

Determine If You Need a Practice Licence

Chartered Professional Accountants (CPA) perform a variety of professional services, some of which may require a practice licence. If you are a partner, shareholder, or proprietor of a firm or professional corporation engaged in public practice in the Northwest Territories (NWT) or Nunavut (NU) (including a CPA practicing as a sole practitioner), you are required to have a licence in your respective category from CPA NWT/NU.

If you are a member who is an employee who has overall engagement responsibility where your activities are included in the definition of public practice, and as such, are subject to practice review, you must have a licence in your respective category from CPA NWT/NU.

Members offering to the public any public practice services will be required to be licenced in public practice, irrespective of remuneration.

Public Practice is defined as providing or offering to provide one or more of the following services to the public:

Public Accounting:

- performing an audit, review, or other assurance engagement governed by standards of professional practice published by CPA Canada or corresponding standards established in a jurisdiction outside Canada, or issuing an auditor's report, a review engagement report, or another assurance report in accordance with such standards;
- issuing any other certification, declaration, opinion or report with respect to the application of financial reporting and accounting standards published by CPA Canada or other Canadian standards published by CPA Canada, or corresponding standards established in a jurisdiction outside Canada;
- performing a compilation engagement;
- preparing a corporate tax return;

Other Regulated Services:

- providing an accounting service, involving summarization, analysis, advice, counsel, or interpretation, other than an accounting service which is part of but incidental to the provider's primary occupation which is not public accounting;
 - providing a forensic accounting, financial investigation, or financial litigation support service;
 - providing advice, counsel or interpretation with respect to personal taxation or Canada Revenue Agency matters;
 - preparing a personal tax return or other statutory information filing;
 - Personal tax return services: When a member charges a fee and indicates on the tax return that the member or their firm has been paid to complete the tax return, registration is required.
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- It is not permissible to also offer/provide 'accounting services' in conjunction with the above services, without being licenced.

The following services are not considered ‘Other Regulated Services’ under this policy and therefore do not require licencing by CPA NWT/NU. However, CPA NWT/NU still recommends that liability insurance be obtained when performing these services:

Bookkeeping services: Bookkeeping is managing a bank account, without additional journal entries for the period. It is the posting and management of accounts payable and receivables and sales transactions, with no production of financial statements and no accruals are done. Bookkeeping is printing statements from an accounting software system, but not a full and complete set of financial statements. For example, no cash flow statement and no statement of retained earnings is completed.

Categories of Public Practice Licences:

The following are categories of public practice licences:

- a. Audit Licence
- b. Review Licence
- c. Compilation Licence
- d. Other Regulated Services Licence

Individual members, already in practice, will be licensed in a category, based on their current practice area.

Practitioners will need to complete the Annual Reporting Form. To maintain a certain category of licence, a practitioner will be required to have been active in that practice area for the past five years, with consideration of relevant professional development which may have been taken (see Category Licencing Requirements)

Extra-Provincial Licensing

For a member of another provincial body to provide or offer to provide public practice services in the NWT/NU, the firm is required to register with the CPA NWT/NU Registrar and the individual must pay the membership fee but is not required to apply for a public practice licence if in good standing in another province at the time of application. To apply for membership use the Verification of Public Practice Registration Form.

Category Licensing Requirements

Each of the four categories in the Varied Registration Model has education, experience and examination requirements established that must be met in order to be eligible to supply the service.

For each of the following, refer to the NWT/NU Registration Category Requirements for more information:

1. CPA Paths to Public Accounting

Licensing eligibility is based on a member’s Education, Evaluation (i.e. Examination) and Experience.

CPA Professional Education Program (PEP) candidates intending to apply for a public accounting licence after certification should follow specific pathways within the certification model that will meet the licensing requirements.

2. CPA Post-Designation

Members who did not fulfill all the requirements as part of their certification as a CPA and subsequently want to pursue a public accounting licence must meet the necessary education, evaluation and experience requirements.

3. Transitional Legacy Licensing

Legacy CA, CGA and CMA members, legacy entry requirements, or equivalents must meet the necessary education, evaluation and experience requirements.

Process of Applying for a Public Practice Licence

For a new applicant:

Apply for a public practice licence as follows:

- Complete the Application Form for the respective category, online.
- Submit form and all required application documentation online, or send to the Registrar at admin@cpa-nwt-nu.org

Once your application has been received and determined to be complete, it will be evaluated and the Executive Director will contact you. Depending on the category of licence requested, there may be pre-requisites to be completed prior to obtaining the licence for that category.

