



**CPA**

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## PUBLIC PRACTICE POLICY

<u>Description</u>	<u>Originated</u>	<u>Reviewed</u>	<u>Approved</u>
Updated <u>3<sup>rd</sup></u> Release	CPA New Brunswick	CPA New Brunswick Staff	<b>CPA New Brunswick Board</b> <b>October 11, 2017</b>

According to By-Law 17.01 of CPA New Brunswick, “All Practising Members whose names are entered in the Register, PC Register, Specialist Register, or Firm Roster are required to obtain a Public Practice Permit”.

The Board of CPA New Brunswick has created three tiers of Public Practice Permits. These changes will apply to Members applying for their initial Public Practice Permit after **December 1<sup>st</sup>, 2017**. Members currently holding a Public Practice Permit will be grandfathered as a Tier 1 Permit.

### DEFINITIONS

**Public Practice** means “those tasks, services, and functions, as may be prescribed, performed by a CPA, and offered to or provided to the public” whether on a full-time or part-time basis, alone or in partnership with others, in respect of any one or more of the following:

- performing an audit engagement and issuing an auditor’s report;
- performing any other assurance engagement and issuing an assurance report;
- a compilation, including a compilation of a financial forecast or projection, prepared while performing an external engagement service and the notice to reader communication is required as set out in the compilation engagement section(s) of the CPA Canada Handbook – Assurance;
- accounting, insofar as it involves analysis, advice and interpretation in an expert capacity, but excluding record keeping; and
- taxation, insofar as it involves advice and counseling in an expert capacity, but excluding mechanical processing of returns”

**Public Practice Permit** or **Permit** means an authorization issued by the Registrar to Members who maintain a Public Practice.

**Tier 1 Permit** means an authorization issued by the Registrar to Members who maintain a Public Practice providing audit, review, compilation or other regulated services.

**Tier 2 Permit** means an authorization issued by the Registrar to Members who maintain a Public Practice providing review, compilation or other regulated services.



**Tier 3 Permit** means an authorization issued by the Registrar to Members who maintain a Public Practice providing compilation services and/or other regulated services.

**Other regulated services** means providing analysis, advice and interpretation in an expert capacity in accounting and taxation (see the public practice's definition above).

**Practising Member** means *"a Member authorized by the Act, By-Laws, and Policies for a Public Practice or other regulated services and includes the Office of the Auditor General of New Brunswick and Office of the Auditor General of Canada and employees in those Offices"*.

**Holding a public practice permit** means a Member authorized to maintain a public practice in New Brunswick or who has the right to provide public practice services (see the public practice definition below) through the province of New Brunswick because the education and practical experience requirements have been met.

## QUALIFICATION

All Members who wish to begin or maintain a Public Practice, as the case may be, and who meet the following criteria are eligible to apply or renew for a Public Practice Permit:

- a. All Members who were sole proprietors, partners, or shareholders of registered Public Practices with any of the Legacy Bodies immediately prior to the date of the Act coming into force;
- b. Those Members who do not qualify under clause (a), but who have completed the requirements under this Policy;
- c. Those Members who do not qualify under clause (a) or (b), but who have satisfied to the Registrar as to their competence for Public Practice, as the case may be.

## REQUIREMENTS

Members who already have a Public Practice Permit issued by CPA New Brunswick or Members who were sole proprietors, partners, or shareholders of registered Public Practices with any of the Legacy Bodies immediately prior to the date of the Act coming into force and who wish to renew their Public Practice Permit shall:

1. Continue to be Members in good standing, pay all required fees (membership fee, public practice fee etc.) and fulfill respective requirements for Continuing Professional Development;



2. Maintain their professional skills and competence by keeping informed of, and complying with, developments in their area of professional service (“Fundamental Principles Governing Conduct – Professional Competence” of the CPA New Brunswick Code of Professional Conduct).

Appropriate learning activities are circumstance-specific and each Member requires different professional competencies. Therefore, the choice of relevant learning activities must be considered in the context of each Member’s own professional responsibilities.

Members who were not sole proprietors, partners, or shareholders of registered Public Practices with any of the Legacy Bodies immediately prior to the date of the Act coming into force but who had a Public Practice Permit from one of the legacy bodies in the past, or who were recognized, in the past, by their legacy body to have the right to do Public Practice, and who wish to obtain a permit shall:

1. Be Members in good standing, pay all required fees (membership fee, public practice fee etc.) and respect the requirements of Continuing Professional Development;
2. Submit for approval to the Registrar of CPA New Brunswick a plan which will update the necessary competencies related to the public accounting practice area; and
3. Be inspected by a practice inspector of CPA New Brunswick after 12 months of initial registration.

