

Office of the
fairness
commissioner

Bureau du
commissaire à
l'équité



Study of Registration Practices of the

**INSTITUTE OF CHARTERED ACCOUNTANTS OF
ONTARIO, 2007**

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The Office of the Fairness Commissioner is an arm's-length agency of the Ontario government, established under the Fair Access to Regulated Professions Act, 2006. Its mandate is to ensure that certain regulated professions have registration practices that are transparent, objective, impartial and fair.

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1. INTRODUCTION

The Office of the Fairness Commissioner (OFC) undertook a study of registration practices of Ontario’s regulated professions during the fall and winter of 2007–2008. The purpose of the study was to understand each regulated profession’s 2007 registration practices and to establish baseline data and information to enable the OFC to measure progress as it fulfills its mandate under the Fair Access to Regulated Professions Act, 2006.

This report reflects the registration practices of the Institute of Chartered Accountants of Ontario as of December 31, 2007. Information in this report was gathered from:

- face-to-face meetings with registration staff of the regulatory body
- additional documentation provided by the regulatory body
- relevant websites
- career maps for the profession posted on the Ministry of Citizenship and Immigration’s website (where applicable).

The Institute of Chartered Accountants of Ontario also provided registration information and statistics for 2005, 2006 and 2007 through a standard spreadsheet designed by the OFC.

An analysis and summary of the findings for all of the regulated professions is contained in the OFC’s *Ontario’s Regulated Professions: Report on the 2007 Study of Registration Practices*.

2. BACKGROUND OF THE REGULATORY BODY

A. Legislation

The Institute of Chartered Accountants of Ontario (ICAO) operates in accordance with the Chartered Accountants Act, 1956. The ICAO also operates in accordance with the Public Accounting Act, 2004 with regard to issuing public accounting licences.

B. Protected Titles

The ICAO regulates the designation “chartered accountant” and the initials CA, FCA, and ACA in Ontario.

C. Definition of the Profession

A chartered accountant in Ontario is a member of the Institute of Chartered Accountants of Ontario. Many chartered accountants are engaged in public accounting (an activity that lends credibility to financial statements); however, more than two-thirds hold positions in industry (as CEOs, CFOs, VPs Finance, etc.), government, academia or the not-for-profit sector.

D. Labour Market/Economic Trends

Accounting work is widely available in Ontario, and encompasses a broad range of skills from bookkeeping to auditing. Within the accounting job market there are many positions that require a CA designation, and usually there are more positions than individuals to fill them. The availability of student positions at CA firms fluctuates.

E. New Developments Within the Profession

A large number of CAs will retire within five years, which will have an impact on the size of the ICAO's membership. However, a recent change to the registration requirements broadens the route to entry to practice by allowing applicants to qualify for membership by completing a period of prescribed accounting experience that does not have to include public accounting.

The demand for qualified accountants to do auditing and public accounting work outstrips the number of qualified accountants available to do the work. Due to a renewed focus on regulations, standards, reporting and disclosure, the demand for auditors has increased; as a result, student registration has increased in recent years.

If there is a downturn in the economy, the number of available accounting positions may diminish, adversely affecting the profession.

F. Staffing

Staff of the ICAO consists of approximately 120 full-time staff and six part-time staff. Roughly 25 staff members are involved in the registration process.

The institute is governed by a council of 20 people, of whom 16 are elected chartered accountants and four are public representatives, appointed by the Lieutenant Governor in Council.

3. REGISTRATION PRACTICES

A. Registration Requirements and Application Process

i. Basic Requirements

Becoming a CA in Ontario requires

- a university degree that may include 17 specified courses (51 credit hours)
- three years of practical experience in an approved training office
- completion of the ICAO's Professional Program, which is composed of the Core-Knowledge Examination and the School of Accountancy (successful completion of the ICAO Professional Program establishes eligibility to attempt the national Uniform Evaluation examination)
- passing the Uniform Evaluation (UFE) examination or the CA Reciprocity Examination (CARE), as applicable
- completion of the ICAO's Staff Training Program.¹

ii. Student Registration

An applicant to the ICAO registers either as a "student" or as a "membership candidate."

