

CPA ALBERTA PROFESSIONAL SERVICE PROVIDER FREQUENTLY ASKED QUESTIONS

1. What is a professional service provider (PSP)?

This term is defined by the *Chartered Professional Accountants Act (CPA Act)*.

A PSP is a CPA who conducts specified services (insolvency, business valuations) or a public accounting practice in an organization other than a professional accounting firm.

2. What services require me to register a professional service provider (PSP)?

Under the *Chartered Professional Accountants Act (CPA Act)*, any CPA Alberta member who provides any of the following services (defined as public accounting practice services under the CPA Act) on behalf of a corporation whose primary business is **not** accounting (for example: a bank, a trust company, a financial planning firm or a wealth management firm) must register a PSP:

- (i) accounting services;
- (ii) forensic accounting, financial investigation or financial litigation support services;
- (iii) advice about or interpretation of taxation matters;
- (iv) preparation of a tax return or other statutory information filing, if the return or filing is prepared in conjunction with any service referred to in subclauses (i) to (iii)

Also, as per CPA Alberta Bylaw 1801, any CPA Alberta member who is providing, or offering to provide, one or more of the following specified professional services to the public would be required to register a PSP:

- (i) acting as a trustee in bankruptcy, a liquidator, a receiver, a receiver-manager or acting in any other aspect of insolvency practice; or
- (ii) public practice as a business valuator

3. What is the definition of “accounting services” referred to above?

Under the Section 1(b) of the *Chartered Professional Accountants Act (CPA Act)*, accounting services is defined as the:

summarization, analysis, advice or counsel about or interpretation of accounting matters, but does not include

- (i) bookkeeping, or*
- (ii) any accounting service that is performed incidentally by a provider whose primary occupation is not accounting;*

4. What is CPA Alberta’s definition of “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 receivable and expenditures 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.

5. Why are professional service providers (PSPs) regulated under the CPA Act?

There are two main reasons:

- a) Public accounting and the other defined services are important professional services, which require regulation to ensure the public interest is served.
- b) Some service providers are using new and emerging organizational structures; the traditional professional accounting firm is no longer the only organizational structure. A designated chartered professional accountant should be subject to the same form and degree of regulation regardless of the organizational structure chosen.

6. What entities are required to register as professional service providers (PSPs) with the CPA Alberta?

Individual CPAs register as PSPs; not their employers or other organizational structure.

7. What are some examples of professional service providers (PSPs)?

CPAs in the following circumstances are likely PSPs:

- A CPA providing tax planning or advisory services while employed in a financial services company. E.g. a bank, a trust company, a financial planning firm or a wealth management firm.
- A CPA offering insolvency services through a corporation.
- A CPA offering business valuation services through a corporation.
- A CPA providing accounting advice to the public as an employee of an organization other than a professional accounting firm.
- A CPA performing forensic work as an employee of a corporation.

8. What if assurance (audit, review or other assurance services), compilation or specified auditing procedure services are being provided?

These services can only be provided through a registered professional accounting firm (PAF), not a professional service provider (PSP).

9. Are any services exempted from registering as a professional service provider (PSP)?

CPAs practicing tax in a law firm are exempt.

10. I'm a CPA Candidate; can I register as a professional service provider (PSP)?

No, the *Chartered Professional Accountants Act* (CPA Act) prohibits candidates (formerly known as *students*) from registering as a professional services provider (PSP); only members are permitted to register as a PSP.

Rule 410 of the *CPA Rules of Professional Conduct and Related Guidance* provides further clarity as to the prohibitions on candidates.

11. I'm a CPA Candidate; can I work for a registered professional service provider (PSP)?

No, as a CPA Candidate, in order to provide any registerable services, you must be employed with a registered professional accounting firm (PAF).

12. What requirements of CPA Alberta will apply to professional service providers (PSPs)?

PSPs are subject to three general forms of regulation; the CPA Act addresses these three areas for various types of registrants, not just PSPs.

- Registration
- Practice review
- Discipline

13. What are the registration requirements for a professional service provider (PSP)?

Each individual CPA who is a PSP registers like a sole practitioner would. This is an annual registration, billed in September for an October 1 to September 30 year. Initial registration can be any time.

14. What fees are required?

Initial and annual registration fees. Fees are reduced by 50% for initial registrations approved between April 1 and September 30. Please refer to the [CPA Alberta Fee Schedule](#) on our website for the most current fee information.

15. What type of insurance do I need and what is the coverage amount requirement if I must register a professional service provider (PSP)?

If you are required to register a PSP, the type of insurance required would be Errors and Omissions.

As mandated in CPA Alberta Bylaw 801, a PSP is required carry professional liability insurance for all services offered in an amount not less than \$1,000,000 per incident excluding defense costs.

16. What about practice review?

If the services provided (e.g. taxation) are subject to practice review, then a professional service provider (PSP) is subject to practice review for those services just like a professional accounting firm (PAF). PSPs are required to ensure appropriate arrangements recognizing that the service environment is not that of a PAF.

17. Are there any special discipline provisions?

Generally not. The discipline requirements including possible orders, penalties, or cost recoveries are applicable only to the professional service providers, i.e. the CPA, not to an employer.

18. How do I register as a Professional Service Provider (PSP)?

Only those CPAs providing the prescribed services and not in a professional accounting firm (PAF) need to register as a professional service provider (PSP).

Please email CPA Alberta's Corporate Registration team at PAF@cpaalberta.ca to assist in determining eligibility for a PSP registration or to receive a copy of the PSP registration form.