



# TIME TO SECURE OUR FUTURE

Uniting the Canadian Accounting Profession

## VISION

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 PEI's Chartered Accountants and Certified Management Accountants has developed this proposal, to outline key elements for a proposed merger of these two provincial organizations and to create a new accounting designation in PEI, the Chartered Professional Accountant (CPA).

National unification discussions are also underway; however, the profession is governed under provincial/territorial statutes, and certain matters must be agreed upon at the provincial level.

This Merger Proposal is supported by the Councils of ICAPEI and CMA PEI, and is consistent with the national unification framework.

As a member-based profession, the views of our members are extremely important. As provincial regulators charged with protecting and serving the public interest, we also need to understand and respect the views of the employers and clients our members serve, as well as the views of the provincial government.

The decision concerning changes to the profession requires the enactment of legislation; therefore, a decision to merge will require the input of and support from the provincial government.

## CA & CMA PEI MERGER PROPOSAL JUNE 2012

## VALUE PROPOSITION

"What's in it For Me?"

### **Keep what you already earned**

Members would retain the use of their existing designations of which they are justifiably proud.

### **Receive a new designation with international recognition**

Members would receive the Chartered Professional Accountant (CPA) designation; CPA is the most widely held accounting designation in the world.

### **Greater access to professional resources**

A larger, stronger profession would provide more extensive and targeted services to members such as professional development and training.

### **Elimination of duplicated efforts of accounting bodies**

Combining the two provincial accounting bodies into one would result in the more efficient, cost-effective administration and regulation of the profession.

"What's in it For The Accounting Profession?"

### **Uniformly high and consistent ethical and practice standards**

We will be in a better position to protect the public by ensuring the services delivered meet a common standard.

### **Greater influence globally**

A merged Canadian accounting profession of over 110,000 members would have the size and resources to contribute substantially to international accounting organizations and initiatives.

### **A common point of entry for aspiring professional accountants**

Attracting talented students and transitioning those with foreign accounting credentials is simpler with a common certification program.

# KEY STAKEHOLDERS

- Members of the two accounting bodies;
- The public;
- Government; and
- Consumers of accounting services and of our education programs.

The two bodies are presenting a National Unification Framework and PEI Merger Proposal to members and other key stakeholders.

Input will be solicited in three phases:

- Dialogue and consultation to establish a basis for input from each key stakeholder group,
- Surveys and/or votes of the memberships of the two accounting bodies, to quantify the level of support for this proposed merger; and
- Reporting to and discussion with government.

## GOVERNANCE

PEI's new CPA profession would be governed by a volunteer Board. The size, roles, 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.

### The New CPA Profession's Board of Directors

Once the transitional period is completed, the CPA Board would be composed of 12 members - 11 CPAs and one public representative, all elected by the membership. Appropriate consideration would be given to Board diversity (areas of service and gender).

### Term of Office

Terms of office would be two years, renewable for a maximum of two further consecutive terms. Exceptions to the term limit would be made for individuals appointed to the Executive Committee.

### Board Chair

The Chair of the Board would be elected by the Board Directors from among its members for a two-year term.

### Officers

The Officers would include the Chair, the Past Chair or Vice Chair (who will "alternate" on one-year terms) the Secretary-Treasurer and the CEO.

### Executive Committee

The Executive Committee would include the Chair, the Past/Vice Chair, the Secretary-Treasurer and the Public Representative. The CEO will be an ex-officio member of the Executive Committee.

### The First Board of Directors

The first Board of Directors would be formed once PEI's CPA legislation is enacted. To ensure continuity within the new profession, new CPA Board members would come from those currently sitting at the time on the ICAPEI and CMA PEI Councils.

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

	Members	Percent	Positions
CA	310	80%	8
CMA	80	20%	3
<b>Total</b>	<b>390</b>	<b>100%</b>	<b>11</b>

(Note: Member numbers are approximate as of June 2012)

Over time, interim Board members would be replaced with those elected by CPA members, regardless of legacy designations. However, for the first Board election and the next two terms (six years) the above positions from each legacy designation would be maintained.

The first Board election by CPA members would be held after the second anniversary of the new legislation taking effect, and one third of appointed board positions would be up for election in that term and each of the following two terms.

### Transitional Steering Committee

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

## GOVERNANCE (cont.)

### Transitional Steering Committee (cont.)

Once a timetable for integration has been established, a Transitional Steering Committee (TSC) with equal representation from the legacy bodies would oversee the merger of the two organizations.

The TSC would comprise three members appointed by the Board of each professional body. The CEO/Office Administrator of each professional body would also be an ex-officio member of the TSC. Staff support would be supplied as required.

The appointed members of each professional body are the representatives of their respective Boards and accountable back to them throughout the transition period.

## EDUCATION

The provincial bodies will monitor the evolution of the national pre-certification program, and will consider how the legacy education programs could be phased out. Program transition would ensure that students who begin in one of the legacy systems have an opportunity to finish or bridge into the new CPA Program.

Details about the new certification program can be found in the National Unification Framework materials, which have been released and can be found on the websites of the ICAPEI and CMA PEI.

## MEMBER DUES

Members of each accountancy body pay dues annually. The intent would be to harmonize the fees of CPA members over a five-year period.

## REGULATORY PROCESS

Currently the provincial accountancy bodies are responsible for regulating the profession and protecting and serving the public interest. The new CPA body would move towards common self-regulatory processes, using best practices consistent with other provincial bodies as a guide. Such processes would include: rules of conduct, practice inspection, complaints resolution, professional development, and discipline.

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

## INTEGRATING OPERATIONS

Management of the CPA organization would reflect best accepted practices, processes, and management structures for similar organizations.

Successful unification would initially require utilizing the existing staff of the legacy organizations, with positions staffed on an interim basis by the new Board. Within one year of the formation of the first Board, a Human Resources Committee of the Board would recommend an appropriate staffing structure and the selection of personnel for the new organization.

## ROLE OF GOVERNMENT

The merger of the two bodies will require legislation from the provincial government. Following the indication by each body that they are ready to proceed with the merger, the TSC will prepare a recommendation to government to merge, which will include a request to enact appropriate legislation.

## TRANSITION

Once an indication to proceed with legislation is received from the PEI government, the TSC will work with government to draft legislation to be included in the legislative calendar at the earliest opportunity. In addition, the TSC will commence planning and implementing the integration of the two bodies into CPA PEI.

The existing levels of member services are expected to be 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.

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

Once provincial legislation is in place, current members would be granted the CPA designation. It is intended that members will use the CPA designation in conjunction with their legacy designation for ten years, after which time it would be optional to continue to include the legacy designation with the use of the CPA designation (John Doe, CPA, CA or Jane Doe, CPA, CMA). The use of the legacy designation would be reviewed by the Board following completion of the first five years of unification to determine whether the policy is still appropriate.

## QUESTIONS OR COMMENTS?

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

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