A student is an applicant who has not yet satisfied all of the requirements to obtain the CA designation. Applicants from Ontario and members of accounting bodies that are outside of Canada that have been categorized as non-recognized or non-assessed must register as students.

A membership candidate is an applicant who holds membership in a recognized accounting body outside Canada and is applying for membership under a reciprocity arrangement. All membership candidates must pass the CA Reciprocity Examination.

iii. Registration Process for Internationally Trained Individuals

Internationally trained accountants can begin the application for membership process from abroad. They are eligible to register in one of three general categories, depending on which accounting body

¹ Students are required to complete the Staff Training Program within 12 months of the date of their registration with the institute or be exempted by virtue of having completed an approved in-firm/in-office equivalent. The objective of this program is to familiarize students with the performance of audit and non-audit engagements, the operation of a public accounting office, and the rules and regulations governing the practice of public accountancy in Ontario. Ideally this course should be taken after completing at least an introductory audit course and prior to writing the CKE.

they are associated with, either through current or previous membership. The category of registration determines what requirements applicants will need to fulfill to get the CA designation.

The three categories are:

- Members of Recognized Accounting Bodies
- Members of Non-recognized Accounting Bodies
- Members of Non-assessed Accounting Bodies

The International Qualifications Appraisal Board (IQAB) of the Canadian Institute of Chartered Accountants (CICA) has designated certain foreign accounting bodies as either “recognized” (meeting a standard substantially equivalent to that of Canadian CAs) or “non-recognized.”

Recognized Foreign Accounting Bodies

- Institute of Certified Public Accountants of Hong Kong
- Institute of Chartered Accountants of Australia
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of New Zealand
- Institute of Chartered Accountants of Scotland
- Institute of Chartered Accountants of South Africa
- Japanese Institute of Certified Public Accountants
- Institut des Réviseurs d’Entreprises de Belgique
- Netherlands Institute of Register Accountants
- Ordre des Experts-Comptables et des Comptables Agréés de France
- Instituto Mexicano de Contadores Públicos
- Any state boards of accountancy in the United States with reciprocity that exempts Ontario CAs from the requirement to pass the American Institute of Chartered Public Accountants Uniform CPA Examination.

Applicants who are members of “recognized” accounting bodies and who have completed at least two years of public accounting experience that is acceptable to the ICAO and was completed in the jurisdiction outside Canada, or that was recognized for credit by the recognized accounting body, are

exempt from the usual education and qualifying examination requirements for the CA qualification program in Ontario, and are required to pass the CA Reciprocity Examination (CARE).

They must also have completed at least three years of accounting experience that is equivalent to the experience required of an entry-level CA in Ontario, in order to qualify for admission to membership following passing the CARE. The institute assesses the applicant's previously obtained accounting experience and determines whether he or she has acquired the necessary depth and breadth of competencies required as well as the appropriate level of proficiency.

Non-recognized Foreign Accounting Bodies

- Institute of Chartered Accountants of India
- Institute of Chartered Accountants of Pakistan
- Institute of Chartered Accountants of Sri Lanka
- Institute of Chartered Accountants of Zimbabwe
- Australian Society of Certified Practising Accountants
- Philippine Institute of Certified Public Accountants
- Association of Chartered Certified Accountants (United Kingdom)
- Any state boards of accountancy in the United States that require Canadian CAs to write the American Institute of Chartered Public Accountants Uniform CPA Examination as a condition of membership.

All members of the non-recognized accounting bodies are granted exemption from the university degree requirement; from 48 of the 51 prescribed university degree-credit hours (exemption from the one-course requirement in Canadian business law is not automatically granted to such applicants); and from the five-day Staff Training Program. The Applications Committee may, following assessment of previous education, professional qualifications and accounting experience, grant additional exemptions from any of the other education or examination requirements of the institute, except the Uniform Evaluation (UFE).

