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## **Task Force Reviewing PD & Liability Insurance Requirements**

Continuing professional development (CPD) and professional liability insurance (PLI) requirements for Canada's CAs are the first two areas to be addressed by the profession's Public Trust Task Force.

"The Council of Senior Executives established the Public Trust Task Force to identify where the Canadian CA profession must 'raise the bar' to continue to protect the public interest," said Gary Hannaford, FCA, Task Force Chair and CEO of the Manitoba Institute. "Given recent developments in the areas of CPD and PLI, the Task Force decided to review these areas first."

### ***Continuing Professional Development***

A major factor contributing to the Task Force's decision to review minimum CPD requirements was the recent adoption of a new international CPD standard by the International Federation of Accountants (IFAC).

The IFAC standard, which took effect January 1, 2006, requires members of an accounting body to obtain a minimum of 120 hours of CPD over three years, including 60 hours of verifiable learning activities. At least 20 hours must be completed annually.

Under the IFAC standard, members would identify their own PD needs and obtain the appropriate PD to meet those needs. The standard is universal, meaning it would apply to all members of an accounting body, no matter what type of work they do. An accounting body adopting the IFAC standards would also be required to implement reporting, monitoring and verification processes, as well as penalties and enforcement, in order to ensure compliance.

While most Canadian PICAs/Ordre already have mandatory CPD requirements, they vary across the country. Some jurisdictions have different requirements for different types of members. As well, different types of activity are accepted for credit.

"A number of accounting bodies around the world have adopted or are moving toward adoption of the IFAC CPD standard," Hannaford said. "As an IFAC member, the Canadian CA profession has an obligation to examine current CPD requirements and determine whether the time is right to develop a national, harmonized standard that meets or exceeds what IFAC has adopted."

Hannaford said the proposed new standard would not result in significant new requirements in many jurisdictions. "We believe the majority of Canadian CAs already meet or exceed the IFAC requirement of 120 hours of CPD over three years," he said.

## ***Professional Liability Insurance***

The absence of a national, uniform minimum PLI coverage limit for CAs across Canada was also a key part of the Task Force's decision to examine the insurance issue. While PLI is mandatory in all PICAs/Ordre except Bermuda (which is currently considering its introduction), the amount and coverage vary across the country. Most PICAs/Ordre require minimum PLI coverage of \$250,000 per member in public practice, with a minimum coverage of \$1 million for firms with four or more members in public practice.

"Some PICAs have already adopted higher minimum requirements than that," Hannaford said. "As well, many CAs already carry more insurance than currently required. Again, it's time for the Canadian CA profession to look at whether it's appropriate to increase those levels and to consider a harmonized, national requirement for minimum PLI coverage."

Hannaford also pointed out that many PICAs/Ordre introduced their current minimum PLI limits many years ago. "Those levels haven't increased since then, even though the costs of doing business and the number of claims have gone up considerably," he said.

## ***Why Change Is Needed***

Public trust was identified as an area for action in the strategic plan the Canadian CA profession adopted in 2004. But before it began its work, the Public Trust Task Force debated the need for change, given members' concerns about standards overload.

"We understand the pressure on members, but when you look at the various factors at play, there's no question that the profession must continue to maintain and enhance its already-high standards," Hannaford said.

The drivers of change identified by the Task Force include heightened public expectations, the current unprecedented scrutiny of the CA profession, an increasingly litigious environment and, as mentioned above, the development of new international standards.

As well, organizations of all sizes are increasingly required to conduct complex, multi-dimensional transactions. As a result, accounting and assurance services are becoming more complex, requiring the CA profession to constantly enhance its quality assurance tools.

Other factors include the recent introduction of new accounting and auditing standards, the establishment of new oversight bodies, and a variety of legislative and regulatory changes to which the profession must respond.

The most important factor driving change, however, is the profession's obligation to protect the public interest.

"The profession must demonstrate that the CA designation stands for excellence and high standards that are second to none," Hannaford said. "Proactively developing uniform national standards that meet or exceed existing international ones will signal the profession's ongoing commitment to protect the public interest and will confirm the quality and consistency of the CA brand."

Recommendations from the Task Force in the areas of CPD and PLI will be presented to PICA/Ordre Councils/Bureau in February and March, 2006.

For more information about the work of the Public Trust Task Force, contact Gary Hannaford at 204-942-8248 or [ghannaford@icam.mb.ca](mailto:ghannaford@icam.mb.ca).