may, in carrying on such a practice, conduct these affairs (or the firm's or corporation's affairs) free of the constraints imposed upon members engaged in the practice of public accounting, but not in such a fashion as to bring disrepute on the profession or the Association.

R107.3 Referral for a Commission

A member practising as described in Rule R107.2 shall not refer a client for services to another member or firm engaged in the practice of public accounting for a commission or other compensation.

R107.4 Use of Normal Business Methods

A firm or corporation carrying on a business or practice as described in Rule R107.1 may use normal business methods to solicit business for its own functions, but such methods may not be used, or appear to be used, for the solicitation of clients for the public practice with which the member is associated.

TRUST AND DUTIES

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

R201 Confidentiality

A member shall not disclose or use any confidential information acquired as a result of professional or business relationships without proper and specific authority or except as described in Rules R201.1 and R201.2.

R201.1 Mandatory Disclosure

A member shall disclose the information:

- (a) where disclosure is compelled by a process of law or by statute; or
- (b) where such information is required to be disclosed by the Board of the Association or any of its Committees appointed thereby in the proper exercise of its duties.

R201.2 Discretionary Disclosure

A member is not forbidden from disclosing the information:

- (a) where properly acting in the course of the duties incumbent on a member; or
- (b) where a member becomes aware of an apparent or suspected criminal activity. Before making such a disclosure, a member should obtain advice from a member of the appropriate provincial or territorial law society as to the member's duties and obligations as a citizen in the context of the member's professional activities. A member so doing shall not be in violation of this Rule regarding confidentiality by reason only of the seeking or following of such legal advice or reporting.

R201.3 Confidentiality by a Person Contracted by a Member

A member engaged to perform a particular service may contract for the services of a person not employed by the member to assist in the performance of that service, provided the member first obtains agreement from that person to carefully and faithfully preserve the confidentiality of any information used for the purposes of the engagement, and not to make use of such information other than as required in the performance of such services.

R202 Independence

Independence requires:

(a) Independence of mind:

The state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.

(b) Independence in appearance:

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude a member, firm, or a member of the assurance team's integrity, objectivity, or professional skepticism had been compromised.

R202.1 Independence in Assurance or Specified Auditing Procedures Engagements

In accordance with the *CGA Independence Standard*, a member shall be free of any interest, influence, or relationship in respect of the client's affairs which impairs the member's professional judgment or objectivity, or which, in the view of a reasonable observer, may have that effect.

A member shall comply with the requirements set out in the *CGA Independence Standard*.

(a) Communication

A member shall not issue a communication in an assurance engagement or specified auditing procedures engagement unless the member has identified any threats to independence and evaluated the significance of those threats. If the threats are other than insignificant, the member shall either eliminate those threats, apply safeguards to reduce those threats to an acceptable level, or decline to accept or continue the engagement.

(b) Prohibitions

A member shall comply with the prohibitions set out in the *CGA Independence Standard*. Prohibitions are denoted within the Standard by italics.

Prohibitions are not limited to those specifically identified in the Standard, but must be determined by the member's application of professional judgment in assessing the situation in accordance with the framework contained in the Standard.

(c) Compliance of the firm

A member shall ensure that staff of the firm remain free of any interest, influence or relationship that would preclude the firm from performing the engagement pursuant to paragraphs (a) and (b) of this Rule and Rule R202.2.

(d) Documentation

A member shall document all threats to independence and either the decision to continue the engagement with the appropriate safeguards or the decision to decline the engagement.

(e) Requirement to disclose prohibited interest, influence, and relationships

A member who has an interest, influence, or relationship that is precluded by this Rule shall advise the firm in writing of the interest, relationship, or service.

R202.2 Independence in Insolvency Engagements

A member who provides any services in relation to insolvency shall be free of any interest, influence, or relationship in respect of the client's affairs which impairs the member's professional judgment or objectivity, or which, in the view of a reasonable observer, may have that effect.

