

CODE OF PROFESSIONAL CONDUCT

Part I

The conduct of practicing and non-practicing members

The rules that govern the conduct of practicing members including their firms (hereinafter collectively referred to as "CGA" or "CGAs") are as follows:

- (1) Professional judgment - In carrying out their responsibilities, a person representing oneself as an "ICPA" must exercise professional judgment in all activities.
- (2) The public interest - A person representing oneself as an ICPA or using the ICPA title must accept the obligation to act in a way that will serve the public interest, honour the public trust, and demonstrate commitment to professionalism.
- (3) Integrity - To maintain and broaden public confidence a person representing oneself as an ICPA or using the ICPA title must perform all professional responsibilities with the highest sense of honesty.
- (4) Objectivity - Objectivity is to be maintained by a person representing oneself as a ICPA or using the ICPA. Specifically, a person representing oneself as an ICPA must:
 - (a) Avoid rendering professional services where actual or perceived conflicts of interest exist;
 - (b) Be independent in fact and appearance when providing attestation services.
- (5) Due care - A person representing oneself as a ICPA or using the ICPA must comply with all laws, rules and regulations of the governing jurisdiction and the profession's technical and ethical standards, maintain competence and strive to improve the quality of services, and discharge professional responsibility to the best of the person's ability.

Part II

The requirements concerning integrity and objectivity

When offering or performing services, ICPAs must:

- Remain honest and objective;
- Not misrepresent facts;
- Not subordinate their judgment to others; and
- Remain free of conflicts of interest unless such conflicts are specifically permitted by the laws, rules and regulations or professional standards of the governing jurisdiction. If the language of these professional standards differ from or conflict with specific rules herein, the rules herein prevail.

Part III

An ICPA's independence

When performing attest services, ICPAs are responsible for maintaining independence so that attest opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on the attest report. ICPAs are required:

- To comply with all applicable independence rules and regulations; and
- To decline attest engagements where the ICPA has a relationship that could lead a reasonable and foreseeable user to conclude that the ICPA is not independent.

Independence is not required when performing a compilation engagement provided the ICPA's report discloses a lack of independence.

Part IV

Restrictions govern commissions, referral, and contingent fees

(1) An ICPA must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when the ICPA performs attest services for that client. This prohibition applies during the period in which the ICPA is engaged to perform the attest services and the period covered by any historical financial statements involved in the attest services.

(2) An ICPA who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission must disclose, consistent with the requirements set forth in subsection (7) of this section, that fact to any person or entity to whom the ICPA recommends or refers a product or service to which the commission relates.

(3) An ICPA accepting a referral fee for recommending or referring any services to any person or entity or who pays a referral fee to obtain a client must disclose, consistent with the requirements set forth in subsection (7) of this section, such acceptance or payment to the client.

(4) An ICPA must not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom the ICPA performs attest services; or

(b) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

(5) The prohibition in subsection (4)(a) of this section applies during the period in which the ICPA, is engaged to perform the attest services and the period covered by any historical financial statements involved in the attest services.

(6) Fees are not considered contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. Fees may vary depending, for example, on the complexity of services rendered.

(7) All ICPAs who accept commission, referral and contingent fee arrangements must:

(a) Disclose the arrangement in writing and in advance of client acceptance;

(b) Disclose the method of calculating the fee or amount of fee;

(c) Specify the ICPA's role as the client's advisor; and

(d) Obtain the client's consent to the fee arrangement in writing.

(8) Nothing in this rule shall be interpreted to preclude a ICPA from purchasing, selling, or merging all or a portion of a ICPA practice or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.

Part V

Compensation Arrangements

I. Disclosure

When entering into engagements where the ICPA will or may be compensated on a commission, referral or contingent fee basis, written disclosure of the following must be provided in advance of the client's acceptance of the engagement:

- A. The fee arrangement
- B. The method of calculating the fee or amount of fee, and
- C. Specify the ICPA's role as the client's advisor.

These are the minimum disclosure requirements. The Institute anticipates ICPAs will provide clients with the required disclosure for each transaction. However, transactions that are recurring (i.e., where there is no change in the fee arrangement) do not require re-disclosure.

In view of the requirement for ICPAs to comply with the principles and rules of conduct established by Institute rule, the Institute recommends ICPAs consider disclosing all information which the general public or a client may consider relevant to making a decision on whether to engage the ICPA. This may include disclosing additional facts, if any, surrounding the ICPA's relationship with the service provider.

