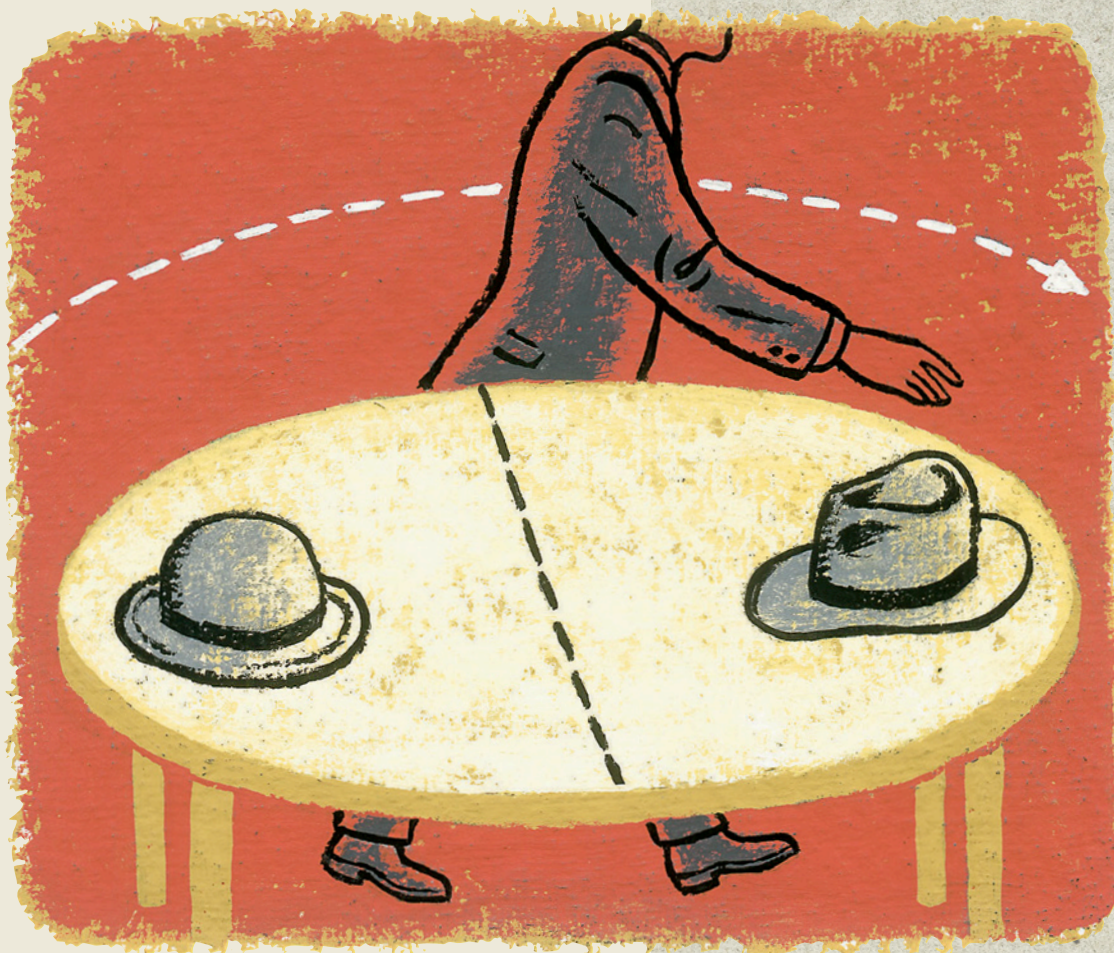


Second ACTS

CAs who see retirement as another career phase



BUSINESS TRAVEL TIPS: going out of town for work can be a pain.
See p. 32 for useful ideas to help make it a less stressful experience



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Trendsetting

Boomers are back at it; this time they are taking on retirement — how and when they will retire

As young people, baby boomers transformed the world, ending wars and changing the way societies view and do things. They are at it again as they approach and enter retirement. This time, they are turning post-retirement years into just another phase of work life. According to some surveys, 40% of boomers plan to work beyond retirement age, while 73% expect some of their retirement income to come from work.

How do CAs fit into this picture? According to writer Mary Teresa Bitti, while many CAs take their training with them into new areas in retirement, “now they want something they like to do, not just something they can do.” In “Beyond the CA” (p. 24) she writes about CAs who have moved into telecommunications, management consulting, grape growing and a host of careers outside the profession. Bitti writes that these CAs “are part of a growing trend that reflects a fundamental shift taking place in society more broadly. Boomers want to do something that holds meaning for them.” This is an important and fascinating story that tells us what the future might look like for older members of the profession.



Anyone who has been on a business trip knows the stress involved in making sure nothing goes wrong. You don't want to get to the airport late, especially these days when all kinds of security checks are part of traveling. You want to take the right clothes for that meeting you will be attending at 8 a.m. on Tuesday in Stuttgart after leaving on Monday morning. How do you reduce the stress from the pressures of business travel? Writer Deena Waisberg set out to find out by speaking to CAs and travel experts on the best ways to avoid the glitches that can make travel a nightmare. In “Business travel tips” (p. 32) she provides readers with all manner of valuable information. For instance, “if you're traveling to less-developed countries and you don't have access to a company-provided travel agent, [use] an outside corporate agent who can help navigate the routing for difficult-to-reach locations.”

In the rest of the magazine, Marcel Côté criticizes the annual corporate governance rankings done by the *Globe and Mail*, and provides alternative guidance on good corporate governance (p. 52). There are also regulars on fraud (“Women can con,” p. 38), standards (“A proportionate approach,” p. 41) and assurance (“What can internal audit do?” p. 44).

Finally, I would like to inform readers that your magazine continues to perform well at the Kenneth R. Wilson business magazine awards: CAmagazine was first in nominations (14) and third in awards (two gold and three silver) at the awards held in June.

PAUL ORENSTEIN

Okey Chigbo, Editor





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Can numbers and nature intersect? Just ask Linda Lynott and Dianne Dalton White, whose love of planning, planting and pruning turned the two CAs into elite Master Gardeners. When not planted at their desks, weather permitting, they're tending to flowerbeds and trees

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BY MARY TERESA BITTI

32 Business travel tips

How can you make your business trips as stress free and efficient as possible and save money in the bargain? From packing the right clothes to getting through security at airports, CAs share their secrets to tension-free and happy sojourns

BY DEENA WAISBERG

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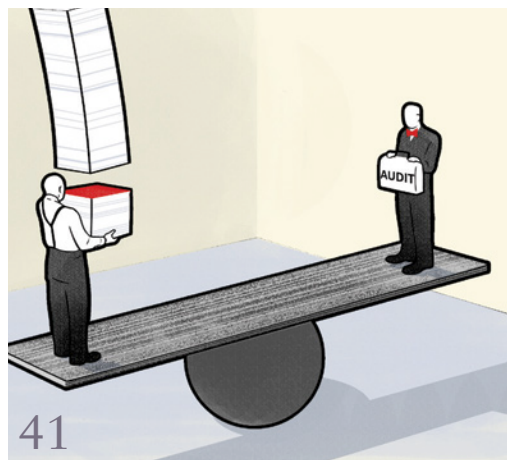
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TALK ABOUT THE WRITE TIME

“The write touch” (John Shoemsmith, April) was quite timely as I recently self-published my first novel, *Hope*, set in the Saskatchewan prairies in the early 1990s.

Like Anthony Bidulka, I am a small-town prairie boy who drew upon his experiences growing up in Saskatchewan when writing my novel. Also like Bidulka, for years I regretted the lack of time and energy to pursue my lifelong dream of being a published author of fiction. A couple of years ago, I decided to get on with it. With the support of my family, I was able to balance work, writing and the rest of

my life to finish my book. I’m glad I did.

After reading the article I feel as if I’m in good company with other CA authors. I chose to publish my novel under a pseudonym, W D Murray, to separate my work as an author from my professional career, but after reading the article I thought about that decision. Writing and publishing my novel has significantly helped me in my career, so it makes sense to let people in my professional network know about it.

CAMagazine actually gave me my first taste of being a published author, having published my articles in 2003, 2005 and 2006. This small measure of success gave me the confidence to try writing creative-

ly, and I thank you for the opportunity that you provided me.

Murray Wolfe, CA
Calgary

I usually skim the contents of *CAMagazine*. However, “The write touch” captured my attention, both for the topic and the writers’ comments. With more than 200 articles (the first in 1983) and five books (three of which are novels) published, one book and I appeared in a *CAMagazine* article titled “Write on!” (People, December 2008). While some writers do receive joy from what they do, my efforts can be more easily attributed to feeling compelled to keep plodding onward.

I could certainly relate to many of the points raised in the April article, in particular the one about retaining your day job — a comment I used on the back cover of a book on writing. As for income, earnings from articles, a book segment assignment and newspaper columns far exceeded the net proceeds from books. The latter consumed the most time and writing effort but the sales of my books lacked Anthony Bidulka’s success. Good for him!

D.G. (Don) Wilkes, CA
Vancouver Island, BC

“DOOMSDAY” A LOW BLOW

I’m writing in regards to “Doomsday: fact or fiction?” (April) to express my disappointment in finding this low swipe at both Christianity and fellow CAs who are Christians in an elite publication for business and accounting professionals. Once the author finishes taking shots at those who follow Jesus, the actual topic of the article is timely and interesting. But why did *CAMagazine* stoop to such low levels in the initial paragraphs?

I would also like to clear up some false claims found in the article, claims that supposedly came out of Mr. Snafu’s “thor-

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ough research.” First of all, God is not “vengeful and mean” in the Old Testament of the Bible. Next time the author wants to sum up God in a few words I suggest he or she first actually read with an open mind a modern translation of the Bible. Key themes in the Old Testament include God’s everlasting love and forgiveness. God is not vengeful and mean; He is quite the opposite.

Secondly, the author writes: “Christianity [has] been predicting the end for millennia” and “Christians have happily and copiously predicted doomsdays as if they were playing the weekly lottery.” I and those I know have not been making predictions, because, as pointed out in the article, we were told that this is a waste of time. Jesus did teach that He’s coming back at some point, but again, the stereotyping and scoffing tone should be beneath this

publication. Can you imagine the outrage if *CAmagazine* published an article that derided how “Muslims oppress women?” Christians should receive the same respect other religions demand.

Whoever the author is, he or she can probably do a good job of writing humour, but please, not at the expense of my and my colleagues’ faith.

Dan Effa, CA
Surrey, BC

AUDITORS’ VALUE

CAmagazine does a valuable service to its readers by publishing “Waste watchers” (John Lorinc, May), a very informative article on the auditors general.

The public sector now employs more people than the private sector and the work of CAs brings them into contact with

the public sector maybe more than many professions. Often the size, complexity and grandeur of government offices make one wonder how well our tax dollars are being spent. This article gives us a boost in confidence that serious scrutiny is in place.

As former prime minister Pierre Trudeau found out, you don’t mess with the AGs. Diligence by the general public and media should continue to expose any political attempts to restrict resources or the scope of these valuable auditors.

