



## **Upholding the Public Trust - A Priority For Our Profession** **By Gary Hannaford, FCA, Chair of the CSE Public Trust Task Force**

In 2004, the Canadian CA profession adopted a new strategic plan. An important phrase in the new Vision and Mission statements for the profession set out in *Strategic Crossroads for the CA Profession* (available at [www.icam.mb.ca](http://www.icam.mb.ca)) is that Canada's CAs are "trusted financial leaders". The plan also identified the public trust as a major area for strategic action.

We define the public trust as the activities and programs that support core CA values and maintain the CA commitment to protect the public interest. Protecting the public interest is the cornerstone of our profession. It defines who we are and it is the basis upon which the public places its trust in us.

To address issues relating to the public trust, the Council of Senior Executives (CSE) has established a Public Trust Task Force. The goal of the Task Force is to identify areas where the profession needs to "raise the bar" to ensure we continue to protect the public interest and restore confidence in the capital markets. This includes harmonizing standards across the profession in Canada and making sure that standards in Canada meet or exceed international ones.

In the wake of a number of high-profile business failures, the Canadian CA profession has already taken several steps to build public trust and confidence. These include new independence and quality control standards and the creation of the Canadian Public Accountability Board (CPAB) to oversee public company auditors. We have also strengthened public oversight of the auditing and assurance standards-setting process.

Task Force members are mindful of the fact that many CAs are concerned about "standards overload". We have therefore asked ourselves, "Do we need to continue to raise standards that are already so high, and, if so, why?". We believe the answer is yes – for several reasons I would like to outline.

**Protecting the Brand** - CAs have a professional obligation to maintain their competence. We must clearly demonstrate that the CA brand stands for excellence and high standards.

**Public Expectations** - Enron and other high-profile business failures have heightened public expectations. As a result, the accounting profession continues to attract public attention and has a number of vocal critics.

**The Litigious Environment** – Canada’s environment is not as litigious as that of the U.S., but we are seeing an increase in claims. Accountants are being targeted and are less likely to receive the benefit of the doubt.

Recent claims demonstrate that firms of all sizes are the target of lawsuits. In particular, we are seeing a continued high volume of tax cases and rapidly escalating claims on compilations. Part of this increase may be attributed to the huge shift of review engagements to compilations, with the latter often going to banks to support loan arrangements.

**Change and Complexity** - The many new accounting and auditing standards confirm unprecedented levels of change and complexity. As well, the rapid pace of change and the complex nature of doing business in today’s global environment require even the smallest organizations to enter into complex, multi-dimensional transactions. Accountants and auditors are therefore also compelled to deal with this increased level of change and complexity.

**Legislative and Regulatory Change** - The legislative and regulatory framework for the profession is also changing. New oversight bodies in Canada include the CPAB, the Accounting Standards Oversight Council and the Auditing and Assurance Standards Oversight Council. A new licensing body was recently established in Ontario. A significant majority of the members of these oversight bodies are influential business, community and professional leaders. As they identify areas for improvement, the profession must respond.

**Globalization of Standards** - The International Federation of Accountants and the International Accounting Standards Board are developing new standards on a global basis. As a founder and active participant in these organizations, the CA profession must continue to meet and, where appropriate, exceed these standards.

In short, the impetus and need for change is clear. The Task Force also strongly believes that the profession must address these issues in a proactive manner, instead of reacting to external circumstances.

One of the first ways to do this is to proactively make changes to specific measures and requirements that are currently inconsistent across the country. In three areas – continuing professional development, professional liability insurance and practice review requirements - the current system is a patchwork of different measures and requirements. The Task Force believes that developing uniform national standards that meet or exceed existing international standards in these areas is an important first step that will signal the profession’s ongoing commitment to protecting the public interest.

In the months ahead, we will provide you with further details on proposed initiatives as they unfold. In the meantime, I would welcome your feedback. Please contact me at [ghannaford@icam.mb.ca](mailto:ghannaford@icam.mb.ca) or Nina Adey, FCA at [nadey@ican.nfld.net](mailto:nadey@ican.nfld.net).

Change is never easy, but it is a fact of life in today's world. The Task Force is committed to making recommendations for change that will reflect members' input, benefit the profession and, most of all, continue to uphold the public trust.



## **Consultation on Proposed Changes to CA Qualification Well Underway**

In response to the demand for more training positions from both university business students and CA employers, the CA profession across Canada is considering changes to our qualification process. The need to consider such changes was also identified as a priority in the CA profession's new strategic plan, approved last year by the provincial institutes and the CICA. The changes would focus on the experience component of CA qualification. The purpose of these potential changes is to increase access to the profession to the country's best and brightest business students, while maintaining our rigorous standards for excellence and expertise. Two specific changes are under consideration.

***First, we're considering eliminating mandatory assurance hours***, in particular mandatory audit hours, for candidates whose interests lie outside assurance. Candidates would have the option of getting all required hours of experience in areas such as taxation or finance and accounting that are recognized by the profession under standards as rigorous as those that define current experience. Assurance and audit hours would be mandatory only for those interested in a public accounting license, and could be acquired at a later date by those who so wish.

