

PUBLIC ACCOUNTANTS BOARD OF NOVA SCOTIA

Stakeholder News

Where we are now

The Public Accountants Act of Nova Scotia (the PA Act) was originally drafted back in the late 1940's, at a time when the practice of public accounting was much more limited in its participants and the scope of public practice itself was much simpler. Financial reporting for the most part was limited to audit reports and accounting and auditing principles were in their infancy. Few changes to the legislation ensued over the next 60 years. Consequently the Public Accountants Board (the Board) embarked on a process of proposing amendments to the Act that more reflect the public accounting environment that exists today and complying with the requirements of FRPA (The Fair Registration Practices Act) and the Agreement on Internal Trade (AIT).

Amendments to the Act were drafted and circulated to the three legacy accounting bodies now unified under the Chartered Professional Accountants of Nova Scotia (CPANS) banner for comments. The draft amendments were first submitted to Government in 2007. Following considerable discussion with government and subsequently CPANS, revised draft legislation was submitted to government for enactment. The revisions to the PAB Act received Royal Assent on August 2, 2016 concurrently with the Chartered Professional Accountants Act. In association with the new PA Act, By-laws and Public Accounting Standards were drafted. This drafting process included significant and comprehensive consultations with CPANS officers and Counsel prior to implementation.

Principal Changes in the 2016 amendments

Apart from modernizing the Act, there were a number of significant changes that impacted licence holders introduced with the amendments to the PA Act; the more significant are summarized below.

DEFINITION OF PUBLIC ACCOUNTING

The definition contained in the pre-amended PA Act made reference to the "investigation and audit of accounting records" and gave rise to a view that the Act only applied to practitioners issuing Audit Reports. While it was the Boards view the definition also encompassed Review engagements there was a question of whether this view was supported by law.

The revised definition in the amended PA Act is as follows, the "practice of public accounting" *means the performance of or the offer to perform either of the following services for a member of the public:*

- (i) an assurance engagement as set out in the applicable section of the CPA Canada Handbook-Assurance,*

(ii) a specified auditing procedures engagement as set out in the applicable section of the CPA Canada Handbook-Assurance.

This definition is generally consistent with the national definition of public accounting found across the country and clearly brings **review engagements** under the PAB umbrella.

TWO TIER REGIME

Because of the uncertainty of the scope of the jurisdiction of the Board there were a number of unlicensed practitioners who had established accounting practices that included review engagement services. The Board felt the amended legislation should attempt to accommodate such practitioners to the extent possible. To do so, the amendments include an **audit** and a **review** category of licensure. The “**review**” category of licence is consistent with the review certification concept subsequently adopted by certain of the CPA jurisdictions in Canada including CPANS.

CURRENCY OF PRACTICE EXPERIENCE

The pre-amended Act contained no timeline on practical experience requirements. While the Board attempted to ensure applicants were current in their knowledge and experience there was no statutory authority to do so. The amended Act and Standards introduce current minimum practical experience requirements consistent with requirements found in other Canadian jurisdictions. Licence applicants will need to satisfy the Board their public accounting practice experience is current by establishing that in the immediate five years preceding their licence application they have been engaged in the practice of public accounting in a substantive way. The Boards position on this requirement is set out in Guidelines established pursuant to the PA Act Standards.

All license applicants, new or renewing, must be certified as eligible to apply to the PAB for a public accounting licence by the Certification Committee of CPANS. The PAB will not consider any application or renewal without such certification. **Note however:** certification by the Certification Committee of CPANS does not entitle an individual to practice public accounting in Nova Scotia; it only entitles the member to apply to the PAB for licensure. In consultations with CPANS and to minimize duplication the Board will generally rely on the public accounting certification requirements of CPANS to streamline the licence application process. Public Accounting licensing decisions however rest with the Licensing Committee of the PAB. In the matter of current experience, pursuant to the Standards of the PA Act, the Licensing Committee will follow the *Guideline Criteria for Establishing that an Applicant for a Licence under the Act has Practiced Public Accounting in a Substantive Way*. In instances where the guidelines are not fully satisfied the Licensing Committee has the discretion to approve an applicant for a license providing such an approval would not be contrary to the public interest.

LICENCEE DISCLOSURE

Individuals licenced to practice public accounting when providing any accounting services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, must disclose in any written statement, opinion or report, the fact that the person is licensed as a public accountant by use of the

term “**Licensed Public Accountant**” following the name or initials of the accounting designation granted by their designated body.

PRACTICING FIRMS SIGNING REPORTS MUST BE AUTHORIZED

Where any such written statement, opinion or report, as discussed above, is attributed by name to the licensed individual’s practicing firm, the fact that the practicing firm holds a certificate of authorization by use of the words “**Licensed Public Accountants**” following the name or initials of the accounting designation granted by the firms designated body. Further only individuals licensed to practice public accounting under the Act may sign any written statement, opinion or report attributed to the practicing firm. Such firms must apply to the Board for such authorization. Only one authorization is required per firm.

Example:

John Doe, CPA, CA

Chartered Professional Accountant, Licensed Public Accountant

or

DOE, JONES and SMITH, LLP

Chartered Professional Accountants, Licensed Public Accountants

DISCLOSURE ON COMPILATIONS

As preparing compilations does not require a public accountant licence disclosure is not required by the PAB on such reports. However there is no prohibition on disclosing ones public accountants licence (PAL) status on a compilation. Should a licensed individual or their authorized firm choose to disclose their PAL status on compilations then only license holders may sign the compilation report.

New Licence Applications and Renewals

Eligible individuals wishing to apply to the PAB for a public accounting licence or to renew their public accounting licence are directed to our website, www.pabns.com for details of the current licensing process.

Renewal timelines remain unchanged. Renewal applications must be received by the Board no later than **December 15th** of the year proceeding the license application year. The licence fees remain at \$240.00 but renewals received after December 15th and before February 1st of the license application year will be subject to a late filing penalty of 50% of the license fee.

Licensees whose applications have not been received before **February 1st** of the license application year will be struck from the Roll. Licensees who have been struck from the Roll will need to reapply for a license subject to all new applicant provisions.

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