Requirements for Accountants from Non-assessed Accounting Bodies

Applicants who are members of accounting bodies that the IQAB has not yet assessed *may* be considered for exemptions from education and experience requirements once an assessment has been completed. If an exemption is not granted, the applicant must complete all the requirements of the Ontario program to qualify for membership in the institute. Individual assessments of an applicant's

qualifications can be requested. All applicants are required to complete all examinations including the UFE.

Requirements for Applicants Who Have University Education in Accounting But Are Not Members of an Accounting Body

This category of applicants is also considered for partial exemptions from the education requirements.

B. Documentation Required from Internationally Trained Individuals

i. Standard Documentation

Internationally trained accountants applying for registration with the ICAO must provide:

- official transcripts for courses completed at a university as part of a degree program
- letter of good standing from the applicant's accounting body or, if the applicant is no longer a member, a letter from his or her former accounting body stating that at the time membership ended, he or she was a member in good standing
- verification of any previous accounting experience
- notarized translations of any documents that are not in English.

ii. Options for Applicants with Unavailable/Destroyed Documents

A sworn affidavit will be accepted if transcripts are unavailable for reasons beyond the applicant's control.

C. Credential Assessment (Third Party and/or Internal)

The International Qualifications Appraisal Board of the Canadian Institute of Chartered Accountants assesses the standards of international accounting bodies and their equivalency to Canadian standards.

The ICAO will do an assessment of an accounting body if it has not been assessed by the IQAB. Applicants cannot be exempt from the national Uniform Evaluation (UFE), but other exemptions may be considered.

World Education Services authenticates degrees from outside Canada.

D. Academic/Program Requirements

The core academic requirement for qualification consists of a university degree that either includes or has been augmented by 51 credit hours of prescribed university credit courses, or by an ICAO-accredited university program/stream. Successful completion of these degree-credit courses ensures that the applicant has covered all the topics in the “CA Candidates’ Competency Map.” Business degree programs at most Ontario universities offer all or most of the prescribed courses.

Students are encouraged to fulfill the credit-hour requirement as part of an integrated university degree program. When the prescribed courses are obtained through more than one university program, there is serious risk of duplication or omission of content. The prescribed courses may be completed on either a full-time or part-time basis before and during registration with the ICAO.

For those not enrolled in a cooperative degree or professional school of accounting program, the courses may be completed on a part-time basis after registration with the ICAO. Some non-business university degree courses may also qualify for ICAO credit. Students should contact the ICAO before registering in any non-business degree courses to find out whether the courses qualify for credit.

The 51-credit-hour requirement consists of 17 three-credit-hour courses approved by the ICAO. The specific areas covered are:

Subject area	Credit hours
Financial accounting (introductory, intermediate and advanced)	15
Cost and management accounting	6
Advanced accounting elective	3
Auditing	9
Taxation	6
Business information systems	3
Finance/financial management	3
Economics	3
Law	3
Total	51

Students completing their CA requirements through an ICAO-accredited university program/stream (see section 3.k) will complete the ICAO’s 51-credit-hour requirement in the course of their studies.

E. Work Experience Requirements

The cornerstone of the ICAO's prescribed practical experience requirement is that students be trained only in those offices approved by the institute as offering a sufficient amount and variety of appropriate experience to prepare them to practise as chartered accountants following their qualification for the CA designation.

Applicants must have a total of three years of accounting experience assessed by the institute as being equivalent to experience acquired by an entry-level chartered accountant in Ontario. The ICAO assesses an applicant's previously obtained accounting experience and determines whether he or she has acquired the necessary depth and breadth of competencies and level of proficiency.

The competency requirements for CA qualification are grouped into six areas, each of which has its own specific competencies. The six competency areas are:

- Performance Measurement and Reporting
- Assurance
- Taxation
- Governance, Strategy and Risk Management
- Management Decision Making
- Finance

To meet the depth of competency development requirement, an applicant must demonstrate all of the specific competencies within one or the other of Performance Measurement and Reporting or Assurance.