Once the application is approved and completion of the Verification of Public Practice Registration Form is received, then you will be ready to purchase the professional liability insurance.

You will receive a written confirmation of your practice licence when:

- a) proof of professional liability insurance is provided to the Registrar, and
- b) payment of the public practice fee is received.

The assessment fee is non-refundable and the fee is required for each new application.

For a renewal:

Renew a public practice licence as follows:

- Complete the Verification of Public Practice and Registration Form

Submit form and all required application documentation online or send to the Registrar at admin@cpa-nwt-nu.org

Professional Liability Insurance Requirements

All members that are engaged in public practice are required to have professional liability insurance per section 2.10 of the Bylaws.

The requirements are as follows:

Members must belong to registered firms and their firm must carry the following minimum levels of professional liability insurance:

- \$1,000,000 per claim if there is one member with a proprietary interest in the firm;
- \$1,500,000 per claim if there are two or three members with a proprietary interest in the firm;
- \$2,000,000 per claim if there are four or more members with a proprietary interest in the firm.

Additionally, each professional liability insurance contract shall be endorsed with the requirements that the insurance company shall notify CPA NWT/NU in writing forthwith of:

- any cancellation or non-renewal of such policy; or
- any insurance coverage which is below the minimum coverage required above.

Members holding a public practice licence must ensure that prior acts and omissions are covered by adequate professional liability insurance either through riders to an ongoing insurance policy or a separate discovery policy, for a minimum of six years after ceasing to be in public practice.

Insurance premiums vary depending on many factors, including the number of CPAs in the practice, total billings, level of risk, and level of insurance you desire. Before your practice licence application can be finalized and before you start engaging in public practice activities, the final confirmation of your insurance coverage with a copy of the notification endorsement must be submitted to the CPA NWT/NU Registrar. The final confirmation can be either:

- A copy of the cover sheet/declaration sheet of your bound insurance coverage and a copy of the required endorsement sheet; or
- Direct confirmation from your insurer (you must contact your insurer and authorize them to release this information to CPA NWT/NU).

You can obtain professional liability insurance coverage through any provider.

Contact information for The Chartered Professional Accountants' Professional Liability Insurance Program, Administered by CPA Professional Liability Plan Inc. is:

By mail:

CPA Professional Liability Plan Inc. (formerly AICA Services Inc.)
277 Wellington Street West, Suite 702
Toronto, ON
M5V 3H2

By fax:

416.204.3418

By email:

services@cpaplan.ca

For inquiries, telephone 416.204.3398 or 1.800.267.4734 or visit www.cpaplan.ca

Request to Amend Category of Public Practice Licence

If a member wishes to request to amend the category of public practice licence:

- Complete online, the relevant application form for the category to be applied for.
- Sign and submit online, or send the completed form to admin@cpa-nwt-nu.org

Registering a Firm in Public Practice

Per section 3.2 of the Bylaws, all Firms engaging in public practice must be registered with the CPA NWT/NU Registrar. Additionally, all registered firms are required to have one individual licenced in public practice at the highest level of the services being provided by the firm. For example, if your firm engages in auditing then the firm must have one individual licenced in public practice at the audit level.

Register your firm in public practice as follows:

- Complete the form for the respective category, online.
- Submit online, along with any necessary documentation, or send to the Registrar at admin@cpa-nwt-nu.org

You will be advised when to make your payment online.

Appointment of Assisting Accountant

A sole practitioner is required to either:

- a. Appoint an Assisting Accountant to be responsible for returning client records in the event of the practitioner's death or incapacity. The appointed Assisting Accountant must be another member in good standing holding a public practice licence; or
- b. Authorize CPA NWT/NU to appoint a member in good standing holding a public practice licence as an Assisting Accountant in the event of the practitioner's death or incapacity.

Submit the Appointment of Assisting Accountant Form to the Registrar at admin@cpa-nwt-nu.org.

Cancellation of a Public Practice Licence

If a member ceases public practice as defined by Section 2.5 of the Bylaws, and would like to cancel their practice licence issued under, they must complete the Annual Reporting Form.

Please send the completed form to the attention of the Registrar at admin@cpa-nwt-nu.org.

If you have questions about cancelling a practice licence, please contact the Registrar.