The tax-and-spend policies of some politicians loom as large as a red flag. Accountability is one of the cornerstones of democracy and some characteristics of human nature demand it be continually guaranteed and nurtured for the public good.

Peter Black, CA
Kitchener, Ont.

it takes one to know one



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UNIFY UNIFICATION

I read Ken Kouri's letter on the proposed merger with interest (Mailbox, May). Kouri is a respected Alberta CA and he may speak for the majority here, but not for me. I'm generally in favour of the merger concept, though I have reservations about the proposed CPA designation. I don't agree with the Alberta Council's decision to withdraw from the talks—there are challenges but in my view, pulling the plug won't help us reach the best solution.

It seems that we have 10 provinces going in 10 directions at the same time. In my view, CICA must coordinate a strategy with the provincial institutes; if there is no buy-in by the provincial institutes and their members, we will continue to spin our wheels. One only has to look at the merger website to see that there is significant and perhaps overwhelming CA opposition to unification—CICA should acknowledge and address this.

David Townsend, CA, CFP
Calgary

Editor's note:

Unfortunately, a letter to the editor was published with incorrect information (Mailbox, May). In the second paragraph of John Warren's letter, he states that the Public Accountants Council (PAC) "is now the authority that grants public accounting licences to all who meet their standards for education, training, examination and ethics, regardless of designation." However, PAC does not grant licences; it authorizes accounting bodies to issue licences to qualified members.

It was also stated that "CMAs and CGAs are in the process of changing their programs to meet PAC standards and if the merger fails, it is likely they will meet PAC standards and qualify for public accounting licences in Ontario in the near future." However, CGA Ontario has been authorized to issue public accounting licences since 2010 and CMA Ontario was authorized to do so in January.

Erratum

In "IFRS report card" (June/July) there were a couple of factual errors: Joanne Boyes did not say, "In the end, the effects [of accounting changes] were negligible. But what if they weren't? How would stakeholders know?"

The article also wrongly implied that Boyes believes IFRS is more open to accounting policy choices. We regret any embarrassment this may have caused her.

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UP FRONT

News, people, briefs, trends + tips

Garden masters

With the longer days and the warmer weather that summer brings, 'tis the season CAs Linda Lynott and Dianne Dalton White wait for all year — gardening season. But these two green thumbs aren't your garden-variety hobbyists. When Dalton White, a large-file case auditor at the CRA in Toronto, and Lynott, a self-employed certified fraud examiner in Richmond Hill, Ont., aren't planted at their desks, they dole out advice, give garden tours and are all-round horticultural experts for the Master Gardeners (MG).

The two CAs became certified members of the elite MG of Ontario Inc. — a nonprofit organization run by gardeners trained in and dedicated to providing horticultural information to the public — by taking online horticulture courses and completing a two-year apprenticeship that included monthly meetings and technical updates. They also volunteered for more than 50 hours helping groups and individuals learn to become better, more knowledgeable gardeners.

A career in numbers and a passion for plants aren't the only things these CAs have in common — they both got into horticulture at an early age. “I started when I was eight,” Dalton White says. “I was assigned the responsibility of caring for our vegetable garden when my father was away on business.” As for Lynott, her father (also a CA) was a gardener, “so I've been doing it since I could walk,” she says.

Their love of planning, planting and pruning was the driving force behind taking their hobby to the next level. “I wanted to improve my gardening at our cottage and realized I needed more technical knowledge and gardening experience,” says Dalton White, 60, who has hundreds of ferns of about 20 different varieties. For Lynott — a published garden writer who has won five awards for her garden full of daisies, hostas and trees — surviving a car crash in 2004 prompted her to finally join the MG. “After the accident I made a bucket list,” says Lynott, 62. “Writing another piece of legislation, such as the proceeds of criminal money laundering act, was not on my list. Number one was joining the Toronto Master Gardeners.”

When weather permits, the women spend up to a few hours a day tending to their flowerbeds and trees. And occasionally, their two worlds of numbers and nature intersect. After Lynott discovered one of her clients had several employees who were avid gardeners, for example, she organized a plant exchange. “Not only did we all enjoy it, but it ingratiated me with the employees, which made it easier to get cooperation from the staff,” she says.

Lisa van de Geyn



Sage advice: CAs Linda Lynott (left) and Dianne Dalton White offer horticultural information and expertise to the public

Résumé

Dianne Dalton White

- 1976** obtains CA designation (Que.)
- 1977** joins CRA, Toronto
- 2012** becomes Master Gardener

Linda Lynott

- 1980** obtains CA designation (Ont.)
- 1981** opens own practice
- 1997** wins first garden award
- 2011** becomes Master Gardener

EMAIL EASE TRUMPS SECURITY

Given that email is a convenient, efficient and appropriate way to conduct business communications, it should come as no surprise that the majority of practitioners email their clients. Perhaps more surprising, however, is that these communications are extending to topics that could be considered confidential, according to a recent CICA survey of practice owners (partners/sole practitioners).

A significant majority of the survey respondents use email to send financial statements (70%), other financial information (77%), personal tax returns (66%) and business tax returns (61%) — and very few are taking measures to ensure this information is being transmitted securely. Less than one-third of respondents use passwords at least some of the time to protect confidential information and even fewer (about 10% to 15%) use encryption technology. These findings are consistent with a similar CICA survey conducted with practitioners four years earlier.

There are many reasonably priced technologies that make it

Percentage of CAs who email confidential info to clients					
	Send by email	Sometimes use passwords	Always use passwords	Sometimes encrypt	Always encrypt
Financial statements	70	29	16	14	11
Other financial information	77	30	13	16	10
Personal tax returns	66	25	22	14	15
Corporate tax returns	61	27	19	15	15

easy to encrypt confidential information exchanged with a client. Using email without encryption is, however, still more convenient and the results of this survey suggest that convenience may be taking precedence over security risks. Practitioners should review the technology that is available and protect themselves and their firms from unnecessary risk.

For more information and tips on securing your online communications, check out our annual IT issue next month.

John Tabone is CICA's manager of member value and research services



ASK AN EXPERT

WHAT IS THE BEST WAY TO QUIT A JOB?

How you leave a company can be just as important as what you did while you were there. Regardless of the reason for resigning, making a graceful and professional exit can help you down the road in your career. Here are some tips for leaving a job on good terms:

Give proper notice. Tell your boss about your departure first so he or she does not hear about it through the grapevine. Providing two weeks' notice is standard, but if your schedule is flexible, offer to stay longer to train a replacement.

Get things in order. Supply written instructions to team members on projects and make sure they have access to the tools and information needed to complete assignments.

Stay positive. Take the time to say goodbye and thank you to colleagues. Provide your contact information and reach out to those with whom you would like to keep in touch.

Don't slack off. Use your last weeks on the job to complete as much work as possible on outstanding projects. You want to be remembered as a strong contributor to the end.

Talk before you walk. Participate in an exit interview if it is offered. Be honest with your feedback, but keep it constructive and professional. Your comments could potentially help to improve the workplace.

Robert Hosking is executive director of staffing service OfficeTeam (www.officeteam.com)

#NUMBERS Game

10 Number of Canadian trade representatives in China in 1986 — double the 1984 total. Industrial boilers were second only to wheat as Canada's most valuable export to the Asian nation.

41 Years since Canada dispatched its first trade mission to China. The previous year, in 1970, Canada recognized the People's Republic and opened an embassy in Beijing.

150 Millions of dollars in Canadian trade surplus with China in 1991, the last year Canada posted a surplus. In 2011, we ran a \$31.32-billion trade deficit.

451 Millions of dollars in total Canadian trade with China in 1977. "The mind boggles [at the opportunities]," says Alcan Aluminium Ltd. president David Culver the following

Trade matters Some 35 years ago, Canada's exports were four times greater than China's. Today, China is the world's greatest trader and two-way trade with Canada alone tops \$64 billion



year. Last year, trade was 144 times greater.

1,500 Guests hosted at Beijing's Great Hall of the People by Canadian Prime Minister Jean Chrétien in 1994. More than \$9 billion in deals were signed during the Asian trade venture.

2009 Year Prime Minister Stephen Harper makes his first visit to China to boost trade — three years into his term. "Your visit," Premier Wen Jiabao tells Harper, "is one that should have taken place earlier."

50,000 to 100,000 Cost in dollars for a firm to determine the potential for business in China in 1985. Success, according to the president of one Canadian firm, might mean a \$20- to \$30-million contract. Steve Brearton

Going Concern



**DONNA ELLIS, CA
CEO, KINVILLAGE**

COMPANY PROFILE: Nestled in the centre of Tsawwassen, BC, and touted as one of the province's best-kept secrets, KinVillage has been providing housing facilities and programs for seniors for more than 30 years. The property, which has five buildings spanning more than nine acres, features a combination of independent and assisted living, healthcare services and a 12,000-sq.-ft. community centre that's open to the public. A nonprofit organization funded primarily through government agencies, it has annual revenue of \$11 million and employs 180 full- and part-time staff, as well as 300 volunteers who contribute about 18,000 hours annually.

HOT FACTOR: The latest survey results by the local health authority (Fraser Health) rated overall satisfaction of KinVillage residents, whose average age is 80-plus,

and their family members at more than 90%. With an onsite café, clothing boutique, a recreational day program and social events that are integrated with other activities within the local community, KinVillage is well positioned to cater to the growing population of aging boomers who don't want to be "shuffled aside when they're old," says CEO Donna Ellis.

COOL PROJECTS: Volunteers at KinVillage started a program called Elder College Delta, where seniors can partake in courses ranging from computer studies and art to psychology and current affairs.

IN HER OWN WORDS: "I want our centre to continue to be viewed as a place where it's positive to be aging. But I think we as a society can do even better in serving our elders and that's a powerful motivator for me. As our residents' needs change, we'll need to keep evolving our campus to suit them." Rosalind Stefanac

Bits & Bites Insight, news + reports at a glance

By Tamar Satov



Growth-hungry companies looking to M&A

Canada stands out among mature economies in anticipated mergers and acquisitions (M&A), according to a 2012 Grant Thornton study. The firm's annual International Business Report, which surveys 12,000 businesses across 40 economies, shows 42% of Canadian businesses plan to grow through M&A in the next three years, compared with 34% of companies globally.

Furthermore, 70% of the Canadian respondents planning M&A activity expect to grow domestically, while 23% are looking outside Canada's borders. This stands in contrast to the global results, which show an overall increase in companies seeking to expand through crossborder transactions — 33%, up from 28% last year.

Despite the appetite for M&A, only 12% of Canadian companies foresee a change in their ownership in the next three years — and they may be well-positioned to command top dollar, says Greg Wright, director of M&A at Grant Thornton Corporate Finance Inc. in Vancouver. "High-quality businesses are attracting premium prices across the globe, and particularly in Canada. Slow economic growth over the past few years has definitely increased competition for attractive assets."