To meet the breadth of competency development requirement, the applicant must demonstrate at least half (50 per cent) of the specific competencies in at least two of the five other competency areas.

F. Examinations

i. Chartered Accountant Reciprocity Examination (CARE)

The CARE is the means by which the provincial and territorial CA institutes measure the professional competence, in a Canadian context, of members of accounting bodies outside Canada assessed by the International Qualifications Appraisal Board as having education, examination and experience requirements substantially equivalent to the Canadian CA qualification program. The

CARE examines candidates on their knowledge of Canadian accounting and assurance standards, the rules of professional conduct, Canadian taxation and Canadian business law.

The CARE consists of two three-hour papers written over two consecutive days. Day 1 of the CARE tests knowledge of accounting (approximately 50 marks) and assurance standards (approximately 50 marks). Day 2 tests knowledge of Canadian taxation (approximately 50 marks), rules of professional conduct/ethics (approximately 30 marks) and Canadian business law (approximately 20 marks).

ii. Core-Knowledge Examination (CKE)

The CKE is a four-hour, computer-scored examination containing approximately 100 multiple-choice questions. The questions are arranged by competency area. The midpoint of the range of marks allocated to each competency area is:

- Performance Measurement and Reporting — 25 per cent
- Assurance — 30 per cent
- Taxation — 15 per cent
- Governance, Strategy and Risk Management — 5 per cent
- Management Decision Making — 15 per cent
- Finance — 10 per cent

iii. School of Accountancy Examination

The SOA Examination, written at the conclusion of the three-week, full-time segment of the ICAO's School of Accountancy, consists of multi-competency, case-type questions. It ensures that Ontario CA students have attained an acceptable level of professional skill and core competency to be eligible to write the UFE.

iv. National Uniform Evaluation (UFE)

The UFE is an internationally recognized three-part (four hours per part) national examination that applicants are eligible to write only after completion of or exemption from the School of Accountancy Program. All candidates write the same examination that tests proficiency in the CA competencies.

G. Language Requirements

There are no specified language proficiency requirements to become registered in the ICAO.

H. Fees

Fee	
Student registration fee	\$100
Student annual maintenance of registration fee	\$250
Chartered Accountants Student Association of Ontario (CASAO) annual fee	\$30
Assessment/Course Assessment (all courses attended at accredited universities outside Canada are assessed for this one-time fee)	\$480
Membership Candidate registration processing fee	\$100
Membership Candidate maintenance of registration fee (where period of registration is less than 4 years)	\$250
Membership Candidate maintenance of registration fee (where period of registration is 4 years or more)	\$500
Membership Candidate admission fee (after passing the CARE)	\$1,000
Upon admission to membership after fulfilling the student requirements (admission fee)	\$500
Initial Public Accounting licence application fee	\$148.59
Annual renewal fee for public accountant's licence	\$148.59
Institute of Chartered Accountants of Ontario (ICAO) annual membership fee	\$455 ²
Canadian Institute of Chartered Accountants (CICA) annual membership fee	\$425
Course and Examination Fees	
School of Accountancy, including the Core-Knowledge Exam and the end-of-school exam	\$1,350
Uniform Evaluation (UFE)	\$1,150
Chartered Accountants Reciprocity Exam (CARE)	\$800
Chartered Accountants Reciprocity Exam Preparation Course	\$1,000

² This fee will change as of March 1, 2008.

I. Third Parties

Name of Third Party	Relationship to Regulatory Body
Canadian Institute of Chartered Accountants (CICA)	Sets final evaluation (qualification examination) in accordance with the CA Candidates' Competency Map, Administers the International Qualifications Appraisal Board.
International Qualifications Appraisal Board (IQAB)	Assesses the qualification requirements of accounting bodies outside of Canada.
World Education Services	Authenticates degrees from outside Canada.

