



**PUBLIC ACCOUNTANTS BOARD
OF THE PROVINCE OF
NOVA SCOTIA**

Standards

As Approved by the Public Accountants Board of Nova Scotia on May 18, 2016

The Public Accountants Board of Nova Scotia

Part B

STANDARDS

Preamble to Standards

These Standards prescribed by The Public Accountants Board of Nova Scotia (the "Board") pursuant to Section 6 of the *Public Accountants Act* (the "Act") sets out the minimum standards that:

- a Nova Scotia accounting body must meet to be approved and designated as a designated body and their members licensed under the Act , and
- an individual must meet in order to qualify for a Public Accountant Auditing Licence or a Public Accountant Licence.

Words in these Standards have the same meaning as words in the Act and the Public Accountants Board of Nova Scotia By-laws (the "By-laws").

Standard 1

Post-secondary Education Requirements

- (1) The post-secondary education requirements for the students or candidates of a designated body shall consist of one of the following:
 - (a) a combination of degree granting institution of higher education and professional programs in public accounting education that include, or are equivalent to:
 - (i) a four-year undergraduate degree comprising 120 credit hours or equivalent from a recognized degree granting institution of higher education or from another recognized program or institution that includes or is supplemented by the prescribed credit course requirements described in Standard 1(2); and
 - (ii) a post-degree professional program in public accounting that fulfills the requirements set out in Standard 2.
 - (b) a professional accounting degree from a recognized degree granting institution of higher education that has been approved by the designated body as meeting all of the credit course requirements set out in Standard 1(2) and the post-degree professional education requirements set out in Standard 2.
- (2) A designated body shall require that its students or candidates successfully complete, as part of its pre-professional education requirements, prescribed core and non-core credit courses that include the following:
 - (a) financial reporting;
 - (b) management accounting;

- (c) finance;
 - (d) assurance;
 - (e) taxation;
 - (f) information and information technology (including business information systems);
 - (g) economics; and
 - (h) business law.
- (3) A designated body shall further require that:
- (a) a minimum average grade of 65 percent (or the equivalent alphabetic or other grade indicator must be obtained in the core course component of these prescribed credit courses) and that a passing grade must be obtained in each of these credit courses; or
 - (b) that a minimum grade of 60 percent (or the equivalent alphabetic or other grade indicator) must be obtained in each of the core course component of these prescribed credit courses.
- (4) A degree granting institution must meet content, learning methods and assessment methods satisfactory to guarantee the public confidence in Nova Scotia public accountants.
- (a) A designated body must review or cause to be reviewed the prescribed credit courses and degree program requirements of each degree granting institution of higher education attended by its students or candidates to determine whether the degree granting institution of higher education meets, and continues to meet, the content, learning methods and assessment methods prescribed by the authorized designated body for purposes of fulfilling the degree requirements set out in Standard 1(1) and, if so, which credit courses meet the content, learning methods and assessment methods prescribed by the authorized designated body for the purposes of fulfilling the credit course requirements set out in Standard 1(2); and
 - (b) Where the Board determines that a degree granting institution of higher education does not, despite the designated body's assessment, meet the requirements of these standards, the Board may not recognize such institution for the purposes of Standard 1(1) and/or Standard 1(2).
- (5) Despite Section 1(1), a designated body may recognize for the purposes of entry into a pre-certification education and study program:
- (a) certification of enrolment in a co-operative education or other similar degree-in-progress program at a degree granting institution of higher education in Canada, provided that the conferral of a degree is a mandatory requirement that must be met before the person enrolled in such program may qualify to attempt the examination(s) or evaluation(s) for certification prescribed by Standard 5; or

- (b) membership in good standing in an accounting body in Canada or another country;
or
 - (c) qualification for mature student or candidate or degree-equivalent status where the designated body is able to demonstrate that the intellectual and personal skills of the applicant have been developed to the required level in other ways.
- (6) A designated body may provide alternative programs to allow prospective students or candidates to obtain a professional education program that is equivalent to a professional accounting degree from a recognized degree granting institution of higher learning.