Percentage of businesses planning to grow through acquisition in next three years

	2008	2009	2010	2011	2012
North America	48	44	32	41	37
BRIC	59	41	27	44	35
UK and Ireland	40	39	27	36	36
Mainland Europe	30	36	25	28	28
Rest of the world	28	22	20	23	23
Global	44	37	26	34	34

Source: Grant Thornton International Business Report 2012

Software piracy hits record high

More than half the world's personal computer users (57%) say they pirated software in 2011, at a total value of US\$63.4 billion, according to the Business Software Alliance. The industry advocacy group's annual study, which looked at software trends in 116 markets and polled 15,000 PC users in 33 countries, found piracy rates are nearly three times greater in emerging markets (68%) than in mature ones (24%). Business decision-makers also admit to pirating software more often than other users.

"If 57% of consumers admitted they shoplift, authorities would react by increasing police patrols and penalties," says Robert Holleyman, BSA president and CEO. Enforcement may do little to curb the issue, however, as only 15% to 20% of frequent pirates say they'd be deterred by the risk of getting caught.

STUCK AND UNSATISFIED

Two-thirds of North American workers are unsatisfied with their job, according to a survey by HR firm Right Management. While levels of employee satisfaction often drop in a bad economy, supervisors can help mitigate such feelings by talking to staff about their career development, the study suggests.

WITH AGE, WISDOM?

Given the choice to be smarter or more creative, more than half of Canadians (55%) would opt for creativity, regardless of the type of work they do, finds an Ipsos poll. Interestingly, that figure is slightly higher (61%) for 50- to 64-year-olds, with just 39% saying they'd prefer to be brainier.

KEEP INCENTIVES SIMPLE

Complex executive compensation plans are motivation killers, according to research by PwC and the London School of Economics and Political Science. Entitled "Psychology of Incentives," the study of more than 1,100 participants reveals that the more complicated a reward is, the less executives value it.



Netwatch

BY JIM CARROLL

YOUR GUIDE TO BUSINESS & ACCOUNTING ON THE INTERNET

Optimism from an unlikely source

As I wrote in one of my columns last year (“Smartphones are changing everything,” August 2011), when I give a talk I like to use a service called Poll Everywhere — the same technology at the heart of the *American Idol* voting process. I put a poll on the front screen and audience members can reply by text or online with their smartphones, laptops or tablets. The results start to appear on the screen instantly — it’s a very powerful tool.

There’s one question I pose at the start of every talk: when do you think we will see an economic recovery? After running more than 200 polls over four years based on this question, I can tell you the majority of North Americans and Europeans I’ve encountered think the economic recovery is at least six months to two years away, or more than two years away. Few offer the answer, “It’s happening right now.” (And of course, I always have a few who go for the option, “Run for the hills! It’s all over!” I figure they might have been up late at the bar the night before.)

So the majority of my audiences — which represent virtually every type of industry and region, from the heartland of the US to major global cities — are still skeptical about the future and economic recovery. Except for one distinct group: North American manufacturers.

In the past year I’ve addressed 1,000 manufacturers at major conferences in Orlando, Fla., and Las Vegas, and at both events an overwhelming 70% indicated the recovery is happening now. At a February 2011 event in Ohio, 200 executives in the sector — one of the hardest hit during the downturn — indicated a similar positive outlook. As did executives at advanced robotics manufacturer Genesis Systems Group in Davenport, Iowa, where I spoke in April.

What’s driving this optimism? Manufacturers have been innovating like mad for the past decade and are more likely than any other sector to bring the North American economy roaring back. We’ve seen them focus on agility-based manufacturing, which allows them to change their product faster so they can deal with a higher

rate of change at the consumer level. They’ve completely automated the design process with powerful tools such as AutoCAD (which can now run on an iPad) and mastered the skills of rapid concept generation, rapid concept development and rapid prototyping. They’ve become experts at mass customization and rapid time to market. Not to mention learning to win the battle against off-shore competition by mastering the key advantage they have: time.

The sophistication of the machinery North American manufacturers use places them ahead of the pack. As one executive told me, “The education level of our workforce has increased so much — the machinists in this industry do trigonometry in their heads.”

There’s also a lot of experimentation with new manufacturing business models. One of the most fascinating involves microfactories, such as Ponoko, where the average Joe can design a product and have it built to spec. Then think about the rapidly emerging concept of 3-D printing, 3-D printers and the inevitable shift to “additive manufacturing” (laying down additional quantities of material to create a product), a significant shift from “subtractive manufacturing” (based on cutting, drilling and bashing metal), which has been used for more than 100 years.

Who’d a thunk it? While most people are still skeptical about the pace of the future, it’s the manufacturing folks who are most positive of all.

Jim Carroll, FCA, is a well-known speaker, author and columnist. Reach him at jcarroll@jimcarroll.com or log on to his website at www.jimcarroll.com

INNOVATIVE MANUFACTURING

Genesis Systems Group
www.genesis-systems.com

3-D printing
www.wikipedia.org/wiki/3D_printing

Ponoko www.ponoko.com



Work in process

BY MICHAEL BURNS

USING TECHNOLOGY TO IMPROVE THE WAY YOU DO BUSINESS

System selection done right — Part 4

Since January/February, we've looked at the software selection process from start to finish.

We've also considered the roles and responsibilities of the people involved. But before even getting

on the road toward a new system, you need to present a good business case. Sometimes that might be easy because the existing system is no longer supported or the business itself has changed. But what if you are frustrated with your existing solution and don't know what to do? If your frustration is limited to specific parts of the system — reporting, for example — it might be enough to zero in on that part alone. For example, some companies move their data from their legacy system to a data warehouse that maintains their data in a format suited for reporting by a business intelligence system. But if your frustration runs deeper, you should prepare a business case to present to the steering committee.

A business case usually contains a number of sections, including executive summary, objectives, methodology, cash flow, return on investment (ROI), assumptions, intangible benefits and recommendations, as well as appendices for the preliminary work done, such as the business process review and the request for proposals. The chart shows sample cash flow with ROI.

Don't be surprised by a negative ROI. In fact, don't believe anyone who says you will get a positive ROI when you select a new system. That is because many of the benefits are intangible. For example, suppose you want to improve the decision-making process. With a new system you might be able to reduce the time needed to prepare the reports — and this can be calculated. But it's impossible to calculate the benefits of making better decisions without making wild guesses.

The easy part of preparing the ROI is the number crunching. The hard part is backing up the numbers. Here, the business process review (BPR) discussed in the January/February issue can be useful. The BPR sets out the problems and their impact. The tangible benefits can be de-

rived by extrapolating the benefit of fixing the problem with the new system. But you need to make sure that the business process owner agrees with the impact and that the new system will in fact fix the problem. Also, plan a staged realization of the benefits over a number of years. And don't expect to achieve all of them.

To estimate the cost of the new system, you can take an average of the figures supplied by the vendors in their proposals. Don't underestimate the costs as they will not disappear after the first year. You can expect maintenance fees, more licence costs (more users), upgrade costs and internal costs to continue. Internal costs can be calculated based on the number of months required for the implementation x the number of people x their cost to the company. For example, the internal costs for four subject

Don't believe anyone who says you will get a positive return on investment when you select a new system

matter experts for 10 months with an average annual cost of \$75,000 would be \$250,000 (10 x 4 x 75000/12).

As mentioned, the ROI will be negative. But at least you will have an idea of what it will really cost to invest in a new system. One way to achieve some perspective is to divide the ROI by the number of people in the organization. A better way is to analyze the impact of the new system against the organization's critical success factors (CSF) — what it must do well in order to succeed. To see whether the CSF have been attained, key performance indicators (KPI) are used. An improvement in the KPI can be used to show the benefit of the investment. For example, a public financial-services company might currently take 10 days to issue financial statements. The new system will allow the company to issue the financial statements in two days. Or a distributor currently takes on average three days to ship an order. The new system will allow the company to ship the order in one day. Management needs to assess whether the investment is justified based on these improvements.

Some companies do a decent job in preparing the busi-

Sample cash-flow estimate for new system (\$)

	Calendar years					Total
	2012	2013	2014	2015	2016	
Cash inflows/benefits and gains						
Accounts payable	22,440	67,320	89,760	112,200	134,640	426,360
Finance and accounting	5,040	15,120	20,160	25,200	30,240	95,760
Inventory	31,800	95,400	127,200	159,000	190,800	604,200
Purchasing	9,400	28,200	37,600	47,000	56,400	178,600
Operations	86,000	120,000	196,000	245,000	294,000	941,000
Estimating	11,880	35,640	47,520	59,400	71,280	225,720
Avoid maintenance cost on current system	35,000	35,000	35,000	35,000	35,000	175,000
Total cash inflows	201,560	396,680	553,240	682,800	812,360	2,646,640
Cash outflows/costs and expenses						
Licence	450,000	9,000	13,500	18,000	22,500	513,000
Implementation fees	100,000	450,000	207,598			757,598
Maintenance	90,000	91,800	94,500	98,100	102,600	477,000
Travel	68,000	17,000				85,000
Postimplementation/upgrades					103,799	103,799
Infrastructure changes	33,000					33,000
Internal costs	445,000	100,000	100,000	100,000	100,000	845,000
Total cash outflows	1,186,000	667,800	415,598	216,100	328,899	2,814,397
Cash-flow summary						
Total inflows	201,560	396,680	553,240	682,800	812,360	2,646,640
Total outflows	1,186,000	667,800	415,598	216,100	328,899	2,814,397
Net cash flow	-984,440	-271,120	137,642	466,700	483,461	-167,757
Net present value at interest rate of 4.7%				}	Inflows:	\$2,250,290.62
					Outflows:	\$2,545,301.46
						-\$295,010.84
					ROI:	-12%

ness case but when the investment is approved, promptly forget about it. The business case, and especially the KPI goals, should be kept on hand to measure the success of the investment. Don't celebrate when the system is on time or on budget. Break out the champagne when your KPI goals have been realized.

Michael Burns, MBA, CA-IT, is president of 180 Systems (www.180systems.com), which provides independent consulting services, including business process review, system selection and business case development. Contact 416-485-2200; mburns@180systems.com

Leaders endorse the need for unifying Canadian accounting profession

An overwhelming majority of business and thought leaders surveyed this spring by the Canadian accounting profession believe that if Canada is to play a lead role globally in the development and enforcement of the highest accounting standards, it is time for the accounting profession to unite under one designation.

Influential Canadians were asked to comment on a proposal to unite the Canadian accounting profession under the new chartered professional accountant (CPA) designation and provide their views on the prospect of unification. Participants included former auditor general Sheila Fraser, past comptroller generals Rod Monette and Charles-Antoine St-Jean, former chairs of the Ontario Securities Commission Ed Waitzer and David Brown, current and recent pension fund managers David Denison and Claude Lamoureux, and business leaders John Manley, Catherine Swift and Bob McFarlane.

The report includes verbatim comments by participants including this one by David Denison, president and CEO, Canada Pension Plan Investment Board: “Absolutely a good idea. Fragmentation is a negative that has caused problems in the past. The public doesn’t understand the nuance of the current arrangement and it contributes to confusion and lack of understanding. Competition and distinct marketing campaigns also confuse people and are a needless waste.”