R202.3 Independence in Other Professional Services

- (a) Requirement to disclose interest, influence, and relationships
A member who provides any services not subject to R202.1 and R202.2 and the *CGA Independence Standard* shall disclose in writing to the client or employer any interest, influence, or relationship in respect of the client's or employer's affairs which impairs the member's professional judgment or objectivity, or which, in the view of a reasonable observer, may have that effect.
- (b) Parties to the same transaction
Pursuant to Rule R202.3(a) a member shall, when rendering advice to two or more clients who are parties to the same transaction, advise in writing that confidential information obtained may be disclosed to other parties to the transaction. In addition, each party to the transaction must provide written consent to the member acknowledging these terms.

R202.4 Compilation Engagements

A member may issue a compilation engagement report as long as appropriate disclosure of any interest, influence, or relationship between the member and the client is made in the compilation engagement report.

R203 Information Used for Personal Advantage

A member shall not, without an employer's or client's consent, use confidential information relating to the business of the member's employer or client to directly or indirectly obtain a personal advantage. Members shall not take any action, such as acquiring any interest, property or benefit, in connection with which unauthorized use is made of confidential knowledge of an employer's or client's affairs obtained in the course of his duties.

R204 Custody of Client Assets

Members who handle money or other property in trust shall do so in accordance with the terms of the trust and the general law relating to trusts; the member shall maintain such records as are necessary to account properly for the money or other property.

R204.1 Money or Other Assets Held in Trust

All money held in trust shall be kept in a separate trust account or accounts in any bank, credit union, or trust company, subject to the terms under which the money is held. Members entrusted with money (or other assets) belonging to others should:

- (a) Keep such assets separately from personal or firm assets;
- (b) Use such assets only for the purpose for which they are intended;
- (c) At all times, be ready to account for those assets, and any income, dividends or gains generated, to any persons entitled to such accounting; and
- (d) Comply with all relevant laws and regulations relevant to the holding and accounting for such assets.

DUE CARE AND PROFESSIONAL JUDGMENT

Members shall strive to continually upgrade and develop their technical knowledge and skills in the areas in which they practice as professionals. This technical expertise shall be employed with due professional care and judgment.

R301 Competence

A member shall sustain professional competence by keeping informed of, and complying with, developments in the acknowledged standards of the profession in all areas in which the member practises or is relied upon because of the member's profession.

R302 Professional Development

A member shall undertake continuing education and professional development activities in accordance with the standards and policies established by the Association.

R303 Adherence to Acknowledged Principles and Standards

Members shall adhere to acknowledged principles and standards of professional practice. The phrase "acknowledged principles and standards" expresses a wide meaning, namely that body of principles and practices which have been generally adopted by the profession and which are applied in the preparation of financial statements, taken together with the requirements of any governing statutes, subject to (f) below. That is, a member shall adhere to:

- (a) generally accepted accounting principles in financial reporting unless departure from these principles is fully disclosed;
- (b) generally accepted auditing standards or general review standards in an assurance engagement;
- (c) accounting, auditing practices, and standards recommended by the Association, including those found in:
 - i) the CGA Program of Professional Studies;
 - ii) seminars offered by the Association;
 - iii) the CGA-Canada *Public Practice Manual*;
 - iv) the *CGA Independence Standard*; and
 - v) the *CICA Handbook*; wherein references to the Rules of Conduct/Code of Ethics of the provincial institutes/order appear, this should be read as the *CGA Code of Ethical Principles and Rules of Conduct*;
- (a) accounting and auditing practices that differ from those recommended by the Association, provided that there is substantial authoritative support for alternative treatment and the departure from the Association's recommendations is disclosed;
- (b) accounting and auditing practices not specifically dealt with by the Association but which are otherwise generally accepted; and
- (c) requirements of any governing act or regulation, providing, however, in the event that there is a conflict between the accounting and auditing standards of the profession and a specific statutory or regulatory requirement, the member shall make appropriate qualification in the report.

R304 Terms of Engagement

A member shall state clearly in writing to a client the nature and scope of services to be rendered under the terms of the engagement.