Standard 2

Pre-certification Education and Study Requirements

- (1) A designated body shall prescribe an integrated program of study, practical experience and professional education that ensures that its students or candidates who seek to be certified for public accounting develop and demonstrate their attainment of the specific capabilities and competencies at the levels of proficiency that an *entry-level public accountant* must possess, as prescribed in the applicable competency map(s) and any related resources.
- (2) A designated body shall require that all students or candidates who seek to be certified to practice public accounting to attain proficiency to the level prescribed in the technical and enabling competencies set out in the applicable competency map(s) and any related resources.
- (3) A designated body shall also ensure that the specific competency requirements described in Standard 2(2) are consistent with any such *public accounting capabilities prescribed* in the applicable competency map(s) and any related resources.

Standard 3

Pre-certification Experience Requirements

- (1) A designated body shall provide for pre-certification experience requirements that specify that each student or candidate seeking to be certified to practice public accounting must complete a minimum period of 30 months of full-time structured and monitored practical experience in public accounting and other accounting services acquired in an approved training office as prescribed in the applicable competency map(s) and any related resources under the supervision of a licensed public accountant.
- (2) A designated body shall provide for pre-certification experience requirements of sufficient breadth and depth of experience and of appropriate nature and quality in respect of all of the public accounting services defined in the Act. The pre-certification experience requirements must seek to develop in students or candidates the core competencies of an *entry-level public accountant* and their ability to perform the requisite

roles and tasks to the proficiency levels prescribed in the applicable competency map(s) and any related resources.

- (3) A designated body's pre-certification experience requirements shall be structured to expose students or candidates to a variety of professional engagements and special assignments in public accounting services in one or more related competencies through engagements performed for a variety of clients. The requirements shall also provide for ongoing discussions with licensee-approved mentors and client management in order to develop an understanding of professional responsibilities.
- (4) A designated body shall also require that each student or candidate fulfill, within the 30-month training period referred to in Standard 3(1), a minimum of 2,500 chargeable hours in public accounting and other accounting services, which shall include:
 - (a) In the case of a student or candidate seeking certification for eligibility to apply for a Public Accountant Auditing Licence
 - (i) a minimum of 1,250 chargeable hours in assurance work in a wide range of applications within which the student or candidate must have spent:
 1. a minimum of 625 chargeable hours in financial statement audit procedures in accordance with the *CPA Canada Handbook – Assurance*; and
 2. a minimum of 100 chargeable hours in taxation matters involving providing advice on corporate or personal income tax matters and the preparation of related tax returns.
 - (b) In the case of a student or candidate seeking certification for eligibility to apply for a Public Accountant Licence
 - (i) a minimum of 1,250 chargeable hours in assurance work in a wide range of applications within which the student must have spent:
 1. a minimum of 625 chargeable hours in financial statement review report procedures in accordance with the *CPA Canada Handbook – Assurance*; and
 2. a minimum of 100 chargeable hours in taxation matters involving providing advice on corporate or personal income tax matters and the preparation of related tax returns.
 - (c) The 30 month chargeable hour experience requirements prescribed in Standard 3(4) may be accumulated in a rolling five year period.
 - (d) Practical experience gained in environments other than an approved training office and under the supervision of other than licensed public accountants can satisfy the pre-licensing experience requirements other than those specified in Standard 2(4) provided that the designated body is satisfied that the work environment and the competencies and capabilities acquired within the work environment are equivalent to the applicable competency map(s) and any related resources.

- (e) A designated body shall require that the appropriate licensed public accountant in the approved training office sign a declaration that a student or candidate being presented for certification to practice public accounting has completed the duration and the chargeable-hour requirements and that the student has been exposed to a reasonable cross-section of the competencies set out in the applicable competency map(s) and any related resources.