Practice Review

The Practice Review program fulfills a mandatory requirement for CPA NWT/NU to review all licenced CPAs who perform assurance, auditing and compilation engagements, as well as tax services. CPA NWT/NU Practice Review program plays an essential role in protecting the public by assessing firms' compliance with professional standards, by taking appropriate follow-up or remedial action in instances of non-compliance, and by providing one-on-one education to firms. Reviews for all registered CPA professional accounting firms or professional service providers are to be conducted after the first year of operation, and subsequently no less than once every three years.

Professional Development for Licenced Individuals

CPAs working in Public practice have specific professional development requirements (CPD). Refer to the CPD Policy for more information. Public practice licences may be revoked or subject to other action if the requirements of the CPD policy are not fulfilled.

Trust Accounts

If a CPAs working in public practice hold funds in a trust account on behalf of clients, these funds may be assessable to review by CPA NWT/NU.

Policy References:

- All requirements to meet eligibility for public practice are found in the NWT/NU Registration Category Requirements.
- Applicable Forms:
 - Each category of Public Practice – Resident Practicing Office; Professional Corporation/LLP; Restricted Services
 - Verification of Public Practice Registration Form
 - Assisting Accountant Appointment Form
 - Withdrawal from Practice of Public Accounting



Professional Accounting Firm Varied Registration Category Requirements

AUDIT SERVICES	
EDUCATION	EXPERIENCE
<p>Professional Education Examinations:</p> <p>Successful completion of the assurance and taxation electives, including examinations. If not completed as a part of original certification, CPA is required to complete CPA Canada built-for-purpose course and exam or equivalent.</p> <p>Legacy electives:</p> <p>CA – CA education program CGA – PA1, AU2 and Tax 2 CMA – Audit I, Audit II, Tax I, Tax II, and Tax III</p> <p>Final Examination:</p> <p>Successful completion of an approved national final examination (i.e. CFE, UFE, CGA, CMA). In the case of successful completion of the CFE, applicant must demonstrate depth in financial reporting and assurance.</p> <p>Additional Education Requirements</p> <p>CPAs who successfully completed the assurance and taxation electives (or built-for-purpose exam) more than five years before applying for PAF registration are required to take additional continuing professional development to ensure current knowledge with no less than one (1) course in each of the following:</p> <ul style="list-style-type: none"> Accounting standards in the relevant framework(s) Canadian Auditing Standards (CAS) <p>An NWT/NU CPA must successfully complete CPA Alberta's "Overview of Public Practice" course (or a course deemed substantially similar).</p>	<p>Duration</p> <p>24 months of full-time qualifying experience within the most recent five-year period. Qualifying experience must be gained through a professional accounting firm with a registered pre-approved program in external audit OR five (5) years of continuous full-time qualifying experience in a professional accounting firm registered to provide audit engagements.</p> <p>Experience must be under the supervision of a member who practices in the area of audit.</p> <p>Any experience obtained prior to December 31, 2018 in a professional accounting firm registered to provide audit engagements will be deemed as qualifying experience should it fall within the most recent five-year period upon application.</p> <p>Chargeable Hours</p> <p>Demonstrate the following through a professional accounting firm deemed to provide qualifying experience for duration as noted above:</p> <ul style="list-style-type: none"> 1250 assurance hours; of which a minimum of 625 hours must be obtained in audits of historical financial information <p>Competency</p> <p>Applicant must provide evidence of:</p> <ul style="list-style-type: none"> a core in the financial reporting competency area (requiring experience in at least three financial reporting competency sub-areas) a depth in the audit and assurance competency area (requiring that the competencies be developed in all three audit and assurance competency sub-areas, two at Level 2) <p>Diversity</p> <p>Diversity of assurance experience to be gained through a variety of audit clients and/or a variety of audit experiences, a part of which may be gained through review clients, to the satisfaction of the Registrar.</p>

REVIEW SERVICES

EDUCATION

EXPERIENCE

Professional Education Examinations:

Successful completion of the assurance and taxation electives, including examinations. If not completed as a part of original certification, CPA is required to complete CPA Canada built-for-purpose course and exam or equivalent.

Legacy electives:

CA – CA education program
CGA – PA1, AU2 and Tax 2
CMA – Audit I, Audit II, Tax I, Tax II, and Tax III

Final Examination:

Successful completion of an approved national final examination (i.e. CFE, UFE, CGA, CMA). In the case of successful completion of the CFE, applicant must demonstrate depth in financial reporting and assurance.

Additional Education Requirements

CPAs who successfully completed the assurance and taxation electives (or built-for-purpose exam) more than five years before applying for registration are required to take additional continuing professional development courses to ensure current knowledge with no less than one (1) course in each of the following:

- Accounting standards in the relevant framework(s)
- Assurance course covering Canadian Standard on Review Engagements (CSRE)

An NWT/NU CPA must successfully complete CPA Alberta's "Overview of Public Practice" course (or a course deemed substantially similar).

