



TIME TO SECURE OUR FUTURE

Uniting the Canadian Accounting Profession

CA NEWFOUNDLAND AND LABRADOR,
CMA NEWFOUNDLAND AND LABRADOR
& CGA NEWFOUNDLAND AND LABRADOR

VISION

The vision of the new Chartered Professional Accountant (CPA) is to be the pre-eminent, internationally recognized, Canadian accounting designation and business credential that best protects and serves the public interest.

OVERVIEW

The leadership of the Chartered Accountants (ICANL), Certified Management Accountants (CMA-NL) and Certified General Accountants (CGA-NL) in Newfoundland and Labrador have developed this proposal to outline information specific to the Newfoundland and Labrador Merger Proposal. While the fundamental elements of a merger are the same across Canada, the profession is governed under provincial/territorial statutes and certain matters must be agreed upon at that level.

The Newfoundland and Labrador Merger Proposal is supported by the Boards of all three regulated accounting bodies in the province and is consistent with the unification framework adopted in other jurisdictions.

In Newfoundland and Labrador, any decision to unify the profession requires consultation and engagement with many stakeholders.

As a member-based profession, the views of members are extremely important and will be a key factor to consider moving forward.

As provincial regulators, charged with protecting and serving the public interest, we need to understand and respect the views of the employers and clients our members serve and the views of the provincial government.

Since any unification of the profession requires the enactment of legislation, the ultimate decision lies with the government of Newfoundland and Labrador.

KEY STAKEHOLDERS

The key stakeholders are:

- Members of the accounting bodies;
- Accounting students;
- The public;
- Government; and
- Employers, the business community and educators.

ICANL, CMA-NL and CGA-NL will present the Merger Proposal and Unification Framework to members and other key stakeholders and solicit input in three phases:

- **Dialogue and consultation to establish a basis for input from each key stakeholder group. This will include town halls and employer meetings;**
- **Determining member views through a membership vote; and**
- **Reporting on the outcome to government.**

The leadership of ICANL, CMA-NL and CGA-NL look forward to a continued dialogue with our members, who are invited to provide feedback regarding this merger proposal.

GOVERNANCE

The new CPA profession in Newfoundland and Labrador would be governed by a volunteer Board. The size, role, responsibilities, policies and procedures would be in line with best practices for corporate governance. Mechanisms would also be put in place to ensure the rights of all members are protected in the decision-making model.

Board of Directors

Prior to the enactment of CPA legislation, each professional body would continue to operate and be governed under its existing structure.

Once the decision to merge has been made and a timetable for integration has been established, a transitional board with proportional representation would oversee the merger of the three organizations. Until legislation has been enacted this Board will act in an advisory role with decision making resting with the Boards of the legacy designations. Once the new CPA Act is passed this transitional Board would then become the first Board of the new CPA organization. The transitional Board would be comprised of 15 people: three CGAs, three CMAs, six CAs and three public representatives. The members of this Board will be appointed from the legacy designations with appropriate consideration being given to Board diversity.

The composition of the transitional Board would be proportionate to the number of members in each of the legacy bodies, appointed by the existing Board/Council of the respective organizations, as follows:

| | Members | Percent | Positions |
|--------------|--------------|-------------|-----------|
| CA | 771 | 46% | 6 |
| CMA | 437 | 27% | 3 |
| CGA | 449 | 27% | 3 |
| Total | 1,657 | 100% | 12 |

Over time, interim Board members would be replaced with elected CPA members. The first Board election would be held one year following the enactment of the new legislation. One third of appointed board positions (two CPA, CA, one CPA, CMA, and one CPA, CGA) would be up for election in that and each of the following two years.

Term of Office

Terms of office would be two years, renewable for a maximum of three consecutive terms unless an individual is appointed a member of the Executive Committee.

Board Chair

The Chair of the Board would be elected by, and from among the Board directors, for a one-year term.

Executive Committee

The Executive Committee would consist of Board directors elected annually by the Board. The executive committee will comprise a Chair, Vice Chair and Secretary Treasurer with each legacy designation represented initially.

CERTIFICATION

ICANL, CMA-NL and CGA-NL support the new CPA certification program as described in the Unification Framework materials. The new CPA certification program structure and content would be developed nationally and delivered regionally for students in Newfoundland and Labrador.

ICANL, CMA-NL and CGA-NL will monitor the development of the national certification program, and will consider how the legacy programs could be phased out. Program transition would recognize that students who begin in one of the legacy systems should have an opportunity to finish in that system or would be provided with the opportunity to bridge to the new certification program.

REGULATORY PROCESSES

The provincial bodies are responsible for regulating the profession and protecting and serving the public interest. ICANL, CMA-NL and CGA-NL are committed to moving towards common self-regulatory processes on a best practice basis including rules of conduct, practice inspection/review, complaints resolution and discipline consistent with other provincial bodies.

Until provincial legislation is passed to create the new professional body, members would continue to follow the by-laws, regulations and rules of their legacy bodies and current regulatory processes of each body would be maintained.

INTEGRATION OF OPERATIONS

The combined organization would be managed through a model that reflects the best accepted practices, processes and management structure of ICANL, CMA-NL and CGA-NL.

The creation and operation of the new organization would require experienced and talented employees to maintain continuity. Successful unification would initially require at least the same total staff of the existing organizations. While roles and responsibilities may change, every effort would be made to retain the current staff of all three accountancy bodies.