Standard 4

Approved Training Offices

- (1) A designated body shall require an approved training office to:
 - (a) be engaged in the practice of public accounting;
 - (b) be periodically inspected by the designated body to ensure that:
 - (i) each student or candidate employed by the office who seeks to be certified to practice public accounting would be able to fulfill the experience requirements prescribed in the applicable competency map(s) and any related resources;
 - (ii) the office adheres to these Standards; and
 - (iii) the office provides a diverse mix of assignments to ensure well-rounded training for students or candidates;
 - (c) satisfy the designated body that the requirements of Standard 4(1)(b) have been fulfilled; and
 - (d) be approved by the designated body for the training of students or candidates to provide public accounting services.
- (2) A designated body shall require each approved training office to give each student or candidate in its employ who seeks to be certified to practice public accounting such practical experience and instruction and to offer such training opportunities as are necessary to enable the student to acquire the competencies and capabilities required to provide public accounting services.
- (3) A designated body or its designate shall require each approved training office to maintain and to submit to the designated body for review records showing, in reasonable detail, the disposition of the time spent by each student or candidate while engaged in public accounting services and the type of work allocated to the student or candidate. Such records shall include the chargeable hours in any of the applications specified in Standard 3(4) and shall be submitted to the designated body at such time as the student or candidate terminates employment with the office or has completed the experience requirement.
- (4) A designated body shall, at the time of the mandatory, cyclical practice inspection required under Standard 6, conduct a review of each training office to determine if the office should continue to be an approved training office.

Standard 5

Examinations Used For Students or Candidates Seeking To Be Certified To Practice Public Accounting

- (1) A designated body shall prescribe evaluation(s) or examination(s) that require students or candidates to satisfactorily demonstrate their acquisition of the competencies and capabilities to practise public accounting at the proficiency levels prescribed for *entry-level public accountants* in the applicable competency map(s) and any related resources.
- (2) The evaluation(s) or examination(s) for licensing established by a designated body shall be rigorous and competency-based, using essay, short-answer and/or objectively-scored formats that substantially rely on simulations or case-studies to test both technical competency, higher-order cognitive skills and the public accounting capabilities prescribed in Standards 1(2) and 1(3) and also shall:
 - (a) test knowledge across multiple subjects and the competencies prescribed in the applicable competency map(s) and any related resources;
 - (b) emphasize the ability to apply knowledge and to exercise professional judgment appropriate to an entry-level public accountant;
 - (c) be integrative in nature; and
 - (d) be based on a process that is fair, equitable, valid and reliable.

Standard 6

Practice Inspections of Public Accountants

- (1) A designated body shall require all members, licensed by the Public Accountants Board of Nova Scotia to practice public accounting or their practicing firm, as applicable, be subject to a system of mandatory, cyclical practice inspection that includes on-site inspections, or due to the size of the practice, desk inspections, by the designated body to ensure maintenance of an appropriate level of professional standards.
- (2) The practice inspection process of a designated body shall:
 - (a) require a practice inspection to be conducted within twelve months of inception of the practice and/or the issuance of a license by the Public Accountants Board of Nova Scotia;
 - (b) involve the testing of quality control procedures;
 - (c) involve the review of current auditing and/or review engagement files;
 - (d) contain sufficient procedures to ensure careful assessment of the nature of the types of engagements and the types of clients of the licensee and to determine key areas of risk in respect of each;

- (e) retain the services of inspectors having senior experience in public accounting who are independent of the particular licensee subject to inspection;
 - (f) provide the practice inspection system, through enactment of by-laws or regulations, with the power to:
 - (i) compel a licensee or practicing firm to produce working paper files, books, documents or other materials in paper or electronic form, provided that only documents and information that are compellable by law are producible (e.g. documents and information subject to legal privilege of the licensee, partnership or the licensee's or partnership's client are not producible, unless privilege is waived by the licensee, partnership or the client, respectively); and
 - (ii) make complaints of professional misconduct where warranted, including in situations where the licensee fails to co-operate in the inspection of the practice;
 - (g) adopt procedures to ensure consistency in the conducting of inspections and of inspector reporting standards, including review of an inspection report by a senior inspector and a final review by a committee established for the purpose.
- (3) The practice inspection system shall require the selection of members licensed by the Board, or their practicing firms, for inspection within a cycle that shall not exceed three years.

