



Code of Ethical Principles and Rules of Conduct

Version 2.3



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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 are 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.

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, 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. Where these can be determined, it is recommended they be observed.

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 avoid conflicts of interest.

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.

PROFESSIONAL PRACTICE

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.

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 reasonably prudent person 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 avoid conflicts of interest.

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 Conflict of Interest in Audit and Review Engagements

A member shall, when engaged to audit or review financial statements or other information, be free of any influence, interest 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.

R202.1 Audit and Review Engagements

A member shall not issue a communication on financial information of an organization unless the member is free of conflict of interest with regard to that organization.

R202.2 Compilation Engagements

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

R202.3 Participation in Management

When providing consulting services to an audit or review engagement client, a member may only participate in the decision-making function of the client in an advisory capacity.

R202.4 Not-for-Profit Organizations

A member providing audit or review services to a not-for-profit organization may accept an honorary or advisory position other than as an officer or director with that not-for-profit organization as long as the member does not assume administrative or financial responsibilities or make decisions affecting the management of the organization.

R202.5 Deemed Conflicts of Interest

If the member or the member's partners in a public accounting practice are engaged to provide audit or review services for a client, and any of the following circumstances are present or were present during the period being reported upon, a member is deemed to be in a conflict of interest:

- (a) the member, any of the member's partners, or any employee of the member assigned to the engagement is a director, officer or employee of the client, or a person in the member's or the partners' or employee's immediate families is a director or officer of the client.
- (b) the member, any of the member's partners, any employee of the member assigned to the engagement, or a person in the member's, the partners' or the employee's immediate families:
 - (i) is indebted to the client, other than that obtained or granted in the normal course of business;
 - (ii) owns or controls, directly or indirectly, any interest in a share or debt obligation of the client, other than that obtained or granted in the normal course of business and which is immaterial to the individual and the member;
 - (iii) is appointed a trustee in bankruptcy, liquidator, receiver or receiver-manager; this Rule shall not apply to a solvent company provided that all the shareholders agree to the appointment; or
 - (iv) is an executor, administrator or trustee of the client estate, trust, charitable foundation, pension or profit-sharing plan.
- (c) any of the member's immediate family or close relatives:
 - (i) holds an interest in the client that is material to the holder, or is a director, officer or employee of the client who has the right or responsibility to make decisions significantly affecting the affairs of the client;
 - (ii) is an executor, administrator or trustee of the client estate, trust, charitable foundation, pension or profit-sharing plan;

- (iii) is an executor, administrator or trustee of an estate, trust or charitable foundation which holds a material interest in the client.

R202.6 Deemed Freedom from Conflict of Interest

A member is deemed to be free of conflict of interest if:

- (a) a trust, estate, custodianship or guardianship in which the member or any of the member's partners, or the member's or the partners' immediate families, has a beneficial interest, held, in market lots, investments in an audit or review engagement client or any associate thereof, provided that the member or any of the member's partners, or the member's or the partners' immediate families did not have direct or indirect control over the trust, estate, custodianship or guardianship.
- (b) the member or any of the member's partners are making payments to a retired partner who holds a direct or indirect financial interest in, or a position or an appointment with, a client, provided such payments to the retired partner were determined as of the date of retirement in accordance with the terms of the partnership agreement, and were not affected by subsequent events.

R202.7 Members' Relationships with Others

For the purposes of Rule R202,

- (a) "immediate family" consists of a member's spouse or spousal equivalent, whether or not dependent, and persons, whether or not related, who are dependent on the member or the member's spouse or spousal equivalent.
- (b) "close relative" consists of a member's non-dependent children, step-children, brothers, brothers-in-law, sisters, sisters-in-law, grandparents, grandchildren, parents, parents-in-law, and their respective spouses or spousal equivalents.
- (c) a partner is any person with whom the member practises, or during the period being reported upon, practised the profession of public accounting in the form of a partnership. Partners also include other shareholders in a professional corporation, where allowed.

R203 Resolution of Conflict of Interest

A member shall, within ninety (90) days of becoming aware that an appointment contravenes Rule R202, either:

- (a) eliminate the circumstances that cause the member to be in contravention, or
- (b) resign from the engagement.

R204 Resolution of Other Conflicts of Interest

Subject to Rules R514 and R519:

- (a) A member shall inform a client or employer of any business connections, affiliations, and interests of which the client or employer might reasonably expect to be informed.
- (b) When recommending a service or product, a member shall clearly disclose in writing to the client any conflict of interest the member may have, or any fees or

commissions the member may receive regarding the service or product recommended.