R305 Sufficient Information

A member shall not permit the firm name or the member's name to be used with any communication or recommendation concerning financial information unless the member has considered all the information required to support such communication and/or recommendation.

DECEPTIVE INFORMATION

Members shall not be associated with any information which the member knows, or ought to know, to be false or misleading, whether by statement or omission.

R401 Communication Issued in Connection with Financial Information

A member shall not issue a communication on any financial information, whether for publication or not, when the information is prepared in a manner which might tend to be misleading.

R402 Association with Financial Information

A member shall not be associated with any letter, report, statement, representation, financial statement, or tax filing, whether written or oral, which the member knows, or should know, is false or misleading, regardless of any disclaimer of responsibility.

R402.1 Employer/Employee Conflicts

It is recognized that under exceptional circumstances, compliance with Rule R402 may place a member in a difficult position vis-à-vis the member's employer. Nevertheless, professional duty is failed if the member fails to comply with Rule R402.

R403 Known Omission

A member shall disclose any fact or information known to the member which is not disclosed in the financial information, the omission of which would make that information misleading.

R404 Material Discrepancy

A member shall immediately disclose any material discrepancy that becomes known to the member concerning financial information on which the member has issued a communication, or with which the member is associated.

PRACTICE OF THE PROFESSION

Members shall act openly and fairly towards others in the practice of their profession.

R501 Unfair Methods of Competition

A member shall not engage in unfair methods of competition in providing quotes or obtaining customers. Unfair methods of competition include, but are not limited to, price fixing and conspiring to allocate customers.

R502 Impairment of Incumbent Accountant

A member shall not, when accepting a special assignment (whether by referral or otherwise) from a client of an accountant who is continuing in the relationship with that client, take any action which would tend to impair the position of the other accountant in the ongoing work with that client.

R503 Services Provided on Referral

A member shall not, when receiving a special assignment for services by referral from another accountant, provide or offer to provide any different services to the referring accountant's client without the consent of the referring accountant. The referring accountant shall not unreasonably withhold such consent.

R504 Replacement

A member engaged in the practice of public accounting shall, before accepting an appointment to replace another professional accountant or firm, inquire from such other person or firm in writing whether there is any professional reason why such appointment should not be accepted.

R505 Takeover

- (a) A member engaged in the practice of public accounting shall respond promptly to takeover letters received from other professional accountants. The member shall supply reasonable information to the successor accountant about the work being assumed. There must be readiness to cooperate with the successor, recognizing that the client's interests are paramount.
- (b) A member shall transfer to the client, or on the client's instructions, to the newly-appointed accountant, all books and documents belonging to the client which are in the member's possession.

R506 Fees

A member or firm engaged in the practice of public accounting shall establish a fee structure and shall ensure that a fee quoted and/or charged to a client for the performance of professional services is sufficient in that:

- (a) Independence, where required, will not be impaired;
- (b) Qualified members of the firm will be assigned to the engagement and will devote appropriate time to it; and,
- (c) The quality of work will not be impaired and that due care will be applied to comply with all applicable professional standards, guidelines, and quality control procedures in the performance of those services.

R506.1 Absence of Fees

Providing the conditions are in R506 (a), (b) and (c) are met, a member or firm is permitted to provide pro bono professional services.

R507 Commissions

A member engaged in the practice of public accounting shall not, directly or indirectly, accept a commission as a fee for work turned over to another person. This does not pertain to the sale of an accounting practice or part thereof.

R508 Contingent Fee

A member or firm engaged in the practice of public accounting or related business or practice shall not enter into a contingent fee arrangement in respect of:

- (a) An assurance engagement; or
- (b) A compilation engagement or original tax return preparation.