Standard 7

Mandatory Continuing Professional Development

- (1) A designated body shall require all members licensed by the Board to practice public accounting to undertake continuing professional development to contribute to the development and maintenance of professional competence that is appropriate to their work and professional responsibilities.
- (2) Each member licensee shall complete at least 120 hours of relevant professional development activity in each rolling three-year period, of which 60 hours shall be verifiable.
- (3) At least 50 per cent of the annual and periodic minimum continuing professional development requirements must be verifiable, meaning that the learning can be objectively verified by a competent source.
- (4) A designated body shall require each licensee to fulfill, and upon request to report to the designated body on compliance with, the continuing professional development requirements prescribed in Standard 7(2).
- (5) A designated body shall specify the adverse consequences arising from a licensee's failure to comply with the continuing professional development requirements or failure to file annually or upon the request of the designated body a report of compliance with the requirements. Such consequences shall include referral to the disciplinary process of the designated body and, where circumstances warrant, suspension or revocation of the licence to practise public accounting.

- (6) The mandatory continuing professional development requirements that a designated body establishes and maintains for licensees may permit each licensee to determine whether the content of the activity contributes to his or her own personal professional development, but the licensee must be required to base such determination on ensuring that the activity:
 - (a) is quantifiable, meaning it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;
 - (b) is directly related to the competencies needed to practise public accounting;
 - (c) is relevant to the member's current professional needs and/or longer term career interests as a public accountant; and
 - (d) contains significant intellectual or practical content.
- (7) The annual continuing professional development requirements for a licensee may, at the discretion of the designated body, be reduced or exempted during periods of absence from the practice of public accounting due to parental leave, medical or compassionate circumstances provided that:
 - (a) the designated body is satisfied that the licensee otherwise has the required capabilities, competence and current skills to provide public accounting services; and
 - (b) the designated body documents in writing its reasons for doing so.

Standard 8

Mandatory Professional Liability Insurance

- (1) A designated body shall require all members licensed by the Board to maintain, and provide satisfactory proof of maintaining, professional liability insurance coverage.
- (2) The designated body's requirements for insurance shall include:
 - (a) minimum coverage limits per claim and, in aggregate per policy period;
 - (b) maximum allowable deductibles where possible; and
 - (c) the minimum period for which insurance is to be maintained after the member retires or leaves practice.
- (3) In setting requirements for insurance, the designated body should consider and address, to the extent possible:
 - (a) different levels of risk based on practice size, number of principals, or other similar factors;
 - (b) the magnitude of claims reasonably anticipated to arise; and
 - (c) the coverage reasonably available in the marketplace.

- (4) The designated body may, as an exception, permit self-insurance in cases where sufficient professional liability coverage is not reasonably available in the marketplace due to the size of the professional corporation, partnership or practice and its risk exposure. Such an exception may be permitted only on the condition that the professional corporation, partnership or practice set aside assets at least equal in value to the self-insured amount. Permission must be granted by the designated body in writing.
- (5) A designated body shall specify in its bylaws or regulations or policies the adverse consequences arising for a member who fails to comply with the mandatory professional liability insurance requirement or to report such compliance to the designated body, which consequences shall include the suspension or revocation of the members certification to practise public accounting, as applicable.

Standard 9

Generally Accepted Accounting Principles and Generally Accepted Assurance Standards

A designated body shall require every member who is certified to practice public accounting in Nova Scotia to use the generally accepted accounting principles and generally accepted assurance standards set out in the *CPA Canada Handbook – Accounting*, the *CPA Canada Public Sector Accounting Handbook* and the *CPA Canada Handbook – Assurance* as the same are amended from time to time, in accordance with the generally accepted standards of practice of the public accounting profession.