Duration

24 months of full-time qualifying experience within the most recent five-year period. Qualifying experience must be gained through a professional accounting firm with a registered pre-approved program in review and/or external audit **OR** five (5) years of continuous full-time qualifying experience in a professional accounting firm registered to provide review and/or external audit engagements.

Experience must be under the supervision of a member who practices in the area of assurance.

Any experience obtained prior to December 31, 2018 in a professional accounting firm registered to provide review and/or external audit engagements will be deemed as qualifying experience should it fall within the most recent five-year period upon application.

Chargeable Hours

Demonstrate the following through a professional accounting firm deemed to provide qualifying experience for duration as noted above:

- 1250 assurance hours; of which a minimum of 625 hours must be obtained in providing assurance of historical financial information

Competency

Applicant must provide evidence of:

- experience in at least three financial reporting competency sub-areas
- experience in at least two competency sub-areas (both at Level 2) from the audit and assurance competency area
- depth in one competency area (at their choice)

Diversity

Diversity of assurance experience to be gained through a variety of assurance clients and/or a variety of assurance experiences, to the satisfaction of the Registrar.

COMPILATION SERVICES

EDUCATION

Professional Education Examinations:

Successful completion of the taxation elective, including examination. If not completed as a part of original certification, CPA is required to complete the tax elective from the CPA Western School of Business (CPAWSB), or equivalent.

Legacy electives:

CA – CA education program
CGA – PA1 and Tax 2
CMA – Tax I, Tax II and Tax III

Final Examination:

Successful completion of an approved national final examination (i.e. CFE, UFE, CGA, CMA). In the case of successful completion of the CFE, applicant must demonstrate depth in financial reporting plus one other depth area.

Additional Education Requirements

CPAs who successfully completed the taxation elective more than five years before applying for registration are required to take additional continuing professional development courses to ensure current knowledge with no less than one (1) course covering compilation engagements.

An NWT/NU CPA must successfully complete CPA Alberta's "Overview of Public Practice" course (or a course deemed substantially similar).

EXPERIENCE

Duration

24 months of full-time qualifying experience within the most recent five-year period. Qualifying experience must be gained through a Pre-approved Program in a professional accounting firm OR through the Experience Verification Route gained in a professional accounting firm registered to provide any professional accounting practice services.

Experience must be under the supervision of a member who practices in the area of compilation.

Chargeable Hours

Demonstrate the following through a professional accounting firm deemed to provide qualifying experience for duration as noted above:

- 625 hours in compilation

Hours spent on the audit or review of historical financial information are accepted as compilation hours.

Competency

Applicant must provide evidence of:

- experience in at least three financial reporting competency sub-areas
- depth in one competency area (at their choice)

Diversity

Additional experience in tax and advisory services to the satisfaction of the Registrar.

OTHER REGULATED SERVICES (INCLUDING PUBLIC PRACTICE SERVICES)

EXAMINATION

Professional Education Examinations:

Where the member will be providing taxation services: successful completion taxation elective, including examination. If not completed as a part of original certification, the CPA is required to complete the tax elective from the CPAWSB, or equivalent.

Legacy electives:

CA – CA education program
CGA – PA1 and Tax 2
CMA – Tax I, Tax II and Tax III

All other regulated services excluding taxation: None

Final Examination:

Successful completion of an approved national final examination (i.e. CFE, UFE, CGA, CMA).

Additional Examination:

Where the member will be providing **taxation services**: If taxation elective was not completed as a part of original certification, the CPA is required to complete the tax elective from the CPAWSB, or equivalent.

All other regulated services excluding tax: None

Additional Education Requirements

Where the member will be providing **tax services**: Successful completion of no less than one (1) course in the area of tax specific to the nature of the business in the intended areas of practice

Where the member will be providing other regulated services, **excluding tax service**: evidence satisfactory to the Registrar of continuing professional development to the satisfaction of the Registrar or Registration Committee that the member has depth of knowledge required to provide services in the intended areas of practice.

An NWT/NU CPA must successfully complete CPA Alberta's "Overview of Public Practice" course (or a course deemed substantially similar).

EXPERIENCE

Duration

24 months of full-time qualifying experience obtained through a registered professional accounting firm and within rolling five-year period. Experience must be under the supervision of a member who practices in the area(s) of practice.