

1985 BILL 76

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Third Session, 20th Legislature, 34 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 76**

**CERTIFIED GENERAL ACCOUNTANTS  
AMENDMENT ACT, 1985**

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HON. DR. REID

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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## BILL 76

1985

### CERTIFIED GENERAL ACCOUNTANTS AMENDMENT ACT, 1985

(Assented to \_\_\_\_\_, 1985)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1 *The Certified General Accountants Act is amended by this Act.*

2 *Section 1 is amended by adding the following after clause (m):*

(n) "review" means, in Part 1, an independent review of financial statements provided on a fee for service basis, primarily by means of inquiry, comparison and discussion of information supplied by an entity, with the objective of determining whether the financial statements

(i) appear to be plausible in the circumstances, and

(ii) appear to be in accordance with an appropriate and disclosed basis of accounting consistently applied,

resulting in a communication of responsibility that is intended to be relied upon or might reasonably be expected to be relied upon by third parties, and includes a statement that an audit, as defined in the *Chartered Accountants Act*, of the financial statements has not been conducted;

## Explanatory Notes

1 This Bill will amend chapter C-3.5 of the Statutes of Alberta, 1984.

2 Section 1 presently reads:

1 In this Act,

(a) "Association" means The Certified General Accountants' Association of Alberta;

(b) "authorized entity" means a certified general accountant, a professional corporation and a student member;

(c) "Board" means the Board of Governors of the Association established under section 6;

(d) "certified general accountant" means an individual who holds a subsisting certificate of registration under section 13 and an annual certificate under section 21;

(e) "Discipline Committee" means the Discipline Committee established under section 31;

(f) "member of the public" means an individual who is not a member of the Association or of any other accounting profession or organization;

(g) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of this Act;

(h) "permit" means a permit issued pursuant to section 13;

(i) "Practice Review Committee" means the Practice Review Committee established under section 26;

(j) "professional corporation" means a corporation that holds a subsisting permit;

(k) "Registrar" means the Registrar appointed under section 7;

(l) "student member" means an individual who holds a subsisting certificate of registration issued under section 13;

(m) "Registration Committee" means the Registration Committee established under section 10.

3 The heading **"USE OF NAME"** preceding section 2 is struck out and the heading **"SCOPE OF PRACTICE AND USE OF NAME"** is substituted.

4 Section 2(2) is repealed and the following is substituted:

(2) No certified general accountant shall engage in the practice of accounting in Alberta under any name or title containing the words "Professional Corporation" or the initials "P.C." unless that person is duly incorporated and the holder of a permit.

5 The following is added after section 2:

**2.1(1)** Except as provided in this Act, the regulations or any other enactment, no person except a certified general accountant or a professional corporation shall perform a review.

(2) Subsection (1) does not apply to

(a) a person employed or engaged by a certified general accountant or professional corporation who performs a review under the supervision or control of a certified general accountant, or

(b) a person who performs a review for his employer, where the employer is not a certified general accountant or a professional corporation.

6 The following is added after section 3:

**3.1** Unless otherwise permitted under this Act, no certified general accountant, student or professional corporation shall engage in the practice of accounting directly or indirectly with a person whose registration or permit is under suspension or has been cancelled under this Act or the regulations.

7 Section 4 is amended by striking out "section 2 or 3" and substituting "this Part".

8 Section 27 is renumbered as section 27(1) and the following is added after subsection (1):

(2) If an authorized entity does not co-operate with the Practice Review Committee in carrying out an inquiry or review, the chairman of the Practice Review Committee may make a complaint in writing to the Registrar and the failure or refusal to co-operate may be held by the Discipline Committee to be professional misconduct.

3 Change in heading.

4 Section 2(2) presently reads:

*(2) No person shall engage in the practice of accounting in Alberta under any name or title containing the words "Professional Corporation" or the initials "P.C." unless that person is duly incorporated and the holder of a permit issued under section 13 or under any other Act entitling it to engage in the practice of accounting.*

5 Exclusive scope of practice.

6 Persons under suspension or cancellation.

7 Consequential.

8 Section 27 presently reads:

*27 The Practice Review Committee*

*(a) shall, on its own initiative or at the request of the Board, inquire into and report to and advise the Board in respect of*

*(i) the assessment and development of educational standards and experience requirements that are conditions precedent to continuing registration as a certified general accountant under this Act,*

*(ii) the evaluation of desirable standards of competence of certified general accountants generally,*

*(iii) any other matter that the Board from time to time considers necessary or appropriate in connection with the exercise of its powers and the performance of its duties in relation to competence in the practice of accounting under this Act and the regulations, and*

*(iv) the practice of accounting generally,*

*and*

*(b) may conduct a review of the practice of an authorized entity in accordance with this Act and the regulations.*

9 *Section 33 is amended by adding the following after subsection (3):*

(4) If an authorized entity fails to comply with the terms of any settlement reached under subsection (3), the mediator may make a complaint in writing to the Registrar under subsection (1) and the failure may be held by the Discipline Committee to be professional misconduct.