J. Typical Length of the Registration Process

A straightforward application from an internationally trained applicant can take approximately six months to process. If there is difficulty obtaining documentation, the process may be longer. If there is an appeal of a registration decision the process may also take longer. If a hearing is required the entire process may take up to one year.

K. Accredited Programs

The following Ontario universities offer programs accredited by the Institute of Chartered Accountants of Ontario:

- Brock University, St. Catharines, Bachelor of Accounting Program, Option A, regular and co-op
- Queen's University, Kingston, Bachelor of Commerce, in combination with the Advanced Accounting Program
- University of Toronto, Master of Management and Professional Accounting Program, accounting specialist stream (Bachelor of Commerce) at Mississauga, and the accounting stream in the Bachelor of Commerce Program at St. George
- Wilfrid Laurier University, Waterloo, accounting streams in the Bachelor of Business Administration Program, regular and co-op, and in the Bachelor of Arts, Economics, Program, regular and co-op

L. Internal Review/Appeal Process

Students who believe that medical or other exceptional circumstances occurred during or close to the writing of an examination can petition the Applications Committee for the relief permitted in Regulation I. In a separate process, students can also request that an examination be re-marked.

Internationally trained applicants can appeal written decisions of the Applications Committee to the Appeal Committee. Internal assessments made by the ICAO can also be appealed to the Applications Committee.

The Appeal Committee is composed of CAs and public representatives who have had no involvement in the initial assessments or decisions. It is made up of 17 CAs and three public representatives who are not CAs, for a total of 20 members.

Hearings are conducted by panels composed of a minimum of three members of the committee. Normally there are five members on a panel, but the minimum quorum requirement is three members, with one CA acting as Chair and one public representative being present.

The Applications Committee is made up of 19 CAs and four public representatives who are not CAs, for a total of 23 members. (This number may increase in 2008, depending upon the number of volunteers available.) The same quorum and composition rules described above apply.

4. BRIDGING PROGRAMS

There are no formal bridging programs; however, exam preparation courses are available.

The ICAO is involved with the mentoring partnership of the Toronto Region Immigrant Employment Council (TRIEC), which was designed specifically for internationally trained individuals.

5. MUTUAL RECOGNITION AGREEMENTS

Accounting bodies that are deemed to be “recognized” by the International Qualifications Appraisal Board are also accepted by the ICAO. Bermuda and 12 Canadian jurisdictions are also recognized.

6. APPLICANTS' INTERACTIONS WITH REGULATORY BODY

A. Nature and Frequency of Communication

Applicants can contact the ICAO by email, letter and telephone. The frequency of contact varies, with more complex files requiring ongoing interaction.

B. Backlogs

Currently there is no backlog in the registration process.

C. Complaints Regarding the Registration Process

Complaints about the registration process are handled by the Director of Member and Student Records. If necessary, complaints are escalated to the Vice-President and Registrar.

7. CHANGES SINCE THE 2005 SURVEY

The Ministry of Citizenship and Immigration conducted a survey in 2005 to collect information about occupational regulatory bodies in Ontario.

Since the 2005 survey, the ICAO has implemented a competency assessment model for the School of Accountancy Professional Program, the National Uniform Examination, and the practical experience requirement. Previously, 30 months of full-time experience in public accounting practice was required for registration. Currently, competency in six broad areas is required and three years of public accounting or other prescribed accounting experience is required.

8. REGISTRATION INFORMATION AND STATISTICS

Definitions used in these tables:

Alternative class of licence: a class of licence that enables its holder to practise with limitations; additional registration requirements must be met in order to be fully licensed. The Institute of Chartered Accountants of Ontario has no alternative classes of licence.

Applicant: an individual who has applied to start the process for entry to the profession.

Applicant actively pursuing licensing: an applicant who had some contact with the Institute of Chartered Accountants of Ontario within the year specified.

Inactive applicant: an applicant who had no contact with Institute of Chartered Accountants of Ontario within the year specified.

