

Professional Inspection

The main activities of the Professional Inspection Committee are summarized in the following table:



> Gaétan Marceau, CA

Committee members

André Hurtubise, FCA, Vice-Chair
 Paule Bouchard, FCA
 François Corriveau, CA
 André Dugal, CA
 Jacques Grandmont, CA
 Kenneth Hotton, CA
 Guylaine Leclerc, FCA, CA•IFA
 Pierre Longpré, CA

Garry Miller, CA
 Benoit Riendeau, CA
 Louise Roby, CA
 François Touchette, CA
 Alain Trudeau, CA
 Tony Vescio, CA

Secretary: Martine Picard, CA

Year ended March 31

	2009	2008
Practicing units inspected during the year	481	561
Pending, beginning of year	68	56
	549	617
Pending, end of year	49	68
Practicing units about which the Ordre's Board of Directors received recommendations	500	549
Recommendations ratified by the Board:		
• Practicing units that met the standards	415	486
• Practicing units ordered to complete a refresher training period, without limitation or suspension of the right to engage in professional activities	40	48
• Practicing units ordered to complete a refresher training period and a refresher course, without limitation or suspension of the right to engage in professional activities	44	15
• Practicing units ordered to complete a refresher training period, with limitation of the right to engage in professional activities	1	0
	500	549
Number of members ordered to serve a refresher training period, without limitation or suspension of the right to engage in professional activities	76	57
Number of members ordered to serve a refresher training period and complete a refresher course, without limitation or suspension of the right to engage in professional activities	97	17
Number of members ordered to serve a refresher training period, with limitation of the right to engage in professional activities	1	0
Number of members inspected	1,722	2,037
Number of meetings of the Professional Inspection Committee	5	5
Number of inspections dealing with competence	0	1

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This year, the inspection of 481 units required approximately 735 inspector/days. Close to 78% of members inspected this year met inspection standards. Following up on practicing units that failed to meet the standards required approximately 111 inspector/days. The increased number of members subject to a refresher training period, with or without a refresher course, is to a significant extent due to additions and major changes made to professional standards in the last two years.

The work was carried out by the inspection team of the Inspection and Professional Practice Vice-Presidency. The team is made up of Martine Picard, CA, Vice-President, Chantal Le Rossignol, CA, Assistant Director, staff inspectors Philippe Bérubé, CA, Julie Choquette, CA, and Kim Lemire, CA, and the following contractual inspectors and supervisors:

Jean-Étienne Blais, CA
Jean Boudreau, CA
Nathalie Brient, CA
André Coutu, CA
Pierre Désilets, CA
Gilles Durand, CA
Sylvie Fortin, CA
Sylvain Moisan, CA
Pierre O. Oligny, CA
Monique Papineau, CA
Sylvie Plante, CA
Dominique Racine, CA
Michel Reinhardt, CA
Louise Trépanier, CA

The 14 Committee members spent more than 29 person/days carrying out their duties, not counting the time needed to review the files and prepare meetings. This year, the Committee was made up of members from the Montreal, Laval, Quebec City and Estrie regions.

Refresher training period with mandatory supervision

Under section 1 of the *Regulation respecting refresher training periods and courses of the Ordre des comptables agréés du Québec*, the Professional Inspection Committee recommended that the Executive Committee impose a refresher training period with mandatory supervision on two members who failed to meet the standards and one member who failed to remedy the weaknesses noted during a previous training period.

Permanent limitation of the right to perform audit engagements

Under section 5 of the *Regulation respecting refresher training periods and courses of the Ordre des comptables agréés du Québec*, the Professional Inspection Committee recommended that the Executive Committee limit the right to perform audit engagements of one member who failed to meet the standards.