R508.1 Contingent Fees Other Non-Assurance Services

A member or a firm engaged in the practice of public accounting or related business or practice may charge a contingent fee in respect of a non-assurance service, provided:

- (a) It does not create any interest, influence or relationship which impairs the professional judgment or objectivity of the member or firm, or which, in the view of a reasonable and informed third party, may have that effect in respect of an engagement described in R508 (a);
- (b) It does not create any influence, or which, in the view, of a reasonable and informed third party, may have the effect in respect of any engagements as described in 508 (b) performed by the member or firm for the same client; and
- (c) A written agreement with the client detailing the basis or remuneration is obtained in advance of the engagement.

R509 Advertising and Other Forms of Solicitation

A member shall not seek to obtain clients by advertising, or other form of solicitation that:

- (a) is false or deceptive;
- (b) includes the use of harassing conduct;
- (c) creates an unjustified expectation of favourable results;
- (d) contains self-laudatory statements that are not verifiable.

R509.1 Misleading Name of Firm or Style of Practice

A member shall not engage in the practice of public accounting, or in the public practice of any function consistent therewith, under a name or style which is misleading as to the nature of the firm or the nature of the functions performed.

R509.2 Preferred Areas of Practice

A member shall be permitted to refer to preferred or restricted area(s) of practice in advertising, on business cards, or on letterhead; however, such preferred or restricted area(s) of practice shall not be referred to as a specialty, unless the requirements of the Association have been met.

R510 Name of Firm

All members engaged in the practice of public accounting and pursuant to Rule R510.1 shall practise under the member's name(s). A member shall, if engaged in the practice of

public accounting in partnership, practise under at least one of the partners' names. Partners' names are those who are or have been associated with the firm. Where the firm consists of more than one partner, the firm name may consist of any combination of partners, former partners or predecessors, voting shareholders or former voting shareholders. The firm name may also be in the form of the initials drawn from the first letter of the partners' last names.

All members so engaged must ensure the firm name clearly identifies the style of practice and complies with Rule R509.1 as follows:

- (a) If practising as a professional corporation, make it clearly understood to the public that the member is practising as a professional corporation and ensure that the firm name consists of a name that is allowed under this rule and the appropriate legislation.
- (b) If practising as a corporation, where the firm consists of one or more practitioners, make it clearly understood to the public that the firm is incorporated and ensure that the firm name consists of a name that is allowed under this rule and the appropriate legislation.
- (c) If practising as a limited liability partnership, make it clearly understood to the public that the firm is a limited liability partnership and ensure that the firm name consists of a name that is allowed under this rule and the appropriate legislation.
- (d) The addition of "& Co." or other similar term is permitted only where the member employs staff or where the number of partners exceeds that named in the firm, or where the member is practicing with one or more professional colleagues who are not partners or employees.
- (e) If a member is practising in partnership with a professional colleague who is a non-member, make it clearly understood to the public that the firm is a partnership and ensure that the firm name consists of a name that is allowed under this rule and a descriptive style permitted under Rule R510.1

R510.1 Use of Descriptive Style "Certified General Accountant(s)" in the Name of Firm

Members engaged in the practice of public accounting shall practice under the descriptive style "Certified General Accountants."

- (a) The plural use of the descriptive style Certified General Accountants shall only be used in a partnership of members or a corporation of members or professional corporation of members.
- (b) Notwithstanding R510.1 (a), if a member is engaged in the practice of public accounting with a professional colleague who is a non-member, the firm shall not use the descriptive style "Certified General Accountant(s)" if:
 - i) The non-member's name forms a part of the firm name; or
 - ii) The partners who are members exercise less than 50% legal control of the firm.

R510.2 Application

A firm engaged in the practice of public accounting as of September 30th, 1996, and whose name at that date included the phrase “& Co” or other similar wording as permitted by the Rules then in effect, may continue to use such name for as long as that firm is engaged in the practice of public accounting under that name.

R510.3 Legal Change of Member’s Name

A member whose name is legally changed may continue to use the former name in the name of the firm without being considered in breach of this Rule.