- (c) When selling a service or product, a member shall clearly disclose in writing to the client any conflict of interest the member may have, or any fees, commissions, or profit the member may receive regarding the service or product sold.
- (d) A member shall, when rendering advice to two or more clients who are parties to the same transaction, inform each of the clients in writing that the member's services have been retained by other parties to the transaction and that the member may derive fees from such parties. Each party to the transaction must also be advised 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.

R204.1 Fees, Commissions and Profits in the Normal Course of Business

Where it is normal industry practice for the member to receive a fee, commission, or profit, no disclosure is required.

R204.2 Disclosure of Services Provided to Other Clients

For members engaged in the practice of public accounting, it may not be necessary to disclose professional services that the member may be rendering or proposing to render to other clients.

R205 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.

R206 Trusteeship

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.

R206.1 Money 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.

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 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 management of each office maintained by the member or the member's firm. Such member(s) or professional colleague(s) shall normally be in attendance at 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.

R304 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 attest engagement;
- (c) accounting and auditing practices recommended by the Association, including those found in:
 - (i) the courses of studies;
 - (ii) seminars offered by the Association;
 - (iii) the CGA-Canada *Public Practice Manual*; and
 - (iv) the CICA *Handbook*;
- (d) 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;

- (e) accounting and auditing practices not specifically dealt with by the Association but which are otherwise generally accepted; and
- (f) 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.

R305 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.

R306 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.

PROFESSIONAL PRACTICE

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

R501 Bidding

A member shall not engage in bidding practices for professional services which use unfair methods of competition.

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 on-going 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 Absence of Fees

A member engaged in the practice of public accounting shall not profess that any professional services are performed without charging a fee, except for the provision of services to a charitable or not-for-profit organization.

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 shall not undertake an audit, review, compilation engagement or original tax return preparation for a fee which is contingent on the results of such services.

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 organization (proprietorship, partnership or, where permitted, corporation) 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 Practice

Members engaged in the practice of public accounting shall use a firm name which accurately reflects the names of members who are or have been associated with the firm.

R510.1 Firm Name of a Sole Proprietorship

A member shall, if engaged in the practice of public accounting as a sole proprietor, practise under the descriptive style *Certified General Accountant* under the member's own name. The addition of "& Co" or other similar term is permitted only where the member employs staff with professional accounting designations.

R510.2 Firm Name of Partnership

A member shall, if engaged in the practice of public accounting in a partnership, practise under the descriptive style *Certified General Accountants*, where the firm name consists of one or more surnames, or an acronym drawn from the first letter of these surnames, alone or in combination with the surnames, of partners, former partners or predecessors.

R510.3 Change in the Number of Partners

On the withdrawal, retirement or expulsion of an active partner from a firm, or the death of an active partner, the member(s) shall be granted a period of one year from that time within which to comply with the requirements of Rule R510.2.

R510.4 Firm Name of Practice as Associates

A member may, if engaged in the practice of public accounting with one or more associates, refer to the associate(s) by the addition of "& Associate(s)" to the firm name otherwise permitted. Alternatively, a firm name may be adopted that complies with Rule R510.2 if all references to "partners" were read as "associates".

R510.5 Application

A sole practitioner or 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 sole practitioner or firm is engaged in the practice of public accounting under that name.

R510.6 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 sole proprietorship or partnership without being considered in breach of this Rule.

R510.7 Non-Personal Name of Practice

A member shall not engage in the practice of public accounting either as an individual or as a partner in a firm under the descriptive style *Certified General Accountant(s)* using a non-personal title or name either as a principal or partner, or as a director, officer or shareholder where the member has control of the ownership or management of a corporation or firm which is engaged in the practice of public accounting, except as permitted under Rule R510.2.

R511 Specialization

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

R512 Non-Member Partners

A member shall practise in a partnership described as a firm of “Certified General Accountants” only if all the partners, including those practicing as a professional corporation where allowed, are certificated members in good standing of the Association and are registered in public practice.

R513 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 public practice firm.

R514 Registration

A member shall, if engaged in the practice of public accounting part time or full time, register in accordance with the requirements prescribed by the Association. This rule shall also apply to members who own, operate or control a professional corporation engaged in the practice of public accounting.

R515 Practice Review Requirements

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

R516 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.

R517 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.

R518 Relations with Clients or Employers

Subject to Rule R204.1, 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.

R519 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 public practice firm.

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 R201, R104.2 and R104.3.

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 through the Association the facts concerning the expulsion or suspension.

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 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.

“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, or professional 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.

“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 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 R304. A Member who is “employed” in the practice of public accounting is not considered to be “engaged” in the practice of public accounting.

“Public Practice”

Offering to perform or performing for a client other than as a barrister or solicitor:

- one or more types of professional services involving the use of accounting or auditing skills, or
- one or more types of management advisory or consulting services, or
- the furnishing of advice on tax matters, or
- any such other service as may, from time to time, be recognized by the Association.

“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.