Part VI Client Consent

ICPA are required to obtain the client's consent to the fee arrangement in writing. The Institute anticipates the written consent will be obtain prior to the transaction; however, transactions that are recurring (i.e., where there is no change in the fee arrangement) may be covered the initially written consent if the original consent states that it includes such subsequent transactions.

Part VII

Rules Governing Conduct

Regardless of the fee arrangement, engagement, or industry, ICPAs are required to comply with the rules governing conduct which include the requirements that: (The Institute does not intend this listing to be all inclusive.)

- A. The ICPA must act in a way that will *serve the public interest, honour the public's trust* and demonstrate a commitment to professionalism.

- B. The ICPA must maintain and broaden public confidence by performing all professional responsibilities with the highest sense of *integrity and honesty*. The ICPA must not misrepresent facts or subordinate their judgment to others.
- C. The ICPA firm owner must maintain *objectivity* and specifically they must:
 - Avoid rendering professional services where actual or perceived conflicts of interest exist and *remain free of conflicts of interest* unless such conflicts are specifically permitted by Institute rule and professional standards; and
 - Be independent in fact and appearance when providing attestation services.
- D. The ICPA must demonstrate *due care* by:
 - Complying with all federal and state laws and the profession's technical and ethical standards, maintain competence;
 - Striving to improve the quality of services; and
 - Discharging their professional responsibility to the best of their ability.
- E. The ICPA must not undertake any endeavor for the performance of services unless they reasonably expect to complete those services with *professional competence*.

Part VIII

Due Care

The Institute acknowledges the trend for expanding professional services into non-traditional fields. In this regard, the Institute emphasises that Institute rules require all ICPAs to comply with all applicable federal, provincial and/or state laws including those governing non-traditional service areas such as: financial advisory services, securities investment services, insurance services, etc.

Part IX

Disclosure Forms and Retention

The Institute recommends ICPAs consider establishing sound records retention procedures to ensure they maintain documentary evidence of meeting advance, written disclosure requirements.

Part X

Sale of products & non-cash payments

- A. ICPAs may accept a markup from the sale of products. However, the Institute cautions, if the arrangement meets the definition of a commission or referral fee, then the markup fee arrangement is only allowable with non-attest clients.
- B. ICPAs may accept stock or other non-cash compensation for services provided to a non-attest client.

Part XI

Requirements concerning competence

ICPAs must not undertake to perform any service as an ICPA unless they can reasonably expect to complete the service with professional competence.

Part XII

Compliance with rules, regulations and professional standards

ICPAs must comply with rules, regulations, and professional standards promulgated by the appropriate bodies having territorial and/or functional or administrative jurisdiction (so called "governing jurisdiction") for each service undertaken.

Such appropriate bodies include, but are not limited to, a securities and exchange commission (so called "SEC"); a public company accounting oversight board or institute or similar organisation; the financial accounting standards board; a governmental accounting standards board; a cost accounting standards board; a federal accounting standards advisory board; a government accountability office; a federal office of management and budget; an internal or inland revenue service; a recognized institute of chartered or certified public accountants, and federal, provincial or state, and local audit, regulatory and tax agencies.

Such standards include:

- (1) Statements on Auditing Standards and related Auditing Interpretations issued, for example, by the AIICPA or the CICA or the ICAEW;
- (2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued, for example, by the AIICPA or the CICA or the ICAEW;
- (3) Statements on Governmental Accounting and Financial Reporting Standards issued, for example, by GASB;
- (4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued, for example, by AIICPA or the CICA or the ICAEW;
- (5) Statements of Financial Accounting Standards and Interpretations, and Staff Positions issued, for example, by FASB or the IASB, together with those Accounting Research Bulletins and Accounting Principles Institute Opinions which are not superseded by action of the FASB or the IASB;
- (6) Statement on Standards for Consulting Services issued, for example, by the AIICPA or the CICA or the ICAEW;
- (7) Statements on Quality Control Standards issued, for example, by the AIICPA or the CICA or the ICAEW;
- (8) Statements on Standards for Tax Services and Interpretation of Statements on Standards for Tax Services issued, for example, by the AIICPA or the CICA or the ICAEW;
- (9) Statements on Responsibilities in Personal Financial Planning Practice issued, for example, by the AIICPA or the CICA or the ICAEW;
- (10) Statements on Standards for Litigation Services issued, for example, by the AIICPA or the CICA or the ICAEW;

If the professional services are governed by standards not included in subsections (1) through (10) of this section, the ICPA must:

- Justify the departure from the standards listed in subsections (1) through (10) of this section;

- Determine what standards are applicable; and
- Comply with the applicable standards.