According to 26 out of 28 participants, a united profession under the CPA designation is a sound and practical long-term solution that is in the best interests of Canadians. While all respondents recognized the challenges of uniting as many as 40 accounting bodies and that integration of the profession would take time, they were almost unanimous in agreement that unification will benefit Canada and the economy.

The report is available at <http://cpacanada.ca/wp-content/uploads/2012/05/Proposed-Unification-of-the-Canadian-Accounting-ProfessionFINAL-May-25.pdf>.

A new CPA certification program

Canada’s new chartered professional accountant (CPA) designation became a reality May 16, 2012, with the merger of Quebec’s CA, CMA and CGA bodies. To support CPA Quebec, and in preparation for anticipated merger developments in other parts of Canada, work on the proposed CPA certification program is getting underway. This will help ensure a smooth transition for CA students should mergers proceed across Canada.

Development for the proposed CPA certification program is being led by the CPA Certification Steering Committee (CSC), which comprises accounting education leaders from across Canada. The CSC has established eight expert working groups to advise on strategy and implementation.

The proposed CPA certification program is driven by the vision of the new CPA profession: to be the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest. It is based on three fundamental principles:

- it will be at least as rigorous as the existing qualification programs;

- it will meet the needs of industry, government and public practice; and
- it will meet or exceed IFAC standards and the requirements of existing and future mutual recognition agreements.

The proposed qualification process will be based on a new CPA Competency Map. This new map was developed through winter 2011-2012 by an expert team, with extensive input from the academic community and from employers. Like the current CA map, it is competency driven. It outlines the competency requirements for six areas of technical competency: financial reporting; strategy and governance; management accounting; audit and assurance; finance and taxation. Five enabling competency areas are also identified: professional and ethical behaviour; problem-solving and decision-making; communication; self-management; and teamwork and leadership.

The CSC and its advisory working groups are also exploring other important certification-related issues, including practical experience requirements, university accreditation guidelines, evaluation methodologies and transition matters.

For more details about the new program, including a video, visit <http://cpacanada.ca/certification-program>.

US must signal decision on IFRS, panel says

The former chairman of the Canadian Accounting Standards Board says it is time for the US to commit to adopting international financial reporting standards (IFRS).

Paul Cherry expressed this view at a recent panel discussion in New York City that also featured Sir David Tweedie, former chair of the International Accounting Standards Board (IASB), and Bob Herz, former chair of the Financial Accounting Standards Board in the US.

“It was a brief but important reminder that IFRS wasn’t a flash in the pan, there has been an evolution and that the three of us are saying the basic message now is the US needs to commit,” noted Cherry, who is currently chairman of the IFRS Advisory Council, a body that provides a forum for the IASB to consult with a wide range of interested parties. “We weren’t talking convergence; we were talking adoption of IFRS,” he said. “There is a clear understanding that the world needs an answer and we need it fairly soon.”

Tweedie, president of the Institute of Chartered Accountants of Scotland, echoed that thought during the panel discussion: “The US has the key to international standards in its hands. The world is waiting.”

Even at the 2010 IFRS North America Conference in Toronto, Tweedie stressed the importance of having the US on board. He said that without the US, it is possible to have international standards, but not global standards.

Cherry says he was pleased to see a lot of interest in Canada’s



Left to right: Paul Cherry, Sir David Tweedie, and Bob Herz at a panel discussion presented by the AICPA, the ICAS and the CICA in New York

transition to IFRS at the New York event. Going forward, he says a lot hinges on what the US decides. He adds that an answer and a strategy from the US are needed about IFRS to allow for proper planning. “The US can’t plan sensibly without that and the IASB can’t. The view I expressed at the roundtable was that the strategy has to include a date because if you don’t have the date, nothing is going to happen.”

The New York session, “Shaping the future: lessons from accounting standards leaders,” was presented by the American Institute of Certified Public Accountants, the Institute of Chartered Accountants of Scotland and the Canadian Institute of Chartered Accountants.

CICA corporate finance courses: timely preparation for predicted increase in M&A activity

Despite the current economic challenges in other parts of the world, Canadian M&A activity remains healthy. According to research published by Grant Thornton’s International Business Report, 42% of Canadian companies surveyed indicated they plan to grow through M&A activity over the next three years. The companies that are planning M&A growth strategies say they are doing so primarily to access new geographic markets (69%), to build scale (48%), to access lower-cost operations (39%), and to acquire new technology or an established brand (34%). By far, the majority (70%) of the surveyed companies are looking

to grow domestically through M&A, while 23% are looking to grow internationally (see Bits & Bites, p. 13). CICA offers a suite of elearning modules on corporate finance fundamentals and classroom-based courses on valuation, debt and equity, governance and ethics — all designed to improve the M&A skills of chartered accountants and other professionals and to help them keep pace with the increased activity. Professionals who work primarily in the corporate finance marketplace may also qualify for the corporate finance qualification (CF). Visit www.cica.ca/corporatefinance for complete details and registration forms.

Academic paper outlines potential benefits of unification for self-regulation

An academic analysis authored by William Lahey, associate professor at Schulich School of Law, Dalhousie University, examines the relationship between unification and the self-regulation of the profession, mostly through the self-regulating organizations that are delegated regulatory authority by provincial law for accountants who practice under each of the accounting designations. The paper also addresses a series of questions about professional self-regulation in general and within the accounting profession in particular.

Lahey points out that the role of self-regulation is not to balance the interests of the public and the interests of accountants, but to balance the public's interest in diligently administered regulation with the public's interest in affordable access to competent accountants with experience, skill and judgment. For accountants, the privilege of self-regulation entails clear responsibilities — as well as benefits. While the professional status and competitive position of accountants is enhanced by self-regulation, to maintain the right to self-regulate the profession must continually demonstrate it is deserving of that trust.

From Lahey's perspective, the Canadian profession needs to take proactive measures to ensure it preserves its focus on protecting public interest amidst the challenges of a rapidly evolving, global reality. He suggests that the proposed initiative to unite Canada's three accounting bodies into a single entity could

be one of the most important elements in preserving an appropriate balance.

The paper argues that the unification of the profession would be an opportunity to strengthen and streamline the profession's self-regulatory function and ensure that Canadians would receive the same high level of regulatory protection whatever the designation or the province of certification of the accountant. Moreover, by eliminating the existing triplication of governance structures and improving the cost-effectiveness of the self-regulatory process, unification would allow Canada to speak with a strong, united voice at the international table where

Unification would strengthen the profession's self-regulatory function and enhance its capacity to fulfill its self-regulatory mandate: to protect and advance public interest

accounting standards are increasingly established, Lahey says.

The paper concludes that unification would not only make regulation of the profession more comprehensive, integrated, cohesive and consistent — and therefore more effective at fulfilling the profession's mandate as a self-regulator — it would also enhance the capacity of self-regulation to fulfill its ultimate objective: to protect and advance public interest.

The complete article, titled *Self-Regulation and Unification Discussions in Canada's Accounting Profession*, is available at http://cpacanada.ca/wp-content/uploads/2012/05/SRO_Final_OverviewLinked.pdf.

A voice for women in the profession

Go to
www.cica.ca/women
and join
the conversation



The CICA's Women's Leadership Council is a voice for women CAs. We act as a catalyst for change, promoting a work environment within the Chartered Accountancy profession that provides for the retention, promotion and advancement of women to positions of leadership without bias, unintended or otherwise, based on gender. We provide resources and education to further women's advancement in the CA profession.



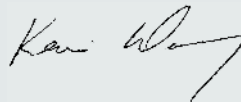
NOTICE OF ANNUAL MEETING

Kelowna, British Columbia, September 19, 2012

The one hundred and tenth Annual Meeting of the members of The Canadian Institute of Chartered Accountants will be held in the Waterfront Meeting Room VII of the Manteo Resort, 3762 Lakeshore Road, Kelowna, British Columbia, on Wednesday, September 19, 2012 at 09:00 hours (Local Time) for the reception of the reports of the Chair and the Board of Directors; the reception of the financial statements of the Institute for the fiscal year ended March 31, 2012, together with the auditor's report thereon; the appointment of an auditor for the current fiscal year; and for the transaction of such other business as may properly come before the meeting.

Sub-section 20(3) of the by-laws permits members to be represented by proxy at any annual or special meeting of members of the Institute and provides that no proxy shall be exercised by a person who is not a member of the Institute. If any member wishes to be represented by proxy, any proper form may be used. As a convenience to members, however, a form of proxy has been posted on CICA's website. Proxies for use at the meeting should be returned promptly to the attention of Mr. Walter Palmer, Fasken Martineau LLP, 333 Bay Street, Suite 2400, Bay Adelaide Centre, Box 20, Toronto, ON M5H 2T6.

Dated this 28th day of June 2012



Kevin J. Dancey, FCA
President & CEO



Bill MacKinnon, FCA
Chair of the Board of Directors



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Standards digest Want to be kept informed? Log on to www.frascanada.ca

RECENTLY ISSUED PRONOUNCEMENTS

CICA Handbook – Accounting	Date issued†
Part I Annual Improvements 2010—2012 Cycle	August 2012
Part IV Amendments Regarding Fair Value Disclosures	July 2012
CICA Handbook – Assurance	
CAS 315, Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment (Revised)	August 2012
CAS 610, Using the Work of Internal Auditors (Revised)	August 2012
Withdrawal of AuG-19, AuG-32 and AuG-39	August 2012

RECENTLY ISSUED DOCUMENTS FOR COMMENT (to July 31, 2012)

	Accounting	Comment deadline
EDI	Annual Improvements to IFRSs 2010—2012 Cycle	September 5, 2012
ED	Discontinued Operations	October 31, 2012
DII	Levies Charged by Public Authorities on Entities that Operate in a Specific Market	September 5, 2012
DII	Put Options Written on Non-Controlling Interests	October 1, 2012
Auditing and Assurance		
ITC	IAASB Plan for a Post-Implementation Review of the Clarified International Standards on Auditing	September 7, 2012
Public Sector		
ED	Use of Appropriations	September 15, 2012

WATCH FOR

New or revised standards	2012 Annual Improvements to Accounting Standards for Private Enterprises CSAE 3410: Assurance Engagements on Greenhouse Gas Statements
Documents for Comment	Auditor Reporting (AASB Invitation to Comment) Auditor's Consent to the Use of the Auditor's Report in an Offering Document (AASB Exposure Draft) Related Party Transactions (PSAB Exposure Draft)

Legend

DII – IASB Draft Interpretation
EDI – Exposure Draft based on IFRSs

ED – Exposure Draft
ITC – Invitation to Comment

† Refer to each Handbook pronouncement for the effective date and transitional provisions.
The information published above reflects best estimates at press time. Please visit our website for the most recent information.

