



**Certified General  
Accountants  
Comptables généraux  
accrédités**

**The Certified General Accountants Association of Canada**

**Presentation to the House of Commons Standing Committee on Industry,  
Natural Resources and Science and Technology**

**March 21, 2005**

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Thank you for your welcome this morning and for the opportunity to appear before the Committee.

The Certified General Accountant or CGA designation is the second-largest and fastest-growing accounting designation in the country. Together with our provincial and international affiliates, CGA-Canada represents 62,000 Certified General Accountants and students.

Obtaining the CGA designation is a rigorous and comprehensive process.

CGA students must successfully complete courses in financial and management accounting and auditing, as well as courses in economics, law, management information systems and quantitative methods. Many of these courses include sections specifically dealing with not-for-profit accounting issues.

After completing the education levels of the program, candidates complete the professional admission comprehensive examinations. In addition, applicants must complete approved work experience that meets specified competencies, generally for a period of three years.

**All told**, these educational, practical and examination requirements ensure that individuals attaining the CGA designation are fully qualified to offer their clients the highest level of professional accounting services and advice.

We have included a one-page backgrounder outlining the qualification process as part of our brief today.

As accountants we strongly support the Government's objective of providing a modern, transparent, and accountable framework for the governance of the not-for-profit sector in Canada.

CGAs across the country recognize and actively support the important role that the not-for-profit sector plays in Canada. Many of our members work in the sector as CFOs of not-for-profits, others provide public accounting expertise and services to not-for-profits in communities across Canada.

CGA-Canada and our provincial associations encourage and support member involvement in the sector by offering educational courses and seminars that provide information dealing specifically with not-for-profit accounting issues. Volunteer work for the not-for-profit sector can be recognized as part of a member's continued professional education credits, and most importantly we provide free liability insurance for the work that CGAs do for the not-for-profit sector on a *pro-bono* basis.

While CGAs support the goal of enhancing transparency and accountability, we do want to make sure access to qualified, competent public accountants is not unduly restricted. In this regard, we are concerned that the Bill's definition of who is qualified to be a public accountant is too restrictive and may prevent qualified and competent CGAs in some provinces from acting as

auditors for not-for-profit corporations without any clear public policy rationale to support such a restriction.

Section 179 of Bill C-21 defines who is qualified to be a public accountant for the purposes of the Act. This Section dictates that a public accountant is a person who is a member in good standing of an institute or association of accountants established by Provincial Act, and also independent of the corporation, any of its affiliates, or the directors or officers of the corporation or any of its affiliates. We fully support these requirements.

But Section 179 (1)(b) adds the following additional requirement, ‘the person must meet any qualifications under an enactment of a province for performing any duty that the person is required to perform under sections 187 to 189.’

We would assert that this provision will lead to a number of inequitable outcomes and will unnecessarily restrict the choice of auditors for not-for-profit corporations.

Let me explain why we strongly oppose this provision.

### **Different Treatment in Different Provinces**

Section 179 (1)(b) will create different requirements for auditors depending on province of residence. No matter what province a CGA chooses to reside in, if they have achieved a CGA designation and are practicing public accounting, then our association has ensured that they have the educational knowledge and practical experience needed to do their jobs professionally.

Despite this, some provinces, specifically Québec, Ontario and Nova Scotia, have had in place longstanding barriers to CGAs that restrict them from undertaking public accounting duties such as acting as auditors. These restrictions are not based on any competency criteria. Bill C-21 would have the effect of reinforcing these artificial and arbitrary barriers in those provinces.

Practically, Section 179 (1)(b) can lead to confusing and contradictory scenarios. For example, a not-for-profit organization in Vancouver can retain a qualified CGA to act as their auditor, but a similar not-for-profit organization in Halifax can not hire the same CGA to do the same job.

### **Reduced Choice For Not-For-Profit**

Section 179 (1)(b) would also unnecessarily restrict auditor choice for not-for-profit organizations. Limiting a company’s access to qualified CGAs could increase costs and in smaller communities, could make finding an auditor difficult.

Obviously, the Bill must ensure that the people who audit not-for-profit companies are qualified, but the restrictions must be based on measurable, qualitative criteria such as education, experience and qualifications instead of geography. We would submit that Section 179 (1)(a) which already ensures that anyone auditing a not-for-profit company must be a member in good standing of an institute or association of accountants incorporated by the legislature of a province already achieves this objective.

### **Inconsistent with Other Federal Laws**

We are also concerned that the Bill is inconsistent with other Federal Statutes. For example under the *Canada Elections Act*, the *Canada Post Corporation Act* and the *Canada Mortgage and Housing Corporation Act* CGAs are qualified to act as auditors, no matter where they reside.

Honourable Members, I don't have to tell you how stringent the reporting and audit requirements are under the *Canada Elections Act*, you've lived through them. If a CGA is qualified to be an 'auditor of record' for the purposes of the *Canada Elections Act*, what possible reason could there be to restrict them from acting as an auditor for a not-for-profit corporation?

### **At Odds With the Smart Regulation Agenda and the Agreement on Internal Trade**

CGA-Canada is also concerned that the legislation, as drafted, contradicts other federal policy priorities including the Government's Smart Regulation Initiative and the principles and provisions of the *Agreement on Internal Trade*.

In our view, the solution to our concern is simple. Section 179 (1)(b) of the Bill should be repealed. This would ensure that the requirements of who can be an auditor are equal across the country; that the legislation is consistent with the *Agreement on Internal Trade* and the Smart Regulation Initiative; and, most importantly, that not-for-profit corporations across Canada have open access to choose qualified and competent professionals to act as their auditors.

We are not asking the Federal Government to intrude in an area of provincial jurisdiction. Section 179 (1)(a) already recognizes the role of the provinces to regulate professions. But we are asking you, as federal legislators, to ensure that the Canadian Government leads by example with a single uniform standard of qualification for an auditor under the Bill that would apply everywhere in Canada.

Thank you and we would be pleased to answer your questions.