Part XIII

Requirements concerning records and clients confidential information

(1) Client: The term "client" as used throughout this section includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

(2) Property of the licensee: In the absence of an express agreement between the licensee and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee incident to or in the course of professional service to clients, except reports submitted by a licensee, are the property of the licensee.

(3) Sale or transfer of client records: No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(4) Confidential client communication or information: A licensee, or employee of a licensee must not without the consent of the client or the heirs, successors or personal representatives of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

This rule does not:

- (a) Affect in any way an ICPA's obligation to comply with a lawfully issued subpoena or summons;
 - (b) Prohibit disclosures in the course of a quality review of an IACP's attest services;
 - (c) Preclude an ICPA responding to any inquiry made by the Institute or any investigative or disciplinary body established by law or formally recognized by the Institute. However, a licensee, or employee of a licensee must not disclose or use to their own advantage any confidential client information that comes to their attention in carrying out their official responsibilities; or
 - (d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of a ICPA's practice.
- (5) Client records: ICPAs must furnish to their client or heirs, successors or personal representatives, upon request and reasonable notice:
- (a) A copy of the ICPA's records, schedules, and electronic documents, to the extent that such records and schedules would ordinarily constitute part of the client's records and are not otherwise available to the client; and
 - (b) Any accounting or other records belonging to, or obtained from or on behalf of, the client, that the ICPA removed from the client's premises or received for the client's account, including

electronic documents; but the ICPA may make and retain copies of such documents of the client when they form the basis for work done by the ICPA.

ICPAs must not refuse to return client records, including electronic documents, pending client payment of outstanding fees.

(6) Audit and review record retention requirements: For a period of seven years after a licensee concludes an audit or review the licensee must retain the following records and documents, including electronic records unless hard copies of such exist:

(a) Records forming the basis of the audit or review;

(b) Records documenting audit or review procedures applied;

(c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and

(d) Records documenting conclusions reached by the licensee in the audit or review engagement.

ICPAs must not:

- Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a ICPA;
- Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or
- Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.

Part XVI

Limitations on advertising and other forms of solicitation

(1) ICPAs must not make false, fraudulent, misleading, deceptive or unfair statements or claims regarding their services. Examples of such statements or claims include, but are not limited to, statements or claims which:

(a) Contain a misrepresentation of fact;

(b) Fail to make full disclosure of relevant facts;

(c) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;

(d) Create false expectations of favourable results;

(e) Imply educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or

(f) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.

(2) If you are an ICPA using the title to perform or solicit services via a website you must clearly, visibly, and prominently display the following on the website, whichever of the following is true:

- (a) That you hold a current ICPA or equivalent state or provincial certificate;
- (b) That you do not hold an ICPA license to practice public accounting; and
- (c) That the governing law does not allow an ICPA to offer or provide accounting, auditing, attest, reports on financial statements, tax preparation or advisory, management advisory, consulting or similar services to the public in association with the use of the title "ICPA," "Certified Public Accountant."

Part XVII

Limitations regarding individual and firm names? A firm name that does not consist of the name(s) of one or more present or former owners must be approved in advance by the Institute as not being deceptive or misleading.

Misleading or deceptive firm names are prohibited. The following are examples of misleading firm names. The Institute does not intend this listing to be all inclusive. The firm name:

- (1) Implies it is a legal entity when it is not such an entity (as by the use of the designations "P.C.," "P.S.," "Inc. P.S.," or "L.L.C.");
- (2) Implies the existence of a partnership when one does not exist;
- (3) Includes the name of a person who is neither a present nor a past owner of the firm; or
- (4) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact.

An ICPA may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the Institute. A ICPA may not use the title in association with a name that is not registered with the Institute.

Part XVIII

Enforcement actions must be reported to the Institute

- (1) An ICPA must notify the Institute by email within thirty days of the issuance of any enforcement action against the ICPA or charges filed by a securities commission, a public accounting oversight or similar board, or another state or provincial institute of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state or provincial Institute of accountancy.

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