SAFEGUARDING the integrity of good business, our profession and our professionals

CPA Canada safeguards the integrity of our designation, Canada’s financial reporting system and the economy as a whole. Ultimately, safeguarding integrity ensures the sustainability of our economy, our society and our environment.

CPA Canada safeguards the Canadian ideal of good business by underwriting the operations of the independent standard-setting boards, and by working with governments and regulators to ensure that Canada’s taxation, reporting and business environment is effective, efficient and supports sustainable economic and social prosperity for all Canadians.

Protecting the independence and integrity of standard setting

CPA Canada provides funding, staff and other resources to support the independent standard-setting boards and their network of more than 250 volunteers.

We do this because high-quality accounting and auditing standards protect the health of our economy, capital markets and the financial reporting supply chain. They ensure equality, fairness and transparency, providing a common and essential measurement for Canadians to assess organizations and the credibility of their financial results.

Substantial work continues on reporting and assurance matters, with relevant guidance on International Financial Reporting Standards, Accounting Standards for Private Enterprises, non-GAAP reporting, regulatory reporting and Canadian Auditing Standards. Our voice supporting standards in Canada and in a global context remains strong.
Providing expertise on tax matters in Canada and around the world

As experts on tax matters that affect our economy and the public, and as the country’s leading provider of tax education, CPA Canada has long been a respected voice on tax. Our initiatives are supported by the energy and expertise of more than 100 volunteers who contribute to committees covering 11 tax areas.

We continued to strengthen our collaborative relationship with the Canada Revenue Agency (CRA). Our joint CRA-CPA committee work this year led to recommendations to improve tax system administration, with our priority being the best interests of taxpayers and the public.

In fiscal 2017 CPA Canada made a formal submission to the CRA on the agency’s red-tape reduction initiative called “Serving You Better,” working collaboratively with the provinces to integrate input from members across Canada.

There are currently seven active joint committees where CPA Canada acts as the voice of the profession with government, and we are working on a number of high-profile files alongside the Government of Canada, including tax reform.

CPA Canada actively participated in the Global Accounting Alliance (GAA) Tax Committee and in fiscal 2017 hosted the first in-person tax committee meeting of members in a GAA country. International professional accounting organizations gathered for three days in Toronto, working together on key topics of mutual interest that CPA Canada is leading, such as:

• supporting the OECD and implementing the base erosion profit shifting action plan with corporations in Canada
• developing a comprehensive checklist to help practitioners minimize risk when delivering tax services
• the CPA Canada-CRA framework agreement as a model of effective cooperation between tax authorities and key stakeholders
• best practices in dispute resolution
• the impact of digitalization on tax services, audit processes and the security of taxpayer data

We continued to refine the academic and technical rigour of the In-Depth Tax Course, a three-year program recognized as one of Canada’s most comprehensive tax training programs, with a focus on important topics for tax specialists. The In-Depth program now includes a more robust ethics component and enhanced technology that makes content more accessible and relevant to students. Fiscal 2017 saw 605 students graduate from the In-Depth Tax Course.
Upholding the ethics and integrity of the profession

The accounting profession’s standards and requirements of CPAs ensure that our members and our organization conduct business with the utmost of integrity. The CPA Professional Code of Conduct is adopted and enacted by individual provincial and regional CPA bodies, with some variations by jurisdiction.

At the core of our Professional Code of Conduct are rules and regulations that detail ethical guidelines and information for members, including:

- definition of independence in assurance and auditing procedures
- identification of threats and safeguards
- specific prohibitions that members and firms shall comply with across a range of situations where independence is threatened
- procedures for members to disclose conflicts of interest
- maintenance of independence in insolvency engagements
- the obligations for firms and partners to ensure compliance

The CPA Professional Code of Conduct is derived from five fundamental principles of ethics:
Supporting ethical standards

This year the Canadian profession will consider what changes are required to adopt the new non-compliance with laws and regulations (NOCLAR) standard. Set out by the International Ethics Standards Board for Accountants, the new standard provides clear pathways for disclosure to public authorities when matters cannot be resolved through other means.