10 *Section 42(2) is amended by adding “a person conducting a preliminary investigation,” after “this Act,”.*

11 *Section 43(1) is amended by striking out “authorized entity” and substituting “person”.*

12 *Section 44(1) is amended by striking out “referred to in section 43(1)”.*

**9 Section 33 presently reads:**

*33(1) A person may complain to the Registrar about the conduct of an authorized entity, and the complaint shall be dealt with in accordance with this Part and the regulations.*

*(2) If, after the registration of an authorized entity is removed, suspended or cancelled under this Act,*

*(a) a complaint is made about the former authorized entity, and*

*(b) the complaint relates to conduct occurring before the removal, suspension or cancellation occurred,*

*the complaint may, notwithstanding the removal, suspension or cancellation, be dealt with within 1 year following the date of removal, suspension or cancellation as if the removal, suspension or cancellation had not occurred.*

*(3) A person designated by the Board as a mediator may assist in settling a complaint made to the Registrar if the complainant and the person about whose conduct the complaint was made so agree, but if within 30 days from the date of receipt of the complaint, or a longer period agreed to by those persons, a settlement of the complaint between those persons does not occur, or in the mediator's opinion is not likely to occur, the complaint shall, if it is in writing, be referred forthwith by the mediator to the Registrar.*

**10 Section 42 presently reads:**

*42(1) Evidence may be given before the Discipline Committee in any manner that the Discipline Committee considers appropriate, and the Discipline Committee is not bound by the rules of law respecting evidence applicable to judicial proceedings.*

*(2) For the purpose of an investigation, hearing or review under this Act, a member of the Discipline Committee, a member of the Practice Review Committee and a member of the Board are conferred with the power of a commissioner for oaths under the Commissioners for Oaths Act.*

**11 Section 43(1) presently reads:**

*43(1) The investigated person and any other authorized entity who, in the opinion of the Discipline Committee, has knowledge of the subject matter of a hearing are compellable witnesses in a hearing under this Part.*

**12 Section 44(1) presently reads:**

*44(1) The attendance of witnesses referred to in section 43(1) before the Discipline Committee and the production of*

*(a) accounts, books, returns, statements, reports, correspondence, financial documents, financial statements, working papers, or other memoranda of financial or non-financial information whether in writing or in electronic form or represented or reproduced by any other means, and*

*(b) the results of the recording of details of electronic data processing systems and programs to illustrate what the systems and programs do and how they operate*

*that are relevant to the investigation may be enforced by a notice issued by the Registrar requiring the witness to attend and stating the time, date and place at which the witness is to attend and the things in clauses (a) and (b) that he is required to produce.*

*13 Section 49(3) is amended by adding “, an order of the Board under section 56(6) or an order of the Court of Appeal under section 61(1)” after “subsection (1)”.*

*14 Section 54 is amended by adding the following after subsection (4):*

**(4.1) The Registrar shall, forthwith on filing a notice of appeal himself, serve a copy of it on the investigated person.**

*15 Section 55(1) is amended by adding “and not less than 15 days before the date set for the hearing,” before “serve”.*

*16 Section 56 is amended by adding the following after subsection (8):*

**(9) The Board may make an order respecting the payment of the costs of the hearing before it in accordance with the by-laws.**



**13** Section 49(3) presently reads:

*(3) Where the Discipline Committee is satisfied that an investigated person has contravened an order under subsection (1) it may, without the necessity of a further hearing, cancel or suspend his registration subject to any terms it considers appropriate.*

**14** Section 54 presently reads:

*54(1) An investigated person or the Registrar may appeal to the Board*

*(a) a finding made by a Discipline Committee in accordance with section 47 or 48,*

*(b) any order of the Discipline Committee under section 49 or 50, or*

*(c) both a finding referred to in clause (a) and an order referred to in clause (b).*

*(2) An appeal under subsection (1) shall be commenced by a written notice of appeal which shall*

*(a) describe the finding or order appealed, and*

*(b) state the reasons for the appeal.*

*(3) A notice of appeal under subsection (2) shall,*

*(a) when it is filed by the investigated person, be filed with the Registrar within 30 days after the date of service of the decision of the Discipline Committee on the investigated person, and*

*(b) when it is filed by the Registrar, be filed by him within 30 days after he receives the decision of the Discipline Committee.*

*(4) The Registrar shall, on receiving a notice of appeal under subsection (3), or on filing a notice of appeal himself, transmit to each member of the Board a copy of the notice of appeal.*