Standard 10

Rules of Professional Conduct

- (1) All rules of professional conduct of the designated body respecting public accounting shall apply to all member licensees of the designated body.
- (2) A designated body shall adopt and enforce rules of professional conduct that:
 - (a) are specific to the practice of public accounting;
 - (b) ensure protection of the public and the users of the services of licensees;
 - (c) require maintenance of high professional standards of competence and ethical conduct by member licensees;
 - (d) meet or exceed the standards established by the International Federation of Accountants, augmented or supplemented, where applicable, by any standards required by or under the authority of the Ontario Securities Commission or other regulatory body having jurisdiction in Nova Scotia to regulate reporting issuers.
- (3) The rules of professional conduct adopted by a designated body shall be based on the following principles:

- (a) a member licensee shall conduct themselves at all times in a manner that will maintain the good reputation of public accountants and their ability to serve the public interest;
- (b) a member licensee shall perform professional services with integrity and due care;
- (c) a member licensee shall be independent of the assurance client. Independence of mind and in appearance is necessary to enable the member licensee to express a conclusion;
- (d) a member licensee shall accept an obligation to sustain their professional competence by complying with relevant laws, rules and regulations, and keeping informed of, and complying with, developments in professional standards;
- (e) a member licensee who is engaged in providing assurance engagements such as an audit or review of financial statements, or a specified auditing procedures engagement, shall take reasonable steps to identify circumstances that could pose a conflict of interest, and shall hold himself or herself free of any influence, interest or relationship, in respect of the client's affairs, which impairs professional judgement or objectivity or which, in the view of a reasonable observer, would impair the licensee's professional judgement or objectivity;
- (f) a member licensee has a duty of confidentiality in respect of the affairs of any client or employer (or former client or former employer) and shall not disclose, without proper cause, any information obtained in the course of their duties, nor shall they in any way exploit such information for personal advantage;
- (g) a member licensee shall meet the requirements of professional competence and due care, and shall provide only those services that the member licensee is competent to perform;
- (h) a member licensee shall act in relation to any other person licensed under the Act, or any partnership or professional corporation of licensees under the Act, with the courtesy and consideration due between professional colleagues.
- (i) a member licensee who is asked to replace another licensee or who is considering accepting a new engagement currently held by another licensee shall determine whether there are any professional reasons for not accepting the engagement;
- (j) a member licensee associated in the practice of public accounting with any person who is not a licensee under the Act shall be responsible to the designated body and the Board for any failure of such person, in respect of such practice, to abide by the rules of professional conduct, and the rules of professional conduct of the designated body shall specify that the rules are deemed to apply to such a person;
- (k) a member licensee must be required to establish, maintain and uphold policies and procedures designed to ensure that:
 - (i) all public accounting services as defined in the Act are performed in accordance with generally accepted standards of practice of the public accounting profession, including the standards set out in the *CPA Canada Handbook – Assurance*, the

CPA Canada Handbook – Accounting and the CPA Canada Public Sector Accounting Handbook; and

- (ii) all member licensees, students and other employees with whom the licensee contracts to carry out public accounting engagements or services comply with the rules of professional conduct of the designated body.
- (4) A designated body shall require member licensees to identify threats to the independence requirements set out in the designated body's rules of professional conduct and apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level.
 - (5) The rules of professional conduct of a designated body shall include at least the following actions among those that constitute professional misconduct:
 - (a) fraud, theft, forgery, tax evasion, violation of securities laws, or unlawful conduct in the licensee's professional capacity;
 - (b) acts or omissions likely to bring the accountancy profession into disrepute;
 - (c) breaches of professional standards; and
 - (d) instance(s) of professional negligence that either alone or cumulatively may indicate an inability to effectively practise public accounting.
 - (6) In developing and maintaining rules of professional conduct, a designated body shall ensure to the extent possible:
 - (a) public consultation and input is sought, where required; and
 - (b) the rules of professional conduct that are specific to the practice of public accounting are harmonized with the rules of accounting bodies in other jurisdictions within Canada with which the designated body is affiliated or associated.