***Second, we're considering extending the opportunity to be recognized as approved training offices to select corporate and government sector organizations*** that can provide appropriate CA-led and mentored training environments that meet standards as rigorous as those that govern our public practice Approved Training Offices (ATO).

Consultation with members in public practice and members in industry on these two potential changes is now well underway. On the public practice side, senior management of the Provincial Institutes/Ordre and of the CICA have conducted more than forty meetings with the leaders of CA firms across Canada, including the national and regional leadership of all national firms and a wide range of small and medium local and regional firms. To explore reactions in the corporate and government sectors, we recently conducted a series of focus groups and interviews with senior members responsible for hiring CAs in their organizations, concentrating on organizations which employ significant numbers of CAs.

In these discussions, we are exploring a number of issues, including:

- The potential impact of such changes on the CA brand;
- Setting equally rigorous standards for both the kinds of organizations that could qualify as an ATO and the nature of work which might be appropriate;
- Ensuring the development of CA ethics and objectivity; and
- The impact such changes might have on recruitment for public practice firms.

In addition, to understand the attractiveness of such changes to top business students, we conducted a Canada-wide internet survey of recent graduates of university business programs who chose careers other than a CA.

Finally, we are evaluating international experience with training outside public practice for wisdom and best practices. Canada is now the only country in the world where CAs do not train in the corporate sector; we are consulting with Chartered Accountant Institutes around the world to understand how to meet the challenges inherent in more flexible experience criteria.

The Task Force exploring these proposed changes is on target to make its report to the Provincial Institutes/Ordre in early 2006. We'll update you with their findings and recommendations at that time.



### **ASCA Announces New Award**

The Atlantic School of Chartered Accountancy has named a new award in honour of Brian A. Rogers, FCA, to recognize his significant impact on the education process for chartered accounting candidates both in the Atlantic region and nationally. Brian served as Chair of the ASCA Board from 1990-1993 and was a member of the Blueprint for Change Task Force 2000-2001. He chaired the Professional Program Implementation Committee from 2001-2002. At the national level, Brian was a member of the Interprovincial Education Committee from 1993-1995 and the Qualifications Committee from 2003-2004. Brian is a partner in the Calgary office of KPMG LLP.

The Brian A. Rogers Award will be presented annually to the successful ASCA UFE candidate who has achieved the highest average in the ASCA professional program. The first winner is our own Erin Higdon, PricewaterhouseCoopers LLP. Formal presentation of the award will take place at Convocation ceremonies on February 11, 2006.

## Western Newfoundland CA Club Scholarship Presented

The Western Newfoundland CA Club is pleased to announce that Ms. Sandra Mahar is the recipient of \$500 scholarship. The scholarship is based on academic achievement and is awarded to a Sir Wilfred Grenfell College student entering the Faculty of Business at Memorial University.



*Pictured is Andrew Perry, CA member of CA Western presenting the scholarship to Sandra Mahar*

## Junior Achievement VP Finance Award

Once again this year ICAN was proud to continue its ongoing support to Junior Achievement by sponsoring the VP Finance Award. The 2005 Award was presented to Ms. Amanda Marsh, VP Finance, Imagine Ink, A Junior Achievement Company. Imagine Ink produced and sold a colouring kit complete with colouring book, crayons, markers and magnets. The company membership included 20 students and 4 advisors. Congratulations Amanda.



*Pictured is Nina Adey, CEO presenting the VP Finance Award to Amanda Marsh*

**NOTICE OF ANNUAL GENERAL MEETING**  
**THE CANADIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

The Annual General Meeting of the Canadian Institute of Certified Public Accountants will be held on Friday, February 24, 2006, commencing at 9:00 a.m., in the Council Chamber of the Institute of Chartered Accountants of Ontario, 69 Bloor Street East, Toronto, for the consideration of any proposed bylaw amendments and the transaction of other statutory business.

Those not expecting to attend may complete and lodge a proxy form, available through the CICPA administrative secretary, at the Institute of Chartered Accountants of Ontario offices, nominating R.N. Barr, FCA, or, in his absence, another CICPA member in good standing, as an appointee to vote on their behalf at the Annual General Meeting. To be effective, proxies must be filed with the administrative secretary at the above address by 5:00 p.m., Tuesday, February 21, 2006.

E.F. McGroddy, BA, FCIS, PAdm, Administrative Secretary  
The Canadian Institute of Certified Public Accountants

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### ***Editor's note...***

ICAN E-News is a publication of the Institute's Communications Committee. If you would like to comment on this newsletter or if you wish to submit an article for publication please contact:

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### ***Accountants' Diary***

#### ***February 11, 2006***

*Convocation and FCA Celebration*      *Delta St. John's Hotel and Convention Centre*

#### ***February 15, 2006***

*Deadline for all members to report compliance in 2005 with Continuing Professional Development requirements*