



GARY A. PORTER, FCGA, CA, LPA

Annual Review of Compliance by the ICAO with the Standards of the Public Accountants Council for the Province of Ontario

For the year ended October 31, 2010

Review of the Institute of Chartered Accountants of Ontario's (ICAO) Continuing Compliance with the Standards of The Public Accountants Council for the Province of Ontario (the Council) for the Year ended October 31, 2010

1. Objective

The objective of the annual review is to report to the Council on whether the ICAO continues to meet the standards developed and adopted by the Council pursuant to Section 19 of the *Public Accounting Act, 2004* (the Act) as the minimum standards that an Authorized Designated Body must meet in order for the Council to authorize such body to license and govern the activities of its qualified members as public accountants in Ontario (the Council Standards).

The Council Standards recognize that an Authorized Designated Body (ADB) may use different processes to meet the requirements set out in the Council Standards if the ADB can demonstrate to the satisfaction of the Council that its processes are no less rigorous than the requirements of the Council Standards.

2. The Nature of the Annual Monitoring and Review Process

The objective of the Annual Review Process is derived from Section 21 of the Act, which states:

Review of operation of designated bodies

21. (1) In ensuring that the purpose and objects of the Council are being met and that a designated body is complying with the standards developed under Section 19, the Council shall conduct periodic reviews, not less than once in every three years, of the operation of each authorized designated body and shall report on them to the Minister. 2004, c. 8, s. 21 (1).

3. The Review Process

This review consisted primarily of:

1. A detailed review of the Activity Report submitted for the year ended October 31, 2010 by the ICAO, including its completeness;
2. A comparison of the Activity Report with that of the prior year;
3. Analytical review procedures applied to the facts presented in the two activity reports;
4. A review of the ICAO Annual Report;
5. A review of Key Controls & Related Risks regarding compliance with PAC standards, as documented by the ICAO;
6. Review of ICAO responses to a detailed questionnaire on ADB compliance processes covering all of the standards in Section 19 of the Act;
7. Enquiry and discussion with ICAO management regarding the results of our review and analysis;
8. Conclude and Report.

4. The Evaluator

Gary A. Porter, FCGA, CA, LPA

- Consulting in the areas of CAS, Quality, standards compliance and Governance,
- Member of the Board of CPAB,
- Past President of CGA Ontario,
- Past Vice President of CGA Canada,
- Member of the Board of the Ontario Teachers' Pension Fund 1998-2005, Member of the Audit and Actuarial Committee and Chair of the Investment Committee,
- Author of *Attribute and Dollar Unit Sampling*,
- Co-author of 2009 *Handbook of International Standards on Auditing and Quality Control*,
- Practiced public accounting in Ontario to June 2009.

5. Integrated Evaluation

The review of the ICAO Public Accounting Standards and programs, processes and policies has been carried out keeping in mind that the functions of education, examination, experience and the maintenance by licensees of currency in both education and experience must be synthesized in such a way as to develop and sustain a licensed public accountant (LPA) capable of competent professional judgment as a practitioner. Therefore, the review, analyses, enquiries and discussions have been conducted with a view to understanding ICAO LPA operations as a whole.

6. Review Engagement Report

To: The Public Accountants Council for the Province of Ontario

Re: *The Institute of Chartered Accountants of Ontario*

As specifically agreed, I have performed the following procedures in connection with the above authorized designated body's compliance with its requirements under the Public Accountants Act, 2004 for the year ended October 31, 2010:

1. A detailed review of the Activity Report submitted for the year ended October 31, 2010 by the ICAO including its completeness;
2. A comparison of the Activity report with that of the prior year;
3. Analytical review procedures applied to the facts presented in the two activity reports;
4. A review of the ICAO Annual Report;
5. A review of Key Controls & Related Risks regarding compliance with PAC standards completed by ICAO;
6. Review of ICAO responses to a detailed questionnaire on ADB compliance processes covering all of the standards in Section 19 of the Act;
7. Enquiry and discussion with ICAO management regarding the results of our review and analysis; and
8. Conclude and Report.

Nothing came to my attention which would indicate that the ICAO was not in compliance with the standards for ADBs as set out in the Public Accountancy Act, 2004. However, these procedures do not constitute an audit of the ICAO's compliance with the standards set out in Section 19 of the Act, and consequently, I express no opinion on such compliance for the year ended October 31, 2010.

Prescott, Ontario

September 12, 2011

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