Standard 11

Disclosure and Related Matters

- (1) A designated body shall maintain sufficient appropriate documentation to support its ongoing compliance with these standards. Such documentation shall be made available to the Board upon request as may be required.
- (2) A designated body shall request its members and or practicing firms as may be applicable to consent and to be deemed for all purposes to consent to the release of any and all information and documentation by a members and or practicing firm to the designated body and to the Board for the purposes of enabling the Board to carry out their respective responsibilities and functions pursuant to the Act and these standards.

Standard 12

Current Public Accounting Experience Required

- (1) A member of a designated body who was previously certified to practice public accounting by a designated body but had not applied to the Board to be licensed or who qualified to be certified to practice public accounting by a designated body but who had never applied to be certified shall not be eligible to be certified to practice public accounting, if, within the immediate past five years, the member has not engaged in the practice of public accounting in a substantive way, as set out in the Guideline Criteria for Establishing that an Applicant for a Licence under the Act has Practiced Public Accounting in a Substantive Way.
- (2) A member of a designated body who previously was licensed by the Board shall not be eligible to be certified by a designated body to practice public accounting, if, within the immediate past five years, the member has not engaged in the practice of public accounting in a substantive way, as set out in the Guideline Criteria for Establishing that an Applicant for a Licence under the Act has Practiced Public Accounting in a Substantive Way.
- (3) A member of a designated body who previously was licensed by the Board shall not be eligible to be certified to practice public accounting, by a designated body if, within the immediate past five years, the member has not engaged in the practice of public accounting in a substantive way, as set out in the Guideline Criteria for Establishing that an Applicant for a Licence under the Act has Practiced Public Accounting in a Substantive Way.
- (4) A member who is not eligible to be certified to practice public accounting due to the reasons set out in Standard 12(a), (b) or (c) can become eligible by fulfilling the requirements of Standard 14, Rules Governing Certification of Members who have not Practiced Public Accounting in a Substantive Way within the Five Years Immediately Prior to their Application.

Standard 13

Certification of Persons Admitted to Membership from an Affiliated Provincial Accounting Body

- (1) Notwithstanding the requirements of Standards 1 through 5, the designated body shall certify as eligible to practice public accounting an extra-provincial member admitted from an affiliated provincial accounting body and who is licensed to practice public accounting in the jurisdiction of the affiliated body, without requiring any additional material training, experience, examinations or assessments provided that the member can establish they intend to practice public accounting in Nova Scotia and they meet the requirements of Section 14D(1) of the Act.
- (2) Nothing in Standard 13(1) limits the ability of the designated body to:
 - (a) refuse to certify as eligible to practice public accounting the extra-provincial member, or impose terms, conditions or restrictions on the certification where such action is considered necessary to protect the public interest as a result of complaints or disciplinary or criminal proceedings in any jurisdiction relating to the competency, conduct or character of the member;

- (b) require that the conditions of Standard 14 be completed prior to certifying an extra-provincial member when the extra-provincial member applying for certification has not, within the immediate past five years, engaged in the practice of public accounting in a substantial way;
 - (c) assess the equivalency of a certification or licensing limitation, restriction or condition imposed upon an extra-provincial applicant by the affiliated provincial accounting body to any certification limitation, restriction or condition that may be applied by the designated body to a member, and apply an equivalent certification limitation, restriction or condition to the certification granted by the designated body to such a member, or where the Board has no provision for applying an equivalent limited, restricted or conditional licence, refuse to certify the extra-provincial applicant;
 - (d) refuse to certify a member who does not consent to the disclosure of the information required under Section 14D of the Act and/or Standards 13(1) and (4) above.
- (3) Despite the provision of Standards 13(1) above, a designated body shall refuse the certification or renewal of certification to a member if the member held a licence issued by an affiliated provincial accounting body or was certified to practice public accounting by that affiliated provincial accounting body and such licence or certification was suspended or revoked and not reinstated by that affiliated provincial accounting body prior to the date of the member's application for a licence in Nova Scotia.