As a member of IFAC, the Canadian CPA profession must ensure its ethical standards meet or exceed the international standards set by the International Ethics Standards Board for Accountants unless there is a legal, regulatory or public-interest reason to not do so.

In addition to updating our Professional Code of Conduct to integrate NOCLAR, we have worked to stimulate greater accountability among organizations and protect stakeholders from substantial harm by issuing an audit and assurance alert regarding Canadian Auditing Standard (CAS) 250, Consideration of Laws and Regulations in an Audit of Financial Statements, which has been updated to acknowledge NOCLAR. This alert covered key information for auditors, including revised expectations for audit procedure and the pertinent conforming amendments for CAS.

Maintaining audit quality and value

CPA Canada maintains confidence and supports economic stability by providing boards and organizational leaders with the right tools and insights to enhance audit quality and value. We continue to work with the Canadian Public Accountability Board, provincial and regional CPA bodies, national accounting firms and other key organizations to provide thought leadership that advances best practices and ensures our members adopt those practices. Guidance and support produced this year includes:

• an implementation tool for auditors dealing with risk of material misstatement due to fraud in revenue recognition
• an audit data analytics alert on how to keep up with the pace of change, along with how to integrate more extensive data into the auditing of financial statements
• a survey on practitioner use of audit data analytics, with insights presented at the American Accounting Association and an academic paper produced by the University of Waterloo to showcase the results
• guidance publications on the new review engagement standard, as well as alerts promoting awareness of the new standard and comprehensive guide on application
• audit quality checklists
• audit quality blog posts on:
  — IAASB’s invitation for CPA Canada to comment on enhancing audit quality for the public interest
  — a re-proposal on PCAOB auditor reporting standards to give Canadian stakeholders a clear understanding of the U.S. auditing climate and what they need to prepare for dual-listed companies
  — CPAB inspections and more robust conversations between audit committees and their external auditors to drive meaningful change
  — professional skepticism and how to apply it beyond audit and assurance engagements
Recognizing and fostering excellence

Transparency in financial reporting

As a member organization of the International Accounting Standards Board, CPA Canada supports the standards-setting activities of International Financial Reporting Standard (IFRS), which provide guidance and support on complex accounting issues and recommendations for the application of new and existing standards, with a focus on extractive industries like oil and gas. In order to create an open international dialogue about increased transparency and best practices in financial reporting, we are also working with IFRS to co-host the next IFRS Conference: Americas this year.

We accomplished this by providing leadership and support to improve the quality of information provided to investors and working with like-minded organizations to effect change and develop more effective and efficient reporting for capital markets.

Trust in financial reporting is essential to the health and stability of our economy. CPA Canada supports increased transparency in financial reporting because it helps ensure that public confidence is high and our country’s capital markets are efficient and competitive.

We accomplish this by providing leadership and support to improve the quality of information provided to investors and working with like-minded organizations to effect change and develop more effective and efficient reporting for capital markets.

IIRC: In 2015, CPA Canada became a member of the International Integrated Reporting Council (IIRC), which promotes the worldwide implementation of a principles-based framework to enhance the usefulness of companies’ business reporting on how they create value over time. Canadian capital markets already function within a mature regulatory reporting regime, but we are committed to exploring how the concepts and principles of the IIRC integrated reporting framework can be applied or adapted to enhance the decision-usefulness of corporate reporting to Canada’s capital markets and other stakeholders.

IFRS*: As a member organization of the International Accounting Standards Board, CPA Canada supports the standards-setting activities of International Financial Reporting Standard (IFRS), which provide guidance and support on complex accounting issues and recommendations for the application of new and existing standards, with a focus on extractive industries like oil and gas. In order to create an open international dialogue about increased transparency and best practices in financial reporting, we are also working with IFRS to co-host the next IFRS Conference: Americas this year.

ASPE: We published significant guidance materials on standards created by Accounting Standards for Private Enterprises (ASPE), including The Guide to ASPE and two in-depth briefings that support the application of ASPE for investments and amalgamations of wholly-owned subsidiaries.