Many boomers are resisting retirement,
taking a risk and reinventing their careers.
And accountants are embracing this budding trend

By Mary Teresa Bitti

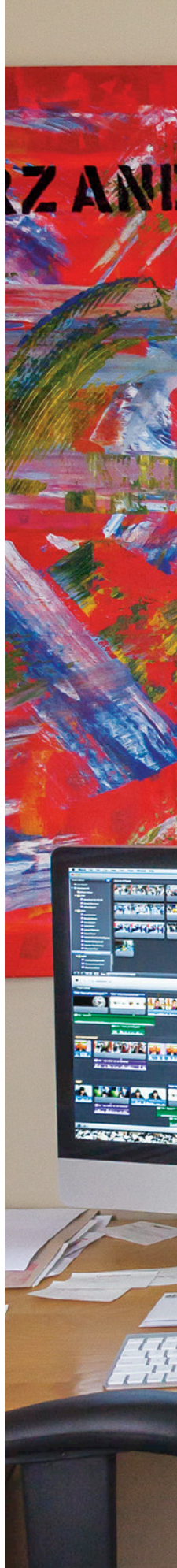
Beyond the CA

CHARLES PLANT'S CAREER PATH MAY NOT BE YOUR CLASSIC STORY, but it is a modern-day one. One in which he used his CA training as a launch pad into varied endeavours. In hindsight, each move, however circuitous and seemingly disconnected, has come together with one step leading to the next and steering him to where he is today: at 56 he has launched a business that combines his acquired business skills and love of technology, education and creativity.

Plant, who became a CA in 1982, started in audit at Thorne Riddell (now KPMG), then went on to get an MBA in marketing. "I thought it would be a good counterpoint to my CA," says Plant. And then combined the two by going into banking. He then moved into the tech industry as controller of a software company, which led to the launch of his own telecommunications software company. He sold that company and moved into management consulting and followed that up with a stint teaching accounting at the MBA level before landing at tech startup

Photography by CHRISTOPHER DEW

At this stage of his life, Charles Plant has things figured out: he's at the point where he knows what he likes to do and is doing it







TOM O'BRIEN, above, returned to his roots and a love of liquid grapes. **JAMES TOPHAM**, below, shifted his

incubator MaRS Discovery District, where he developed funding, mentorship, market intelligence and a whole suite of on-line educational programs for startup entrepreneurs. Throughout his time consulting and teaching he also worked as CFO for a number of different organizations. And the backdrop to each of his career moves was the foundation his CA designation provided. Once a CA always a CA, he says. “The training never leaves you and is transferrable to other areas.”

About a year ago, Plant took some time to reflect and got serious about making a change that would allow him to focus on all the elements of his experiences he was passionate about. “I sat down and thought, what can I do for the next 20 years? I don’t want to stop working. I want to do something that will keep me interested and busy. I’ve been talking to a lot of friends who feel the same. When we went to university the focus was on doing something that would get you a job.” Now they want something they like to do, not just something they can do.

Plant and his contemporaries are part of a growing trend, one that reflects a fundamental shift taking place in society more broadly. On one hand, boomers are resisting retirement. In fact, according to an Investors Group study, 42% of boomers surveyed plan to work beyond retirement age, largely because they feel it will help keep them young. According to the American Association of Retired Persons, 70% of its members intend to



DAX MELMER/ RICK ETKIN/ TOM GOLDSPIK/ KLIPIFX

“A lot of the skills I learned being an accountant I use here,” says O’Brien, who is now learning about farming in his vineyard

keep working past 65. But they’re not interested in just a job. They want to do something that holds meaning for them. “It’s happening everywhere. People are looking to connect to work on a deeper level,” says Julia Moulden, Toronto-based career-transition coach and author of *RIPE: Rich Rewarding Work After 50*. “It’s widespread and stems from a combination of what is going on inside of people, but it’s also the larger context. Our world needs help everywhere we look, so why would I do something that is just about generating money that doesn’t have any meaning for me? And that’s a fundamental shift.”

Still, it’s a new phenomenon and one that will reach far into the future as Gen Xers get older. For people in their 50s today, it can be tricky. There are all sorts of considerations that come into play — tolerance for risk chief among them. “This can change your life dramatically and if you’re counting on a comfortable retirement, it may not be for you,” says Moulden. “Make sure the people in your life are on board. Understand it can be a long and difficult journey and prepare for that.” Part of the preparation is looking inward, understanding your strengths and what’s important to you. Going down this path and effectively moving into the second act of a career, she says, typically leads people into one of three directions: entrepreneurship, social innovation or art.

In 2010 after a 39-year career with PricewaterhouseCoopers in Windsor, Ont., and Toronto, Tom O’Brien retired at age 59 and returned to his roots in Windsor where his family first settled in the 1700s. A few years earlier he and his wife had purchased a farm in the area largely to provide a place for their seven grandchildren to play. “It’s a beautiful property with an apple orchard and a pond,” says O’Brien. “We didn’t really have plans.” But after a fast-paced career culminating in becoming global industrial tax leader, O’Brien could not simply stop. He took stock of the things he enjoyed. “A lot of our vacations were to France, Italy, Spain, California, BC — grape-growing regions. We love wine so I thought, why don’t we grow grapes?” That was the start of Cooper’s Hawk Vineyards.

“A lot of the skills I learned being an accountant I use here: cash-flow management, business forecasts, markets,” O’Brien says. Only now he is applying them in a new way. In fact, in his second act, he’s learning about farming, processing, manufacturing, retail and tourism. It’s challenging and there are tradeoffs but it brings unique rewards. “I hear from people about how they enjoyed our wine with their families,” says O’Brien. “That makes me feel good.” (This spring his wines won two golds and a bronze medal at the All Canadian Wine Championships.)

focus to philanthropic ventures. Gallery owner **TOM GOLDSPIK** discovered his creativity in the art world



What it takes to START A BUSINESS

From where he sits advising private companies, Brad Cherniak, partner and cofounder of Toronto-based financial advisory firm Sapien Capital Partners, says it's a great time to launch a business. "If you've carefully decided to make the jump, it matches your personality, you know what to expect, know what you can afford to lose, it's a good time to buy low, build up a business and sell high."

That said, as attractive as it may be to become an entrepreneur today, it is also extremely competitive as technology and the web have lowered the barriers to entry. At the same time tax rates are going up and growth rates are slowing. "Becoming an entrepreneur is not for the faint of heart," Cherniak warns. If you're still game, here are a few key pieces of advice before diving in:

- Are you running away from something or to something? "Do an honest assessment of what's causing you to think about becoming an entrepreneur," Cherniak says. "Neither track is easy."
- Understand your short-, mid- and long-range motivations, says Gary Prenevost, president, senior franchise consultant at FranNet of Southern Ontario. "What do you want to achieve? Once you understand that, you can match the business model to your goals."
- Know what you're getting into. "The pressure is constant

and the responsibility is all yours," says Cherniak. "Everything is dropped on your desk. These aren't sexy, big issues. It could just be your postage meter is down."

- Your passion has to be around what your role as owner will be — not the business. "This is one of the biggest challenges and disconnects people have when they talk about passion," says Prenevost. "You can like ice cream but if you're not comfortable managing part-time transient teenagers and retail hours and staff turnover, it's a horrible place to be."
- Protect the wealth that's critical in your life plan. "If you're in your late 40s or 50s you're at a higher risk of not recovering from an error," Cherniak says.
- Approximately half of all startups fail in the first five years. You may want to consider other options, such as becoming an angel investor, which will allow you to be hands on and spread the risk. Or, you may want to consider franchising. "When you're coming from corporate Canada you're typically coming from a place of systems, performance measures, supports and processes," says Prenevost. "This makes it difficult to have to do everything from scratch. A good franchisor will have strong systems in place that leverage skills and abilities and infrastructure to make the launch and managing smoother."

— MTB

O'Brien did some soul searching and thought hard about what he brought to the table when he transitioned into his second act — a critical step in making the change. Moulden, for example, advises asking yourself, what do you have to offer? What knowledge, skills and resources do you bring to this transition? "Review what you've done. Write a lifeline for yourself. Look at your history, all your experiences, people you've met. You're looking for something and people are looking for what you have to offer," she says. "You have to find that point in-between. What moves you is how I describe it. What is it that you are passionate about and that others will care about?"

As a kid growing up in Toronto, Chris Van Staveren went around his neighbourhood offering his services fixing bikes and shoveling snow. He became a CA in 1993 and built a career helping private companies improve and grow their businesses. This year, at age 44, married and with two young children, he decided to take himself off the CA career track and get back to his passion for tinkering and entrepreneurship and start his own business, which he describes as "pet services focused on death care" — with the full support of his wife. "That was key," says Van Staveren. "Even if I was 100% sure a business would be successful, without the family's support there was no way I could do this."

Together, the couple looked at their spending patterns for the

previous few years at a very micro level. "We decided what we were willing to give up and how much we could afford to invest without putting the family in jeopardy," he says. "We set conceptual milestones, which we will re-evaluate as we go along to make sure we are on track. I'm giving myself three years to make this work. If it doesn't, I believe I will be able to get back into the professional services industry. So I have a built-in contingency plan."

In the meantime, he said goodbye to KPMG and started on his current path. "I feel I have more than one idea that can be a successful business. I'm just triaging them to see what has the best chance of success that will hit on the majority of my personal goals: to be creative, to create value and to be able to exit and retire. I'm about a month away from launching," says Van Staveren. "I've been blessed in terms of being exposed to the multifacets of running a business and how to create value in the 20-plus years I worked at KPMG. I've seen and worked intimately in hundreds of companies across multiple industries globally. That's a huge advantage we have as CAs. There are not too many jobs that allow you to do that."

James Topham agrees. Since transitioning into his second act, he has been putting his experience and training as a CA to work, both in the private sector serving on boards and helping not-for-profit organizations build capacity — and changing people's lives in the process.

“I’ve seen and worked intimately in hundreds of companies across multiple industries globally. That’s a huge advantage we have as CAs. There are not too many jobs that allow you to do that”

Topham built a successful 30-year career with KPMG in Vancouver working with technology clients and helping them grow. About four years ago at age 58, he shifted gears and moved into philanthropy and board work. It was a natural transition and one that came about as a result of his work in the tech industry, which led him to help launch BC Social Venture Partners, a not-for-profit that provides grants to organizations looking to improve life for at-risk children and their families in the Greater Vancouver area, much in the same way venture capitalists invest in small innovative companies.

Growing up in small-town Saskatchewan, Topham says giving back has always been important for him, but it was a magazine article that made him commit to his community in a much more focused way. “In 2001, *BC Business Magazine* published a scathing article about tech-bubble entrepreneurs who made millions and millions of dollars and were not giving back to the community,” he says. “I was on the BC Technology Industry Association board at the time and we discovered a group out of Seattle called Social

Venture Partners and that’s what we patterned our organization after.” Today his organization has more than 60 partners, senior executives who donate their time, expertise and money to help social-enterprise groups. “We are not just trying to be another source of funding. We are trying to help them grow their capacity in whatever way they choose,” he says.

Topham is also currently exploring opportunities to bring his skill set to an international stage. “What’s great about a CA background is that you end up getting a lot of business expertise. Seeing my knowledge help others grow is very rewarding.”

In his case, Topham looked beyond his comfort zone, explored the world, saw a need where his services might be of use and moved in that direction — advice Moulden gives clients who are navigating a career transition. “We tend to do the same things over and over again. If you really want to find meaningful work, you have to get outside that box so you will find the people you need to help you get to the next level,” she says. “You can’t think your way to the answer. All great artists will tell you that cre-



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Directors Source

ativity comes from action. That's what we are doing when we are looking for meaningful work. We are trying to be creative."