Standard 14

Rules Governing Certification of Members who have not Practiced Public Accounting in a Substantive Way within the Five Years Immediately Prior to their Application

- (1) With the exception of members who meet the criteria identified in By-Law 9, a designated body shall require any member who has not practiced public accounting in a substantive way in the five years immediately prior to their application for a licence to demonstrate current competence by successfully completing, as a condition to be met prior to being eligible to be certified to practice public accounting:
- (a) a period of at least 12 months of public accounting services, within a maximum of 36 months, under the supervision of a licensee or, subject to the designated body satisfying itself as to the qualifications of such a person, a member of an affiliated provincial accounting body who is authorized to practise public accounting or, in a jurisdiction in which only the practising firm is registered or authorized to practise public accounting, under the supervision of a member of the practising firm who has signing authority for public accounting engagements who shall, upon the member's completion of the period of public accounting experience, provide the designated body with a certificate of such completion;
 - (b) any course or courses prescribed by the designated body on:
 - (i) the accounting and assurance standards set out in the *CPA Canada Handbook – Accounting* and *CPA Canada Handbook – Assurance*;
 - (ii) the current rules of professional conduct of the authorized designated body;

- (iii) taxation; and
 - (iv) business law.
- (2) Despite provisions of Section 14(1), a designated body shall refuse to certify to practice public accounting a member if the member was certified to practice public accounting by another designated body and such certification was suspended or revoked and not reinstated by that other designated body.

Standard 15

Bridging provisions for Members of Designated Bodies who do not meet Educational or Experience Requirements required for Public Accounting

- (1) Designated bodies may develop programs to allow members who have not satisfied the education or practical experience qualifications standards prescribed by the Board to be eligible to be certified to practice public accounting to become eligible. Such programs should require, to the satisfaction of the Board, such members who wish to obtain certification to practice public accounting, to achieve substantially equivalent education and experience qualifications as prescribed in these Standards.
- (2) Members certified eligible for a Public Accountant Licence (review engagement certification) who wish to seek certification for a Public Accountant Auditing Licence must complete a minimum of 625 hours in the audit of historical financial information in an approved training office subject to verification as prescribed in Standard 3. The audit hour requirement must be met within a rolling five-year period.

Appendix A to the Standards of the Public Accountants Board of Nova Scotia

Guideline Criteria for Establishing that an Applicant for a Licence under the Act has Practiced Public Accounting in a Substantive Way

The Standards of The Public Accountants Board of Nova Scotia (the “Board”) are intended to ensure that all licensees have the capabilities and competencies to provide the public accounting services described in Section 2 of the *Public Accountants Act*, (“practice of public accounting”). For such capabilities and competencies to be relevant they must also be current.

Standard 12 of the Board provides that a designated body (currently the Chartered Professional Accountants of Nova Scotia) may not certify a member to be eligible to apply to be licensed to practice public accounting if within the immediate past five years the member has not been engaged in the practice of public accounting in a substantive way.

Where a member cannot satisfy the requirements of Standard 12, Section 14(1) of the Board’s Standards sets out the requirements respecting the steps to be taken by such a member before they are eligible to be certified by their designated body to practice public accounting. Such steps include current supervised public accounting services and relevant professional development courses as prescribed.

The following sets out minimum criteria to be considered by the public accounting certification (or equivalent) committee of a designated body in determining whether an applicant for certification (the “Applicant”) has been engaged in the practice of public accounting in a substantive way within the immediate past five years. For the purpose of these criteria the practice of public accounting may include compilation engagements.

The criteria are inter-related and are discussed under the following headings:

1. Practice Environment
2. Practice Capacity
3. Continuing Professional Development
4. Eligible Hours
5. Ethical and Independence Requirements

1. Practice Environment

The determination of whether an Applicant has the required capabilities and competencies to provide public accounting services shall be made with reference to whether the Applicant has: within the past five years participated in a recognized capacity in public accounting engagements in a practising firm that has successfully completed a practice inspection by their designated body to assess that its quality control system, its current engagement files, and related financial statements adhere to professional standards.