R511 Responsibility and Control

- (a) A member engaged in the practice of public accounting shall personally undertake, or delegate to a certificated member of the Association or a professional colleague, the responsibility for each office maintained by the member or the member’s firm. Such member(s) or professional colleague(s) shall normally be accessible to meet the needs of clients of such office(s).
- (b) A member engaged in the practice of public accounting who is associated with non-members in such practice, shall be responsible to the Association for any failure of such associates to abide by the *Code of Ethical Principles and Rules of Conduct* of the Association.

R512 Association of Member with Non-members in Public Practice

A member shall not associate in any way with a professional colleague who is a non-member in a public accounting practice unless:

- (a) such association maintains the good reputation of the profession and its ability to serve the public interest;
- (b) such business or practice establishes and maintains policies, procedures, and arrangements suitable for ensuring:
 - i) that every such non-member professional colleague is knowledgeable of and complies with:
 - the Association’s governing legislation, regulations, By-laws, and *Code of Ethical Principles and Rules of Conduct*; and
 - the ethical and other regulations applicable to members of a recognized professional organization or regulated body of which the non-member professional colleague is a member; and
 - ii) that no style or presentation or communication is used which implies that the non-member professional colleague is a member.

R513 Specialization

A member shall only use the title of “Specialist” if all the requirements set by the Association have been satisfied.

R514 Marketing of Goods and Services

A member engaged in the practice of public accounting shall not market goods and services at a profit, other than professional services, through the member’s firm.

R515 Registration

A member or firm shall, if engaged in the practice of public accounting part time or full time, register in accordance with the requirements prescribed by the Association.

R516 Practice Review Requirements

A member shall comply with, and adhere to, the practice review requirements of the Association and the standards contained therein.

R517 Professional Liability Insurance

A member engaged in the practice of public accounting shall maintain professional liability insurance as specified, and provide evidence as required, by the Association.

R518 Service by an Employee

A member shall not permit an employee to perform professional services which the member is not permitted to render unless the employee has been granted a license to perform such professional services.

R519 Relations with Clients or Employers

A member shall not, when acting on behalf of a client or employer, bargain for the member's own use any fee, remuneration, or benefit from a third party without the client's or employer's written consent.

R520 Students Engaged in the Practice of Public Accounting

Subject to Rule R614, a student, except where permitted, shall not engage in the practice of public accounting independently, or in association with others. This Rule shall not restrict a student from being an employee of a firm.

R521 General Business Principles

Members in business may be solely or jointly responsible for the preparation and reporting of financial and other information, which both their employing organizations and third parties may rely on. They may also be responsible for providing effective financial management and competent advice on a variety of business-related matters. Members in business are often involved in the preparation and reporting of information that may either be made public or used by others inside or outside the employing organization. Such information may include financial or management information; for example, forecasts and budgets, financial statements, management discussion and analysis, and the management letter of representation provided to the auditor's audit of the entity's financial statements. As such, a member shall:

- (a) Recognize that investors, creditors, employers and other sectors of the business community, as well as governments and the public at large, all may rely on the work of a member in business;
- (b) Prepare or present such information fairly, honestly and in accordance with relevant professional standards so that the information will be understood in its context;
- (c) Recognize their responsibility to further the legitimate aims of their employing organization.

R522 Responsibility to Encourage an Ethics-based Culture

A member shall recognize that the more senior their position, the greater their ability and opportunity to influence events, practices and attitudes. A member shall encourage an ethics-based culture in their organization that emphasizes the importance of ethical behaviour.

R523 Remedies Exhausted

In circumstances where a member believes that unethical behaviour or actions by others will continue to occur within the organization, the member shall consider obtaining legal advice. In those extreme situations where all available remedies have been exhausted, a member in business must consider that the only appropriate action is to resign from the employing organization.

RESPONSIBILITIES TO THE PROFESSION

Members shall always act in accordance with the duties and responsibilities associated with being members of the profession, and shall carry on work in a manner which will enhance the image of the profession and the Association.

R601 Compliance

A member shall comply with the By-laws and the *Code of Ethical Principles and Rules of Conduct* of the Association as amended from time to time, and with any order or resolution of the Board or its committees under the By-laws.