For many years Tom Goldspink, owner of TAG Art Gallery in St. Catharines, Ont., didn't think he was creative at all. Having built a successful career as a CA with Ernst & Young in Toronto, largely in the tax and entrepreneurial and marketing services areas, his definition of creativity was being able to draw. "In fact if I look back at how I did my job, I was very creative and now when I get together with artists I'm able to have a very good dialogue because I can get at the essence of their creativity," says Goldspink. "As a gallery owner, you play the medium between the creative mind and the people whose attention you are trying to get. The artist can create a piece of sculpture but as a gallery owner you are trying to identify the story the customer will relate to. For me so much of life is about the story behind whatever it is we're doing."

Still, that realization and his move into the art world happened almost by accident. Originally from the Niagara Peninsula, Goldspink rekindled his love of history when he turned 60 in 2004 and decided to photograph the region. He met a couple who were professional photographers and began working with them to take pictures of nature in the Peninsula. As an outcome of that relationship and work, Goldspink bought a building that would serve as a studio. As it turns out, the building was also suitable as a gallery.

In 2008, the couple moved to the US and Goldspink called on his longtime friend and former university roommate John Ingram of Ingram Gallery in Toronto's trendy Yorkville area, who helped him attract artists. The business grew and Goldspink now runs the gallery with his brother Frank.

Since his new venture, Goldspink is discovering more of his own story and is working on a book about Port Robinson, Ont., a town his ancestors founded and where he grew up. "I'm a history and politics graduate and my family is old Empire Loyalist stock, so I have a real interest in the Niagara Peninsula and its development," he says. "The art gallery allowed me to enter the world of historical prints as they reflected the region. It's taken me back to my original interests."

His advice for other CAs looking to make a career change: "Follow your heart. At this stage, you are a finely tuned thinking machine. That will always be at work for you because of your training and experience as a CA. But where is your heart taking you? I've ended up working in my old hometown and focused on art, history and nature. That's because I loved it and thought, why not figure it out a bit more?"

At this stage of his life, Plant feels he's figured out a few critical aspects of himself that have guided him to launch Material Minds, a business that offers leadership training using online tools, video and live interaction. "I'm using all my experience and knowledge to help teach managers how to lead," Plant says. "I'm finally at a point where I know what I like to do and I'm doing it. I like changing the way people do things. I like educating. And I'm using the knowledge I have as a CA in my role as an entrepreneur and educator. So it all comes together. It doesn't feel like work. It's fun."

Mary Teresa Bitti is a freelance writer based in Oakville, Ont.

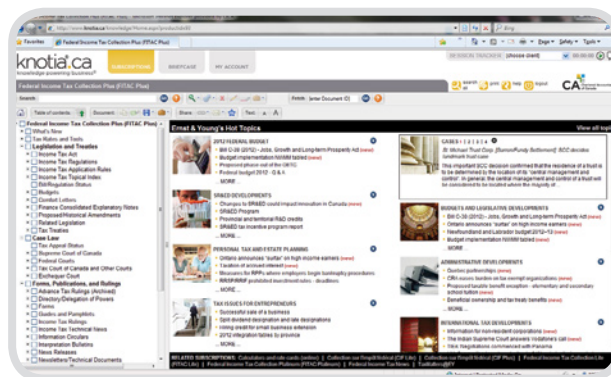
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business travel tips

CAs share their secrets
to stress-free sojourns

By Deena Waisberg

RYAN DOSTIE, audit assurance partner at Welch LLP in Ottawa, knew he was going to be late. His flight home from a business trip in Colombia was delayed three hours, which nixed his chances of making his connecting flight in Miami. When he finally arrived stateside, he waited in line about an hour to rebook his flight — only to be told the airline had already taken care of the change before he left Colombia. He now had just 10 minutes to reach the plane. He ran to security and then sprinted across the airport to the very last gate. “You have to understand, this airport is massive. I had to stop a few times because I was so dehy-

drated from the flight,” he says. He made it just in time, sweat pouring off him. But he got home that night. The lesson is twofold: travel is unpredictable and always review your boarding pass, not just your itinerary.

In the age of email, Skype and social media, some professionals might wonder why business travel is necessary, especially when it can be such a headache. There are good reasons: a client may be reluctant to send confidential files electronically, you may want to see the client’s original documentation for an audit, or it might help you gain a better understand-

illustrations by GARY CLEMENT

ing of the client's business by being on site. Not to mention, face-to-face contact can cement a business relationship.

So we asked well-traveled CAs and a travel expert how they make their business trips as stress-free and efficient as possible — and how to save money in the process. Here are their best tips — from booking travel arrangements to claiming expenses — to help ensure a positive experience.

BOOKING

Many companies work with a corporate travel centre, which is convenient because a travel agent will make the arrangements for you. But be sure to let the agent know about budget restrictions and travel preferences. An agent booked Nathalie Turcotte, senior manager, PricewaterhouseCoopers in Montreal, on a flight to South Carolina at 10 a.m. rather than 11 a.m. because the earlier flight was less expensive. However, that didn't leave Turcotte enough time to drop off her kids at school and make it to the airport. "Be very specific in your instructions," Turcotte advises.

If you're traveling to less-developed countries and you don't have access to a company-provided travel agent, Dostie recommends using an outside corporate agent who can help navigate the routing for difficult-to-reach locations. Ask your agent to book a seat on the airplane near the door because it will increase your chances of getting to the front of the customs line. "There's a big difference between 15 minutes and an hour, standing in a Nigerian airport," explains Theresa Roessel, vice-president of finance, international division of Nexen Inc., an oil and gas company based in Calgary.

For those making their own travel arrangements, you'll want to weigh cost and convenience when booking a flight. To find the best deals, check online travel sites such as Travelocity.ca and Expedia.ca — and keep in mind you may be able to fly out on one carrier and back on another, which can be cheaper than flying round trip on the same carrier, notes Brian Simpson, operations manager (Canada) at Travelocity. Some travelers, including Jordan Caplan, partner, assurance and advisory, Soberman LLP, Chartered Accountants in Toronto, prefer large carriers such as Air Canada, because they have more flights and have always been able to get him home when there's been a problem. "A small airline or charter may not have as many options," he says.

If cost is a concern, try to book your flight well in advance, adds Caplan — his colleague's last-minute flight to a conference in Pennsylvania cost \$1,700, compared with Caplan's \$400 ticket for the same flight booked weeks ahead. As for accommodation, Turcotte books at hotels where PwC has a corporate discount. If your company doesn't offer one, check the hotel website for special rates and ask the manager on duty what other discounts they can offer. Loyalty cards can also provide money-saving rewards; for example, Caplan often gets breakfast included with his room when he books through American Express and uses his platinum card.

BONUS TIP: Check the Foreign Affairs and International Trade Canada website (www.voyage.gc.ca/countries_pays/menu-eng.asp) to find out if you need a visa for the country you're visiting. You could be refused entry to a country if you don't have the required visa.

PACKING

The most common mistakes are taking too many clothes or just the wrong ones. Simpson suggests choosing dark colours and patterns and recommends fabrics that are wrinkle resistant. "Stay away from cottons and linens," he warns.

To limit the volume of clothing, Vancouver-based independent CA Sharon Walker packs mix-and-match items, such as tailored shirts, a light sweater and pashmina, a pantsuit and skirt to create different outfits. Even better — when she visits the same city on a regular basis, the hotel has allowed her to leave her suits there without charge. You can also use the hotel's laundry service, as Dostie did on a three-week trip to Indonesia, which is especially helpful in a hot climate where you might go through more than one shirt a day.

For a one- or two-day trip, Roessel suggests limiting yourself to a carry-on bag to avoid waiting at baggage claim. If you must check luggage, wheels — preferably four — are a suitcase must, says Roessel, and consider attaching an identifying item (such as a colourful ribbon) to lessen the chance of someone else picking up your bag by mistake.

BONUS TIP: Slip a business card into the baggage tag rather than using your home address. You can then be contacted if your bag is lost but aren't at risk of home theft. "Unfortunately, there are actually people who will look at the addresses on baggage tags and target your home while you are traveling," warns Simpson.



CHECK-IN, SECURITY AND CUSTOMS

Almost one-third of Canadians feel that waiting in line is the biggest hassle associated with business trips, according to a 2011 survey conducted for Concur, a US-based travel consultancy. But there are strategies to minimize waits in check-in, security and customs lines.

To begin, arrive at the airport within the recommended time frame. Caplan arrives 1 1/2 hours before a domestic flight and 2 1/2 hours before an international flight. If he's not checking luggage he might get there 30 minutes later, but he knows not to cut it too close. A year ago, one of his partners arrived at the airport for a US flight less than an hour before departure and the airline wouldn't take his luggage. (The cutoff time for checking baggage was an hour before the flight.)

If you're not checking bags, skip the check-in altogether by going online and printing your boarding pass or sending it to your smartphone before you leave for the airport — just be sure your phone is charged. "I've seen people stress out when they are using their BlackBerry and their battery has died," says Jason Clifton, senior manager in Ernst & Young's advisory practice in Calgary. If you have luggage and need to check in, look for a priority line if you're traveling business/first class. Certain cardholders also have access to priority lines.

To move through security faster, make sure you aren't taking prohibited items — it will slow you down and you'll have to leave the items behind, Turcotte says. Check the Canadian Air Transport Security Authority website (www.catsa-acsta.gc.ca) for information on what is and isn't allowed. Additionally, prepare for your security check while standing in line. "I'm four



or five people back but I've already undone my belt, kicked off my shoes and opened my briefcase," Simpson says.

As for customs, make sure you fill out the customs form carefully. "A lot of people forget to sign and date it. I've done that once or twice," Roessel says. You could end up back in the line. Also, keep all receipts together so you can easily tally how much you have to declare on the form and have your documents (passport and visa if needed) ready to present.

BONUS TIP: If you travel frequently between Canada and the US, consider applying for a Nexus card (www.cbsa-asfc.gc.ca/prog/nexus/menu-eng.html). It costs \$50 for five years and expedites border clearance (customs) into Canada and the US, even from other countries. "It's the best \$50 you'll ever spend," Caplan says, adding that when he went to Las Vegas, he went straight through customs while his traveling companions had to wait in line an hour.

WHEN THINGS GO AWRY

IT'S MURPHY'S LAW that when things can go wrong, they will. When they do, remain calm while you look for a solution and be polite when interacting with others.

If your flight is cancelled, call the airline reservations desk instead of standing in a long line to rebook. Your corporate travel centre may be able to assist as well. "There have been times where we'd be traveling at 11 p.m. or 4 a.m. and all of a sudden get a message saying the flight has been cancelled. [The corporate travel centre] can help re-route you quickly," says Jason Clifton, senior manager in Ernst & Young's advisory practice in Calgary.