2. Practice Capacity

The following persons shall be regarded as having participated in a recognized capacity in providing public accounting services:

- (a) each member of a practising firm who has responsibility for the entire public accounting engagement or who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
- (b) each member of a practising firm who can directly influence the outcome of a public accounting engagement, such as members who provide:
 - direct supervision, management or other oversight of the leadership of the engagement team(s);
 - consultation regarding professional standards;
 - consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
 - quality control or second partner review.
- (c) a practice inspector appointed by the designated body or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices.

3. Continuing Professional Development

The Applicant must have completed the minimum number of hours of continuing professional development prescribed by the designated body, including the specified minimum number of verifiable hours prescribed by the designated body, in activity that is quantifiable and directly related to the competencies needed to provide public accounting services.

4. Eligible Hours

The certification committee of the designated body shall specify the minimum number of hours that it expects an Applicant to have to support a determination that the Applicant has been practising public accounting in a substantive way; provided, however, that such minimum number of hours shall not be less than 2,500 hours consisting of:

- (a) a minimum of 1,250 chargeable hours and/or documented hours acquired as a result of participating in a recognized capacity in providing public accounting services within the immediate past five years; and
- (b) up to 1,250 hours in designated services within the immediate past five years.

Chargeable hours are hours normally chargeable to clients of a public accounting practice provided that work of a routine clerical nature shall not be included in the computation of chargeable hours.

Documented hours are hours acquired in a public accounting practice through the provision of services described in 2(b) above that have not been charged to clients.

Designated services are services that require competencies that are complementary to those required to provide public accounting services. Designated services are:

- taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
- performance measurement relating to the evaluation, development and interpretation of an entity's financial and non-financial information that measures and enhances an entity's organizational performance;
- forensic accounting;
- research on the interpretation or application of either or both of Generally Accepted Accounting Principles ("GAAP") and Generally Accepted Assurance Standards ("GAAS") or on professional standards;
- financial reporting involving the review of accounting principles and financial statement disclosure and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;
- corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial institution, and assisting a client in analyzing the accounting effects of certain transactions;
- research conducted for, or advice given to, assurance clients on matters related to assurance engagements;
- training of other accountants or staff of the practicing firm in respect of the performance of assurance services where such training is a formal role for the Applicant.

5. Ethical and Independence Requirements

Underlying all of the other criteria for the determination of whether the Applicant has been engaged in the practice of public accounting in a substantive way are the requirements contained in GAAS and the rules of professional conduct adopted by the designated body that a practicing firm and members of a practicing firm practising public accounting comply with the applicable ethical requirements and the related independence policies and procedures.

These requirements include the following principles of professional ethics:

- integrity;
- objectivity;
- professional competence and due care;
- confidentiality;
- professional behaviour.

Because the fundamental principle of objectivity for assurance engagements cannot be maintained if an individual or their practicing firm lacks independence, independence policies

and procedures must be an integral part of the Applicant's practice environment where the Applicant's experience has been acquired.

Where an Applicant has breached or is under investigation for failure to observe any of these ethical and independence requirements, the designated body when considering the eligibility of the Applicant to practice public accounting must satisfy itself that there are no circumstances which would preclude the Applicant from his or her certification.

Exercise of Discretion

In circumstances where the Applicant has not met the minimum criteria set out in this Board Guideline but satisfies the designated body's certification committee that the Applicant otherwise has the required capabilities, competence and current skills to provide public accounting services, the designated body may use its professional judgement to certify the Applicant to practice public accounting, provided that the designated body's certification committee documents in writing its reasons for exercising its professional judgement to do so.

The designated body shall provide to the Board, pursuant to Section 11 of the Board's Standards, where the designated body's certification committee has exercised its professional judgment to certify an Applicant that has not met the minimum criteria set out in this Board Guideline, an outline of its reasons and any further information that the Board may request.