Member: an individual who is currently able to use the protected title or professional designation of “chartered accountant” and the initials CA, FCA and ACA in Ontario.

Languages in which application information materials are available

Language	2005	2006	2007
English	Yes	Yes	Yes
French	No	No	No
Other(s)			

Countries where internationally educated applicants were initially trained in chartered accountancy

Applications Received	2005	2006	2007
Largest number	United States	United States	United States
Second-largest number	United Kingdom	United Kingdom	United Kingdom
Third-largest number	India	India	South Africa
Fourth-largest number	South Africa	South Africa	Australia
Fifth-largest number	Mexico	Philippines	Ireland

Staff employed by the Institute of Chartered Accountants of Ontario

Number of Staff	2005	2006	2007
Involved in registration process	12	12	15
Involved in appeals process	4	4	4

Jurisdiction where members were initially trained in chartered accountancy (before they were granted use of the protected title or professional designation in Ontario)

Members	Ontario	Other Canadian Provinces	USA	Other International	TOTAL
Total members	27,930	3,133	242	1,351	32,656
Non-practising members	N/A	N/A	N/A	N/A	N/A

Applicants processed by the Institute of Chartered Accountants of Ontario in 2005

Jurisdiction where members were initially trained in chartered accountancy (before they were granted use of the protected title or professional designation in Ontario)						
In 2005 (Jan. 1 to Dec. 31)	Ontario	Other Canadian Provinces	USA	Other International	TOTAL	
New applications received	1,229	81	55	68	1,433	
Applicants actively pursuing licensing	1,229	81	55	68	1,433	
Inactive applicants	0	0	0	0	0	
Applicants who met all requirements and were authorized to become members but did not become members	0	0	0	0	0	
Applicants who became members	679	82	17	34	812	
Applicants who were authorized to receive an alternative class of licence but were not issued a licence	N/A	N/A	N/A	N/A	N/A	N/A
Applicants who were issued an alternative class of licence	N/A	N/A	N/A	N/A	N/A	N/A

Applicants processed by the Institute of Chartered Accountants of Ontario in 2006

Jurisdiction where members were initially trained in chartered accountancy (before they were granted use of the protected title or professional designation in Ontario)						
In 2006 (Jan. 1 to Dec. 31)	Ontario	Other Canadian Provinces	USA	Other International	TOTAL	
New applications received	1,385	67	44	67	1,563	
Applicants actively pursuing licensing	1,385	67	44	67	1,563	
Inactive applicants	0					
		0	0	0	0	
Applicants who met all requirements and were authorized to become members but did not become members	0					
		0	0	0	0	
Applicants who became members	715	68	25	26	834	
Applicants who were authorized to receive an alternative class of licence but were not issued a licence	N/A	N/A	N/A	N/A	N/A	N/A
Applicants who were issued an alternative class of licence	N/A	N/A	N/A	N/A	N/A	N/A

Applicants processed by the Institute of Chartered Accountants of Ontario in 2007

Jurisdiction where members were initially trained in chartered accountancy (before they were granted use of the protected title or professional designation in Ontario)						
In 2007 (Jan. 1 to Dec. 31)	Ontario	Other Canadian Provinces	USA	Other International	TOTAL	
New applications received	1,537	60	42	56	1,695	
Applicants actively pursuing licensing	1,537	60	42	56	1,695	
Inactive applicants	0	0	0	0	0	
Applicants who met all requirements and were authorized to become members but did not become members	0	0	0	0	0	
Applicants who became members	779	60	30	34	903	
Applicants who were authorized to receive an alternative class of licence but were not issued a licence	N/A	N/A	N/A	N/A	N/A	
Applicants who were issued an alternative class of licence	N/A	N/A	N/A	N/A	N/A	

9. SOURCES

Institute of Chartered Accountants of Ontario website. <http://www.icao.on.ca>

Representatives of the Institute of Chartered Accountants of Ontario met with staff of the Office of the Fairness Commissioner on January 8, 2008, to provide further information for this study.

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