However, there may be times when you need to advocate for yourself. If so, be persistent. For instance, Jordan Caplan, partner, assurance and advisory, Soberman LLP, Chartered Accountants in Toronto, has asthma and he was given a smoking room at The Plaza in New

York. When he requested to change to a nonsmoking room, he was told the hotel was fully booked. Caplan then asked to speak with the manager and explained his condition, whereupon the manager found him another room. "I wouldn't necessarily accept their first answer," Caplan says.

In the unfortunate situation that something you or the company owns is stolen, report it to the local authorities so they can file an official police report. You'll need a copy of the report to make an insurance claim, notes Brian Simpson, operations manager (Canada) at Travelocity.

When Simpson was traveling from Rome to Toronto, he dropped his passport in the Philadelphia airport. "I reported it to the police, they filed a police report and luckily I was able to get back into Canada. When I arrived in Toronto, they'd actually notified the airline that someone had found my passport and it was arriving on the next flight," he says.

—DW

TRAIN TRAVEL

For short trips within Canada, the train can be a good alternative to flying. It may take longer to reach your destination but it's usually less expensive and has other advantages. "You don't have to show up as early so it decreases the waiting-around time," says Dostie, who has traveled for business between Ottawa and Kingston, Ont. You also avoid checking luggage or waiting to retrieve it, and you can use your cellphone and laptop during the journey. Simpson, who has traveled be-

tween Toronto and Ottawa by train, flips open his notebook as soon as he's on board. "They had wi-fi on the train so I was able to work for the four hours it took to get there and it was a pretty productive use of my time," he says. Additionally, trains are usually more conveniently located within city centres as opposed to the suburbs where airports are typically found.

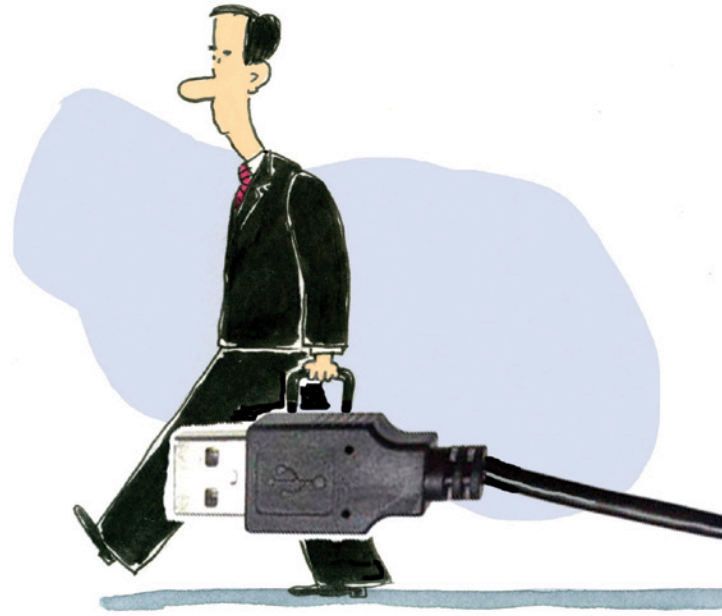
BONUS TIP: Consider upgrading to business class, which provides roomier seating and more privacy when working.

TECHNOLOGY

Most CAs travel with a laptop, smartphone and tablet. If you're taking electronic client files, make sure they're encrypted. That way if the laptop is stolen, thieves can't access the data. Also consider taking a USB key, in case your laptop doesn't work when you arrive at your destination. You'll still be able to access your data when you plug the key into a computer. It's also more convenient to take a USB key to a business centre to print out a document than to tote your laptop, notes Simpson.

Don't forget your devices' accessories, including chargers and converters when traveling overseas. Double-check your home and hotel room before leaving to ensure you have them. "Twice now I have left the hotel and left my BlackBerry charger there," Simpson says.

BONUS TIP: Cellphone roaming charges can be very expensive. To reduce your bill, get an international plan and remember to turn off your phone when you're not using it, recommends Roessel.



JET LAG/ADJUSTING TO LOCAL TIME

When traveling overseas, adjusting to local time can be challenging. To make the transition easier, Simpson starts going to bed earlier (or later) a few days before a trip to gradually shift to his destination's time zone. Once you arrive, try

to get on local time as quickly as possible. After traveling for 30 hours to reach Uganda, Dostie and a colleague went right to sleep instead of waiting until dark. Though understandable, they paid for it later. "The next night neither one of us said anything but we were both looking at the ceiling all night long. We couldn't sleep that night," he says.

Even though you may be adept at adjusting to local time, Caplan advises not booking meetings the day you arrive overseas. When he went to London in 2011, he ran errands the first day and went to sleep that night on London time, so he woke up refreshed for a meeting the next day.

BONUS TIP: Invest in a set of noise-canceling headphones to drown out sounds, so you can sleep on the plane more easily and mitigate jet lag. When Caplan wore headphones on one flight, he didn't even hear a baby who cried through the entire flight.

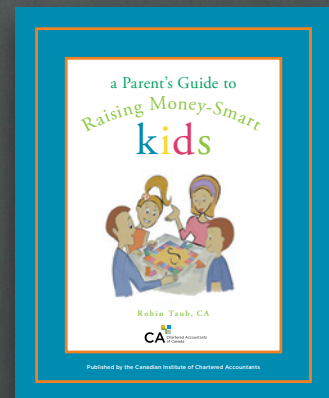


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Get on local time as quickly as possible or you might pay for it later. After traveling for 30 hours to reach Uganda, Dostie went right to bed instead of waiting until dark. The next night, he was staring at the ceiling all night long

KEEPING RECEIPTS FOR REIMBURSEMENT

You'll most likely need to submit your receipts to your company for reimbursement (even when you have a corporate credit card). Naturally, it's important to keep your receipts organized and in a safe place. Simpson puts all his receipts in a hotel stationery envelope and writes the city and dates of the trip on it. When he is leaving the hotel, he pops the envelope in his briefcase. Turcotte keeps her receipts in her suitcase because she won't forget to take the suitcase home. Remember to collect all your receipts at your destination, because if you forget one, you'll need to chase it down when you return home, which can be inconvenient.

Upon returning home from your trip, Clifton advises that you complete your expense reports right away so all the expenses are fresh in your mind. On month-long trips, Clifton fills out

an expense report on the road each week and then holds it until he returns home, so he isn't faced with a heap of receipts at the end of the trip.

BONUS TIP: Whenever possible, ask for electronic receipts so you don't have to worry about losing paper ones.

When everything goes as planned, business travel can be a pleasure. Dostie recalls one such excursion to the Philippines. He was on his way to a warm, exotic destination and everyone he was traveling with was relaxed. He was flying through Japan and made his connection without trouble. Luck is a factor, but so is planning. If you're diligent about your travel arrangements, your trip can be enjoyable as well as productive.

Deena Waisberg is a freelance writer based in Toronto



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Women can con

While a considerable majority of fraudsters are men, don't get taken in — women too can hang you out to dry



In March 2006, Canadian singer-songwriter-poet Leonard Cohen was awarded US\$9 million by a Los Angeles County Superior Court in a lawsuit he had launched the previous year against Kelley Lynch, his former long-term business manager. The then 71-year-old member of the Rock and Roll Hall of Fame and the Canadian Songwriters Hall of Fame had sued Lynch for fraud, negligence, breach of contract and breach of fiduciary duty.

Cohen had accused Lynch of taking more than US\$5 million from his savings during the 16 years she served as his manager. It was noted that the two had been lovers in 1990.

The story first emerged in 2004 when Cohen discovered his savings, which he had assumed were many millions of dollars, had dwindled to US\$150,000. The news garnered worldwide attention.

Cohen claimed the amounts taken were far in excess of the 15% management compensation Lynch was entitled to receive.

As a result of his losses, Cohen embarked on a new recording and performing schedule at a time when he was approaching his mid-70s and had not been on the music circuit for some time.

Cohen had originally alleged that Lynch had conspired with his former tax lawyer, Richard Westin, to sell his music-publishing company and royalties for US\$12 million under false pretenses. Cohen said he was told the

proceeds were going into a company owned by his children. In fact, he said, the money went to a company owned almost entirely by Lynch. Prior to the lawsuit in LA, Cohen and Westin reached an out-of-court settlement.

“The fraud allegedly started while Cohen was taking time away from his career to focus on his spiritual life at the Mount Baldy Zen Center in Los Angeles,” CTV reported. “While Cohen was not recording or touring, Lynch allegedly started to pay herself a greater portion of the artist’s royalties. She also allegedly introduced Cohen to Westin, who is accused of helping Lynch to orchestrate the sale of Cohen’s music publishing and artist royalties.”

Cohen’s lawsuit stated that he “believed he had hired Westin and [his firm] to protect his retirement savings, but, in fact, they burdened the sale with transaction costs in excess of US\$4 million and they devised unnecessarily complex corporate structures that allowed Lynch to steal over US\$5 million for her own benefit without Cohen’s knowledge or consent.”

Although Cohen won in court, his chances of recovering his lost savings were slim. CTV reported at the time of the judgment that “Lynch has ignored the civil suit, neither responding to it nor filing any claims of her own and ignoring a subpoena issued for her financial records. And, recently, Lynch claimed her phone had been disconnected because she was unable to pay the bill.”

Although a sad set of circumstances, especially because Cohen had believed Lynch was a friend, the case in and of itself was not particularly noteworthy — except for one aspect: the fraudster was female.

While there’s no question that women commit fraud, a considerable majority of fraudsters are male. This was confirmed by the 2010 “Report to the Nations on Occupational Fraud and Abuse,” conducted by the Association of Certified Fraud Examiners.

The report, based on 1,843 cases of occupational fraud reported by the CFEs who investigated them, found that “two-thirds of the frauds in our study were committed by males ... consistent with the overall trend noted in prior reports that most occupational frauds are committed by men.” The cases occurred in more than 100 countries on six continents. “More than 43% took place outside the United States,” the ACFE said. “What is perhaps most striking about the data we gathered is how consistent the patterns of fraud are around the globe.”

Fraud investigators, of course, are well aware that females commit fraud. But some might be inclined to look for a male perpetrator first because of the statistical data such as that by the ACFE and by a general belief in society that men are far more likely to break the law.

In 2008 the magazine *Psychology Today*, for example, ran a series entitled “Why are almost all criminals men?” The author, psychologist Satoshi Kanazawa, wrote: “While an overwhelming majority of criminals in every human society are men, there are some exceptions; some women do commit crimes.” He cites research that concludes, “Theft by women is usually tied to eco-

nomics needs and occurs as part of their domestic responsibilities for their children.”

Perhaps that is sometimes the case, but veteran fraud investigators would surely add that in other instances the wrongdoing occurs for the same reasons that motivate male fraudsters: greed and the perceived opportunity to get away with the malfeasance.

Need obviously plays a role in some fraud cases, no matter the gender of the perpetrator. But certainly not in all of them. Therefore, when embarking on a new file a fraud investigator needs to enter the process without a conscious or subconscious belief that the bad guy will, in fact, be a guy.

Despite numerous examples of female fraudsters, it still seems to catch many by surprise when a woman is exposed as the mastermind behind a financial wrongdoing.