Members who have never had a Public Practice Permit from CPA New Brunswick or one of the legacy bodies, or who were not recognized by their legacy body to have the right to do Public Practice, and who wish to obtain a Tier 1 or Tier 2 Permit shall:

1. Take the Post Designation Public Accounting (PDPA) course;
2. Pass the PDPA Exam;
3.
  - a) For a Tier 1 Permit, get a minimum of 1250 hours of assurance training with a minimum of 625 hours in the audit of historical financial information at a Pre-Approved Program Route office (PPR) registered with CPA New Brunswick;
  - b) For a Tier 2 Permit, get a minimum of 1250 hours of assurance training with a minimum of 625 hours in providing assurance on historical financial information at a PPR registered with CPA New Brunswick;
4. Be Members in good standing, pay all required fees (membership fee, public practice fee etc.) and respect the requirements of Continuing Professional Development; and
5. Be inspected by a practice inspector of CPA New Brunswick after 12 months of initial registration.



Members who have never had a Public Practice Permit from CPA New Brunswick or one of the legacy bodies, or who were not recognized by their legacy body to have the right to do Public Practice, and who wish to obtain a Tier 3 Permit shall:

1. Take a taxation course approved by CPA New Brunswick if the Member has not taken an approved taxation course in the preceding five-year period;
2. Pass the approved taxation course exam;
3. Get a minimum of 625 hours in compilation at a PPR registered with CPA New Brunswick or have their work experience of the last immediate preceding five 5 year period assessed with a mentor requirement being imposed.
4. Be Members in good standing, pay required fees (membership fees, public practice fees, etc.) and respect the requirements of Continuing Professional Development; and
5. Be inspected by a practice inspector of CPA New Brunswick after 12 months of initial registration.

#### **BRIDGING REQUIREMENTS FOR MEMBERS**

Members who have a Tier 2 Permit and wish to upgrade to a Tier 1 Permit must complete the required 625 hours in the audit of historical financial information either as an employee or a contractor at a PPR registered with CPA New Brunswick within a rolling five-year period. The required hours must be verified by the employer.

Members who have a Tier 3 Permit and wish to upgrade to either a Tier 2 or Tier 1 Permit must:

1. Take the PDPA Course;
2. Pass the PDPA exam;
3. To upgrade to a Tier 2 Permit, get a minimum of 625 hours in providing assurance on historical financial information (verified by the employer) as an employee or a contractor at a PPR registered with CPA New Brunswick within a rolling five-year period; or
4. To upgrade to a Tier 1 Permit, get a minimum of 625 hours in the audit of historical financial information (verified by the employer) as an employee or a contractor at a PPR registered with CPA New Brunswick within a rolling five-year period.

#### **REGISTRATION OF A PUBLIC PRACTICE PERMIT**

The approval of a request for a Public Practice Permit is conditional upon satisfying the following conditions:



**1. APPLICATION FOR A PUBLIC PRACTICE PERMIT**

An application for a Public Practice Permit shall be made to the Registrar and shall include a complete application in the prescribed form, including the name of each person who has an ownership interest in the Public Practice, the name of each Member through whom the professional services will be provided, the legal structure of the Public Practice, the effective date of registration and any other relevant information that may be required (By-Law 17.05).

**2. PROFESSIONAL LIABILITY INSURANCE REQUIREMENTS**

Every Firm or Member, including a Professional Corporation, and such other persons as may be designated in the Policies, engaged in Public Practice or in providing accounting services to the public shall maintain Professional Liability Insurance coverage in accordance with CPA New Brunswick By-Law 22 and the [Professional Liability Insurance Policy](#), in the amounts determined by the Board from time to time.

**3. PRACTICE INSPECTION REQUIREMENTS**

According to By-Law 18.01 *“Every Public Practice Permit holder shall be subject to practice inspections, conducted by the Practice Inspection Committee in accordance with Policies adopted by the Board which will conform, to the greatest extent possible, with any national standards for practice inspection adopted by CPA Canada”.*

The Public Practice Permit holder shall be inspected in accordance with the By-Laws and Policies. The Committee shall authorize the inspection of:

- Every Member, Firm or PC engaged in Public Practice at least every three years, and
- Every Member, Firm or PC engaged in Public Practice after twelve months of initial registration (By-Law 18.09).

**4. FEE REQUIREMENTS**

The approval of a request for a public practice permit shall be conditional upon the practicing Member having paid the following fees, plus applicable taxes thereon:

- The public practice fee as approved by the Board in effect at the date of the request of application or renewal of public practice permit;
- The application or licence fee for a Professional Corporation, if applicable, as approved by the Board in effect at the date of the request of application; and
- Applicable inspection fees for the year of the inspection.