During the process of selecting the roles and responsibilities for the staff in the new organization, individuals whose education, experience and qualifications best match the requirements would be appointed to the respective positions.

In addition, human resource policies, practices, compensation and benefits would be harmonized within the new organization.

MEMBER DUES

Members in each accountancy body are charged dues to ensure the organizations can undertake their self-regulatory responsibilities and to provide member services. Fees currently differ at the national level and a harmonized process would be determined by the national bodies. Fee differences also exist at the provincial level and efforts would be made to harmonize the provincial fees within a five-year period.

ROLE OF GOVERNMENT

The task of the accounting bodies will be to collect the views of all key stakeholders, including members, on the Unification Framework and Provincial Merger Proposal through the decision making process previously outlined. Responsibility for collecting and compiling this information belongs with ICANL, CMA-NL and CGA-NL.

Following the receipt of all feedback, a report will be prepared for the Minister of Service NL. The government would then be in a position to determine whether they are prepared to proceed with legislation. The provincial government would consider this input in the context of their public policy objectives; their position on how the profession in Newfoundland and Labrador should align with the profession in the rest of Canada; and their view on the way the profession should be regulated going forward.

DECISION MAKING PROCESS

A key task for ICANL, CMA-NL and CGA-NL is engaging members and other key stakeholders in order to establish their views on the Unification Framework and the Provincial Merger Proposal.

The key stakeholders in Newfoundland and Labrador have been identified as:

Members

It will be important to engage members in Newfoundland and Labrador. It is proposed that the following process be undertaken:

- A significant engagement effort to inform and seek input from members will be undertaken throughout early 2012. The leadership of ICANL, CMA-NL and CGA-NL will present the Unification Framework and Provincial Merger Proposal at scheduled town hall meetings. A schedule of town hall meetings will be posted on the websites of the provincial accounting bodies.
- Members who are not able to attend a town hall meeting are encouraged to contact ICANL, CMA-NL or CGA-NL to

discuss the Unification Framework and Provincial Merger Proposal. Alternately, written feedback can be provided.

- Given the significance of the members' stake in this matter, members will also be asked to express an overall view as to whether they would support the respective Boards in making a merger recommendation to the government. The process to obtain member views will be a member vote in mid 2012.
- As part of this vote, members from each of the respective professions would be asked the same question or questions. While these questions have yet to be finalized, they will seek to provide the Boards with direction in the following manner:
 1. Based on the unification framework outlined in the March 2012 Newfoundland & Labrador Merger Proposal, do you support the merger of the three regulated accounting bodies in Newfoundland and Labrador?
 2. If you answered "No" to Question 1, would you support a provincial merger if the national bodies (CICA, CMA-Canada and CGA-Canada) along with a sufficient number of the other provincial bodies, as determined by the respective Boards in Newfoundland and Labrador, decided to unify?

Accounting Students

- Students currently enrolled in one of the legacy programs represent the future of the accounting profession and accordingly they will be consulted to determine their views on the merger proposal.
- Accounting students currently enrolled in post secondary programs also have a stake in the outcome of the merger discussions and it will be important to understand their views.

Public

- Financial regulators such as the Public Accountants Licensing Board will be asked to provide input on the Unification Framework and the merger proposal.
- Public representatives are appointed to represent the public and participate in our governance and regulatory processes. Their view on the Unification Framework and Provincial Merger Proposal in the context of the public interest will be important to our members and government.

Government

- The Government of Newfoundland and Labrador will be invited to express their view of the Unification Framework and Provincial Merger Proposal in the context of their current approach to professional regulation.

Employers, Business Community and Educators

- Employers of accountants, including accounting firms that are regulated by the profession, will be engaged to determine their views on unification.
- The business community as represented by managers, owners, professionals and executives will be consulted to obtain their reaction to unification.
- Post-secondary educators have a significant stake in the profession and it will be important to know their views.

TRANSITION

If a commitment to proceed with legislation is received from the government, ICANL, CMA-NL and CGA-NL will work with government officials to draft legislation that could be passed as early as 2013. In addition, the three provincial accounting bodies will commence planning and implementing the integration of their respective organizations.

All reasonable efforts will be made to ensure the existing level of member services are maintained or expanded during the transition phase. To the extent possible, members of each legacy body would be granted access to the member services of the other bodies on equal terms.

Once provincial legislation is in place current members would be granted the CPA designation. Members will use the CPA designation in conjunction with their existing designation for a 10 year period after which time it will be optional to include the legacy designation in addition to the CPA.

Transition for students currently in legacy qualification programs would be well defined and clearly communicated to candidates and other stakeholders on a timely basis.

As noted in the Regulatory Processes section, existing self-regulatory processes would be maintained until legislation of the new professional body is passed.

Post-unification we would be promoting in all of our branding efforts the new CPA designation only; therefore all members would be required to use the CPA designation in accordance with the tagging provisions outlined in the provincial legislation.

UNIFICATION OBJECTIVES

- To protect and enhance the value of your designation in an increasingly competitive environment.
- To contribute to the sustainability of the Canadian Accounting Profession.
- To govern the accounting profession in an effective and efficient manner.
- To ensure all professional accounting and assurance services meet a uniformly high and consistent level of ethical practice standards.

QUESTIONS / COMMENTS?

To learn more or have your questions or comments addressed, please contact:

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