R602 Disciplinary Action

A member shall be subject to disciplinary action for any offence which constitutes a breach of professional conduct.

R602.1 Jurisdiction of Disciplinary Action

A member shall be subject to disciplinary action only through the member's Provincial Association or Ordre Professionel. In circumstances where no Provincial Association or Ordre Professionel has jurisdiction, the member shall be subject to disciplinary action by the Board of Directors of CGA-Canada as provided by the By-laws.

R603 Membership Obtained Fraudulently

- (a) A member shall not obtain admission to membership by means of fraud or other irregularity.
- (b) A member shall notify the Association immediately regarding a person who has obtained membership by means of fraud or other irregularity.

R604 Admittance to Membership

- (a) A member shall report to the Association a fact known to that member sufficient to affect the admittance of any person whose admission may be detrimental to the Association.
- (b) An individual shall, when applying to become a student or a member, not sign or be associated with any related letter, report, statement or representation which the applicant knew, or should have known, was false or misleading.

R605 Responsibility for Firm

A member engaged in the practice of public accounting who

- (a) is associated with a firm or corporation carrying on a business or practice as described in Rule R107, whether as principal, partner, director, officer, or shareholder, and
- (b) has a significant influence on the ownership or management of such firm or corporation, shall be responsible to the Association for any failure of such firm or corporation to abide by the *Code of Ethical Principles and Rules of Conduct* of the Association.

R606 Detrimental Actions

- (a) A member shall not participate in any action which is detrimental to the Association or the profession.
- (b) A member shall, subject to Rules R201 and R105, report to the Association any situation of which the member has sufficient personal knowledge and which the member thinks may be detrimental to the Association or the profession.

R607 Evidence of Professional Misconduct

A member who has been found guilty or granted an absolute or conditional discharge of any criminal or similar offence which may cast doubt as to that member's honesty, integrity, or professional competency, shall promptly inform the Association of the conviction, finding of guilt or discharge, as the case may be, when the right of appeal has been exhausted or expired. In such cases, the member may be charged with professional misconduct by the member's Provincial Ethics Committee. A certificate of conviction by any competent court shall be sufficient evidence of the conviction and the perpetration of the offence.

R607.1 Criminal and Similar Offences

Criminal or similar offences include, but are not limited to, the following offences:

- (a) fraud, theft, forgery or income tax evasion;
- (b) violation of the provisions of any securities legislation; or
- (c) any criminal or similar offence for conduct in, or related to, the member's professional capacity, or for conduct in circumstances where there was reliance on their membership in, or association with, the Association.

R608 Bankruptcy

A member shall immediately notify the Association if the member becomes bankrupt.

R609 Public Statements

A member shall not make public statements or comments which may be interpreted as representing the Association or its views, except when authorized to act as an "official spokesperson" for the Association.

R610 Requirement to Reply in Writing

A member shall promptly reply in writing to any request from the Association in which a written reply is specifically required.

R611 Assistance to the Board

A member shall, when required, comply with the request of the Board or its committees in the exercise of their duties in matters of the appropriate CGA Act, the By-laws or the *Code of Ethical Principles and Rules of Conduct*, and when required, produce any documents in the member's possession, custody, or control, subject to Rules R104.2, R104.3, and R201.

R612 Person Expelled or Suspended

A member shall, before knowingly employing a person who has been expelled or who is under suspension from any accounting body, obtain the facts concerning the expulsion or suspension from that accounting body.

R613 Legal Action Against a Member

A member shall, before entering into a legal action against another member which might discredit the profession, give the Association as much notice as is possible of such an intention, outlining the basis of the proposed action.

R614 Use of CGA Reference by Students

Students shall not make any reference to the Certified General Accountants Association, its name or its designation, on stationery, business cards, business announcements, business directories, office signs or advertising.

DEFINITIONS

“Association”

- CGA-Canada: The Certified General Accountants Association of Canada.
- Provincial: The Certified General Accountants Association or Ordre Professionel of any province or territory.