## **RENEWAL OF A PUBLIC PRACTICE PERMIT CRITERIA**

Members currently holding a Public Practice Permit will be grandfathered as a Tier 1 Permit. All Public Practice Permits will be renewed annually when:

- the completed renewal form is provided;
- the public practice fees are paid;
- proof of Professional Liability Insurance is provided; and
- upon continued successful practice inspections.

A public practice renewal form will be available in November of each year and shall be completed and sent to CPA New Brunswick so the Public Practice Permit for the renewal year is valid.

## **PUBLIC PRACTICE NAME**

The name of a Firm, Partnership, Sole Proprietorship and Professional Corporation who wish to maintain a Public Practice or provide other Regulated Services must contain the words “Chartered Professional Accountant” or “Chartered Professional Accountants”, unless the Member is in partnership with a non- member.

In such instances, the name of the partnership must not contain the words “Chartered Professional Accountants”.

The name of a Firm shall be subject to approval by the Registrar and the Registrar shall in its sole discretion, determine whether such a name is consistent with the CPA New Brunswick Code of Professional Conduct (By-Law 21.02).

## **PROFESSIONAL CORPORATION NAME**

According to By-Law 19.05 of CPA New Brunswick, the name of a Professional Corporation shall contain only:

- i. The surnames, or the surnames and any combination of the given names or initials of one or more Members or former Members of CPA New Brunswick, which may be followed by “Chartered Professional Accountant” or “comptable professionnel agréé” or the initials “CPA”;
- ii. The word "and" or the symbol "&", if applicable;
- iii. The words "Company" or "Associates" which shall, if used, follow the words mentioned in (i) and (ii) hereof, followed by the words "Professional Corporation" or "Corporation professionnelle" or the initials "P.C." or "C.P."; and



- iv. The words "Inc." or "Incorporated" which shall, if used, follow the words mentioned in (i), (ii) and (iii) hereof.

#### **PART-TIME PUBLIC PRACTICE OFFICE**

A Practising Member may be registered and hold out to the public as a part-time Public Practice office provided that:

- Such a part-time Public Practice office shall not be operated without the prior approval of the Registrar;
- Such a part-time Public Practice office is under the personal charge and management of a Practising Member who shall normally be present in that office during the published business hours of the part-time office and whenever such office is open for business; and
- When the Practising Member who is responsible for the part-time Public Practice office is not able to be in attendance, arrangements must be in place for the public to be served by a competent person who has access to the Practising Member by telephone, facsimile, electronic or some other timely method of communication (By-Law 17.06).

#### **CHANGE IN PARTICULARS**

According to By-Law 17.08 "Any holder of a Public Practice Permit must inform the Registrar of any changes in the particulars set forth in the application for the Public Practice Permit within thirty days of the change".

#### **REFUSAL TO ISSUE, RENEW, OR SUSPENSION OF A PERMIT**

The Registrar may refuse to issue, or renew a Public Practice Permit if the Registrar has not received and reviewed to his/her satisfaction proper evidence of eligibility for the Public Practice Permit in accordance with the Act, By-Laws, or the Policies (By-Law 17.09).

The Registrar may cancel or suspend a Public Practice Permit if the Public Practice Permit holder ceases to meet the requirements or fails to comply with any provision of the Act, By-Laws, or Policies (By-Law 17.10).

A former Public Practice Permit holder or former Public Practice whose Permit has not been renewed or has been suspended or cancelled for any reason shall cease carrying on practice under the name "Chartered Professional Accountant", "Chartered Professional Accountants" or CPA (By-Law 17.11).



When the Registrar refuses to issue or renew a Public Practice Permit, the Registrar shall notify the Public Practice Permit holder in writing of the decision and the reasons for that decision (By-Law 17.12).

When a Public Practice Permit is suspended for a period greater than sixty days, the Public Practice

Permit shall be cancelled and the holder's name shall be removed from the Register, PC Register, Specialist Register, or Firm Roster (By-Law 17.13).

Any Member impacted by a decision of the Registrar under this Policy and/or By-Law 17 may appeal such decision to the Board within 30 days and any such appeal will be conducted by the Board in an expeditious manner (By-Law 17.14).

The Registrar shall notify in writing all Members of the name of any Public Practice whose permit has been suspended. Furthermore a notice of such suspension should be posted in regional newspapers where the member had offices.

#### **EFFECTIVE DATE OF PUBLIC PRACTICE PERMIT**

A request for a Public Practice Permit received by CPA New Brunswick shall not be effective unless and until duly approved by the Registrar.