Summary of files forwarded to the syndic

The 303 departures included in the 215 files forwarded to the syndic by the Committee during the year, in accordance with section 112 of the *Professional Code*, break down as follows:

Departures from the Code of Ethics

Breach of section 25.2 requiring a member who provides professional services other than assurance engagements to disclose in any report or other document addressed to a person other than his employer, the nature and extent of any influence that may be perceived as impairing his professional judgment or objectivity.	113
Breach of section 36.8(12)(a) requiring a member who performs an assurance engagement to obtain management's approval when preparing journal entries.	95
Breach of section 36.10 requiring a member who performs an assurance engagement to identify threats to his independence and evaluate their significance.	45
Breach of section 48 respecting professional secrecy.	10
Breach of section 63 requiring that before accepting an assurance or compilation engagement where he is replacing another accountant, a member must first communicate with such accountant and enquire whether there are any circumstances he should take into account which might influence his decision to accept or refuse the engagement.	8
Failure to fulfill professional obligations and failure to perform a mandate in keeping with professional standards (section 19).	6
Limitation of personal civil liability (section 21).	5
Breach of section 7 requiring a member to have the personal charge and management of any place of business of a partnership or company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services.	5
Breach of section 36.4 requiring a member to remain free of any influence, interest or relationship which may impair or be perceived as impairing his professional judgment.	3
Breach of section 76 prohibiting a member from carrying on his profession within a partnership or company under a firm name or any other designation which is misleading.	2
Breach of section 36.9(7) prohibiting a member, in the context of an audit of a listed enterprise, from providing professional services such as accounting or bookkeeping services related to financial statements to be audited.	2
Breach of section 34 prohibiting a member from signing, preparing, producing or associating himself with any letter, report, statement, representation or financial statement which he knows, or should know, is false or misleading.	2
Breach of section 23 requiring a member to discharge his duties with integrity and objectivity.	1
Breach of section 36.8.12(b) specifying that a member or the partnership or company within which he practices his profession performs an assurance engagement when, during either the period covered by the financial statements subject to audit or review or the engagement period, the member or another person within the partnership or company or within a network partnership or company prepares a source document or originating data, or makes a change to such a document or data.	1

Departures from the Chartered Accountants Act

Breach of section 24 specifying that no person may practice public accountancy unless he is a chartered accountant.	4
Breach of section 25 specifying that the CA initials may be used only by members of the Ordre.	1

Professional **Inspection** > continued

General program of inspection

On June 12, 2008, the Ordre's Board of Directors approved the recommendations of the Public Trust Task Force respecting the evaluation of departures from specified procedures, following the analysis by the Professional Inspection Committee. These recommendations establish an objective and structured approach to the categorization and assessment of deficiencies and will help in achieving the practice inspection program objective of protecting the public. During this meeting, the Board of Directors also approved the recommendations respecting the composition of the Professional Inspection Committee.

On December 4, 2008, the Board of Directors of the Ordre approved in principle the recommendations of the Public Trust Task Force dealing with the qualifications and competencies required of a professional inspector.

The Practice Inspection Program (PIP) Working Group is working on harmonizing provincial inspection questionnaires and files as well as the inspection of the conditions for approving a firm as a training employer. The PIP Working Group is also finalizing the application guide for evaluating departures from prescribed standards. The new inspection program incorporating the new evaluation process will come into effect next year.

During the year, we continued inspecting firms in cooperation with the Canadian Public Accountability Board.

The Committee plans to inspect and re-inspect 556 practicing units in 2009-2010. These inspections should require 909 inspector/days. The

Committee also intends to monitor those practicing units that failed to meet the standards. This work should require around 80 inspector/days.

Other activities and achievements

We planned and organized the interprovincial meeting of the heads of professional inspection of the provincial CA institutes across Canada. During this meeting, we worked, among other things, on the new process for assessing inspection files and on future projects.

The inspection questionnaires and specialized questionnaires were updated during the year to make them available to inspectors in the next fiscal year. The professional inspectors also received IFRS-related training during the year.

We maintained the nationwide compilation of weaknesses identified during inspections and submitted the findings to those in charge of training programs and technical support for members in each province. Presentations were made to Ordre instructors as well as to members and the public to inform them about weaknesses noted during inspections and about changes made and future changes to the general program of inspection. In addition, an article entitled "Summary of the main weaknesses identified during 2007-2008 inspections" was published in *Inf@CA*.

Gaétan Marceau, CA
Chair