“Board”

- CGA-Canada: The Board of Directors and/or the Affiliation Council of the Certified General Accountants Association of Canada.
- Provincial: The Board of Governors of the Certified General Accountants Association or Ordre Professionel of any province or territory.

“Client”

The person or entity engaging a member as an independent contractor for the performance of professional services.

“Communication”

Refers to one of three reports prepared for the client:

- **Auditor’s Report:**

The report which accompanies financial statements on which the member has performed an audit, and which expresses an opinion on the fairness of those financial statements.

- **Review Engagement Report:**

The report accompanying unaudited financial statements in which the member provides a limited degree of assurance about those financial statements.

- **Compilation Engagement Report:**

A disclaimer signed by or identified with the member clearly stating that neither an audit nor a review has been performed, and that no other attempts to verify the accuracy or completeness of the financial statements have been made.

“Contingent Fee”

A fee calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. A fee established or required to be approved by a court or other public authority or related to a professional service in respect of any aspect of insolvency practice, including acting as a trustee in bankruptcy, liquidator, receiver or receiver-manager is not a contingent fee.

“Financial Statements or Information”

Statements, reports, and footnotes related thereto that purport to show an entity’s financial position, or results of operations, or changes in financial position. The term includes balance sheets, income statements, statements of changes in financial position, and statements of changes in owners’ equity. The term does not include incidental financial data included in management advisory or similar reports to support recommendations to a client.

“Firm”

A proprietorship, partnership, limited liability partnership, professional corporation, or a corporation engaged in the practice of public accounting.

“Member”

An individual who holds a Certified General Accountant designation and is in good standing. Where applicable, the term includes duly registered CGA students.

“Member Advisor”

A person or persons appointed by the Association for the specific purpose of providing professional assistance to members, including members engaged in or entering the practice of public accounting.

“Member in Business”

A member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or professional bodies, or a member contracted by such entities.

“Practice of Public Accounting”

Performing or offering to perform as an independent contractor or as a principal of a firm, whether for reward or not, any service that a Certified General Accountant is bound to perform in compliance with the professional standards set out in Rule R303. A Member who is “employed” in the practice of public accounting is not considered to be “engaged” in the practice of public accounting.

“Practitioner”

A member who is registered to practice public accounting in accordance with R515.

“Profession”

The profession of accountancy.

“Professional Colleague”

An accountant recognized by statutory authority.

“Professional Services”

Any services performed or offered to be performed by a member for a client or employer, in which the member asserts membership in the Association. In addition, “professional services” refers to those activities, including the provision of goods, where the public or the member’s associates are entitled to rely on the member’s membership in the Association as giving particular competence.

“Public Accountant”

Unless otherwise specified by legislation, any person engaged in the practice of public accountancy.

“Public Practice”

Providing or offering to provide one or more of the following services to the public:

- an assurance engagement;
- a specified auditing procedures engagement;

- a compilation engagement;
- an accounting service insofar as it involves summarization, analysis, advice, counsel or interpretation but excluding an accounting service which is incidental to the provider's primary occupation which is not public accounting;
- forensic accounting, financial investigation or financial litigation support services;
- advice, counsel or interpretation with respect to taxation matters; and
- the preparation of a tax return or other statutory filing.

“Reasonable and Informed Third Party”

The meaning as used in modern jurisprudence, including but not limited to arbitrations and tribunals. For clarity sake, a reasonable and informed third party is an individual or legal person who by way of education and/or experience possesses the necessary knowledge to consult, or question the particular conduct and/or course of action, and said legal person is of sound mind, and operating without duress or other limitation.

“Staff”

An individual or entity employed or engaged under contract by the firm to provide services that might otherwise be provided by a partner or professional employee of a firm and includes partners.

“Student”

An individual who is enrolled in the Association's program of professional studies. A student must observe these Rules except where the wording of any Rule makes it clear that it specifically relates to members or there is a specific exception made in a particular Rule.