*(5) Each member of the Board is entitled on receiving a copy of a notice of appeal to examine the record or any part of the record of the proceedings before the Discipline Committee and to hear any tape recording or examine any mechanical or handwritten form of record of any testimony given before the Discipline Committee.*

**15** Section 55(1) presently reads:

*55(1) The Registrar shall, on the direction of the Board, serve on the investigated person a notice of hearing of an appeal stating the date, time and place when the Board will hear the matters appealed.*

**16** Section 56 presently reads:

*56(1) The Registrar, the Association and the investigated person may appear and be represented by counsel at the hearing of an appeal before the Board.*

*(2) A member of the Discipline Committee who is also a member of the Board may participate in an appeal before the Board but shall not vote in a decision of the Board on the appeal.*

*(3) The appeal to the Board shall be founded on a copy of the record of the proceedings before the Discipline Committee and the decision and order of the Discipline Committee.*

*(4) Sections 42 to 46 apply to proceedings before the Board.*

*(5) The Board on an appeal may do any or all of the following:*

17 *The following is added after section 67:*

**67.1(1)** If

- (a) the registration of a certified general accountant or professional corporation is suspended or cancelled,
- (b) a certified general accountant dies,
- (c) a certified general accountant becomes mentally incapacitated,
- (d) a certified general accountant becomes ill or for some other reason is unable to engage in the practice of accounting,
- (e) a certified general accountant absconds or is otherwise improperly absent from his practice, or has neglected his practice for an extended period of time, or
- (f) sufficient other grounds exist,

a judge of the Court of Queen's Bench may, on application by the Society, either ex parte or on such notice as the judge may require, by order appoint the Society, a person nominated by it or another person as custodian to have custody of the property of the certified general accountant or professional corporation for the purpose of managing, winding up or selling the practice of the certified general accountant or of the professional corporation of which the certified general accountant is a shareholder.

(2) An order under subsection (1) may direct the sheriff of any judicial district in Alberta to seize and remove and place in the custody of the custodian all property of the person who is the subject of the order, and the order may authorize the sheriff to enter on any premises or open any safety deposit box or other receptacle if there are grounds for believing that property of the person who is the subject of the order may be found on it or in it.

- (a) grant adjournments of the proceedings or reserve the determination of the matters before it for a future meeting of the Board;*
  - (b) on granting special leave for that purpose, receive further evidence;*
  - (c) draw inferences of fact and make a determination or finding that, in its opinion, ought to have been made by the Discipline Committee.*
- (6) The Board shall, within 30 days from the date of the conclusion of all proceedings before it, do any or all of the following:*
- (a) make any finding that, in its opinion, ought to have been made by the Discipline Committee;*
  - (b) quash, vary or confirm the finding or order of the Discipline Committee under this Part or substitute or make a finding or order of its own;*
  - (c) refer the matter back to the Discipline Committee for further consideration in accordance with any direction that the Board may make.*
- (7) When the Board makes a decision, the chairman or vice-chairman shall immediately forward a copy of the decision to the Registrar.*
- (8) The Registrar shall, on receiving a copy of the Board's decision under subsection (7), serve a copy of the decision on the investigated person.*

**17 Custodian.**

- (3) Unless otherwise directed, the order shall be promptly served on the person in respect of whom it is made.
- (4) On the receipt by a person of notice that an order has been made pursuant to this section, he shall not dispose of any property of a certified general accountant or professional corporation until directed by the custodian or by order of the Court as to the disposition of it.
- (5) A judge of the Court of Queen's Bench may in an order under subsection (1) or at any time and from time to time by a subsequent order made ex parte or on notice required by the judge,
- (a) direct a bank or other depository of property of the person in respect of whom the order is made to deal with, hold, pay over or dispose of that property to the custodian, or some other person the judge considers proper,
  - (b) remove any custodian appointed by the order and appoint another custodian,
  - (c) give directions and advice to the custodian as to the disposition of the property in his hands or any part or parts of it, or
  - (d) give any directions or make any further orders that the situation requires.
- (6) The person in respect of whom an order under subsection (1) is made may apply to have the order modified or terminated at any time.
- (7) The fees, costs and expenses of the custodian shall be paid out of the property over which the custodian has authority subject to such order or direction as the Court may impose.
- 18 Section 68(1) is amended by adding the following after clause (b):
- (b.1) respecting the establishment or adoption of standards for the practice of accounting by authorized entities;
- 19 Section 69(1)(p) is amended by adding "or the Board under section 56(9)" after "section 50(1)".

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*In accordance with section 4(1) of the Interpretation Act,  
this Bill comes into force on the date it receives Royal  
Assent.*

**18** Board may make regulations.

**19** Section 69(1)(p) presently reads:

*69(1) The Board may make by-laws*

*(p) governing the nature of the costs in respect of which an order may  
be made by the Discipline Committee under section 50(1);*