In 2011, Australian investigative TV program *A Current Affair* ran a segment on female fraudsters. It felt it necessary to promote the episode by noting that “some of Australia’s most successful criminals are not the Rolex-sporting suits we imagine, but everyday women.”

The segment focused on several women, including 48-year-

Despite numerous examples of female fraudsters, it still seems to catch many by surprise when a woman is exposed as the mastermind behind a financial wrongdoing

old Jackie Dimitrovski, who took more than \$500,000 from the Sydney office of her employer, Jones Day, a large US-based law firm. An accounts clerk, Dimitrovski doctored company cheques and transferred them to a business owned by her husband (he was not implicated in the fraud). She then moved the money over the Internet to her personal account.

Dimitrovski conducted her scheme six times over a four-month period in 2011. After a year at Jones Day, she resigned and embarked on an extravagant international holiday. She was sipping chocolate martinis in Texas (information posted on her Facebook account) just prior to returning home. When she arrived in Sydney she was arrested, thanks to her perceptive replacement who had noticed that something in the firm’s books didn’t look right.

Coverage of the case (she pled guilty and was given nine months in jail) almost always mentioned two points: she had a previous conviction, in 2002, of three credit-card fraud charges, for which she was given a three-year good behaviour bond; and that she was the mother of two teenage children. In fact, the lead typically included her status as a mother. The *Daily Telegraph*, for example, wrote, “The 48-year-old mother of two teenage daughters was sentenced to nine months jail.” It’s hard to imagine that a convicted male fraudster would be described in the lead as “a father of.”

The number of women committing fraud, however, was not a surprise to Sam Macedone, principal of the Sydney firm Macedone Legal and a defence lawyer with more than 40 years’

experience. He told *A Current Affair*, “There seems to be more cases [of fraud] that involved women as opposed to men.”

In 2002, Sandy Haantz, a research assistant at the National White Collar Crime Center in Virginia, released a report entitled “Women and White Collar Crime.” After pointing out that political, social, economic and technological changes of the previous few decades had impacted the role of women in the home and workplace, he said the changes had “brought about increased participation among women in certain types of criminal behaviour. Nowhere are they more pronounced than in the arena of white collar criminality.”

Haantz cited several statistics that, although more than 10 years old, are interesting: “The Bureau of Justice Statistics’ special report on women offenders in the United States found that from 1990 to 1996 there was a 55% increase in the number of women convicted of fraud felonies in state courts. The report also indicated that in 1996, women defendants in state courts ‘accounted for 41% of all felons convicted of forgery, fraud, and embezzlement.’ Among the 1,016 federal prisoners incarcerated for white collar crime in 2000, 230, or nearly one in four, were women.”

This does not mean to suggest that men are no longer most likely to commit fraud. The typical fraudster is still a male, in his mid-30s or older, who holds a senior position at a company where he has been a trusted employee for a number of years. One reason why males dominate this category, however, may be rooted in the unfortunate realities of the business world: the majority of people holding senior positions are still male. In fact, one global study offered that the “gender gap in fraud perpetration may reflect women’s under-representation in senior management positions and, as a consequence, fewer opportunities to commit fraud.”

This is a critical point for fraud investigators to keep in mind when considering possible suspects. Rather than focusing on male perpetrators, as some investigators might be inclined to do, look instead with gender-neutral eyes.

It’s also essential to consider the normal motives that are applied to male fraudsters. There’s far too much evidence of women who have committed fraud for base reasons.

Take Joyti De-Laurey. Touted as Britain’s biggest female fraudster by the *Daily Mail*, she was sentenced to seven years in prison in 2004 for having stolen £4.3 million (\$7 million) from three senior members of the London branch of investment bank Goldman Sachs. A secretary at the time, De-Laurey, now in her early 40s, forged the victims’ signatures on cheques made out to herself (it was apparently common practice for secretaries at the bank to sign personal cheques for their busy bosses).

De-Laurey, whose parents were successful professionals, used some of the money to buy an expensive apartment and other properties, as well as luxury items such as cars, a speedboat, designer clothing, holidays and Cartier diamonds.

In 2008, after having been released halfway through her sentence, she gave an exclusive interview to the *Daily Mail*. How did she justify her fraudulent behaviour? “I’ve got an illness

only diamonds can cure,” she joked. Was it an addiction? “I just wanted to spend,” she told the paper. “I’m not going to lie and say spending that amount wasn’t fun, because it was, OK? I’m human. What’s really nice is being able to phone Cartier and say, ‘I want that!’ and just put it on your debit card and know it’s going to go through. That bit was fun.”

Similar examples are easily found. In December 2011 two California roommates, one a paralegal and the other a schoolteacher, were accused of forging a US\$285,000 cheque from the law firm where the paralegal worked.

How did they use the money? A cross-country flight on a private jet, five rooms in a New York hotel and a shopping spree at Tiffany & Co. in New York. They also allegedly used some of the money for a down payment on a US\$3.7-million mansion. “This money wasn’t used to pay off debt. It was used for luxury items and personal enjoyment,” said Farrah Emani, a spokeswoman for the Orange County District Attorney’s Office.

The accused, Alexa Polar and Antonella Pabello, have each been charged with two felony counts of forgery, one felony count of grand theft and one felony count of grand theft by embezzlement. They have pleaded not guilty.

An Australian program on female fraudsters noted that “some of Australia’s most successful criminals are not the Rolex-sporting suits we imagine, but everyday women”

It’s understandable some investigators on the hunt for a suspect might assume a fraudster to be male, especially with such high-profile ones as Bernie Madoff and Earl Jones garnering so much news. And there’s also the influence of the outdated term “con man” and the fact that a Ponzi scheme is named after a male.

But as Cohen and other victims will attest, fraudsters come in both genders. Although Cohen may have not recovered much of his stolen money, he did exact a certain amount of satisfaction in April this year.

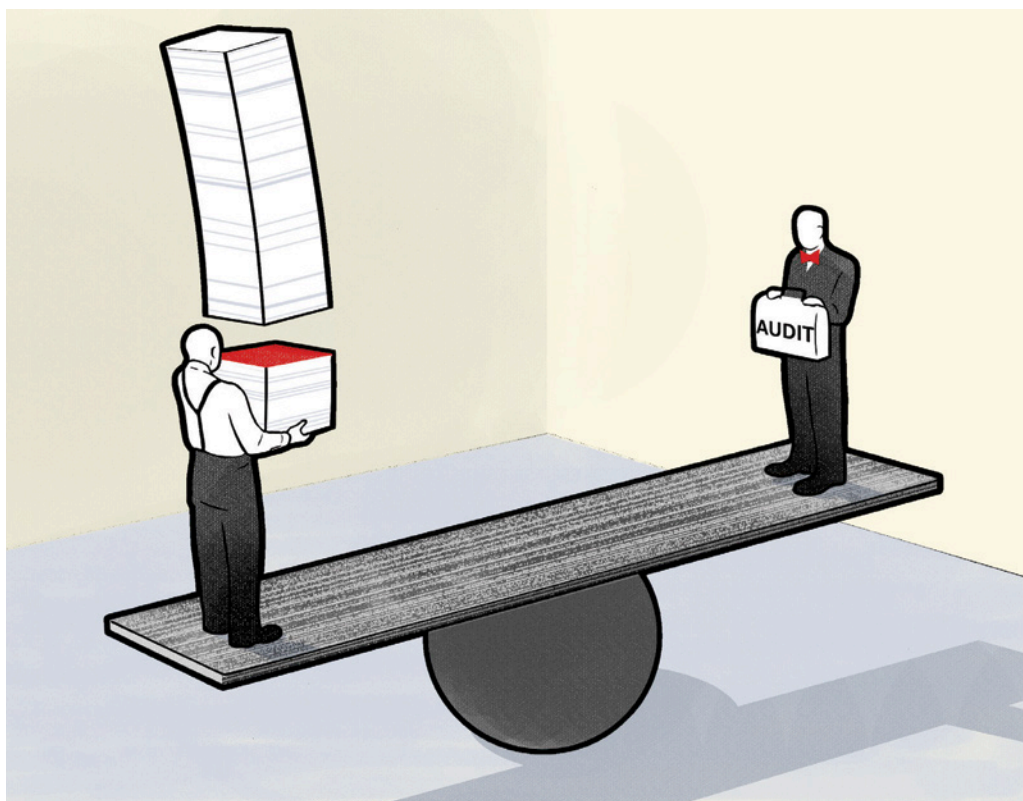
Lynch, 55, was sentenced to 18 months in jail by Los Angeles County Superior Court Judge Robert C. Vanderet after a jury found her guilty of having breached several restraining orders against her contacting Cohen and harassing him with countless threatening phone calls and emails. Many of the latter were more than 50 pages long, he told the court. “My sense of alarm has increased over the years as the volume of emails has increased.”

Fraud is committed for a variety of reasons and by a wide array of people. It was once thought to be primarily a male-dominated offence. Times have changed, however, and old ways of thinking, if they still exist, need to be put to rest. Women are leading the way in all aspects of society, including the arts — the con arts included.

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A proportionate approach

For micro-entity audits, customize your approach and create documents proportional to the complexity of each engagement



Good documentation drives good audits, helping practitioners plan and perform audits with consistency when evaluating audit evidence and in the supervision and review of staff and their work.

Good documentation also provides a record of important matters addressed in the audit, supporting the current year's audit and planning next year's. It is especially essential when there are audit team members with various levels of experience. Information needs to go up and down the chain of command in larger audits.

However, these documentation requirements may place a disproportionately large time burden on the smallest of audits, especially those where the audit team on a micro-

entity engagement is just one experienced professional.

The good news is that Canadian Audit Standards (CAS) allow for a proportionate approach to documentation. So, the less complex and smaller your client, the less onerous the documentation demands. That said, it's still necessary that all CAS requirements relevant to your audit are complied with, but you can do so in an efficient and effective manner.

Documentation requirements in CAS

The general documentation standard is in CAS 230, Audit Documentation. However, other CASs have additional specific documentation requirements, such as CAS 240.44-47, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, which details documenta-

tion requirements specific to the fraud requirements. Also, there are tips throughout the CASs on how documentation requirements may be applied proportionally on smaller engagements.

Use professional judgment

Auditing micro-entities effectively and efficiently is a specialty in its own right. It takes an auditor with an understanding of the financial reporting needs of very small operations and experience to deliver the audit service efficiently. The documentation standard CAS 230 can help with efficiency as it states: “The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand (a) The nature, timing and extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements; (b) The results of the audit procedures performed and the audit evidence obtained; and (c) Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.”

The requirement is clear. Every audit needs procedures performed, evidence obtained and results and significant matters documented. As importantly, this level of documentation needs to be geared to the level of an experienced auditor. While the application material is silent on what constitutes an experienced auditor, it would make sense that for a micro-entity it would be one who has previously audited these types of entities. This follows the same reasoning that documentation of the audit of a publicly listed multinational should be geared to an auditor with experience auditing publicly listed multinationals.

Attributes of the audit of a micro-entity

The attributes of the audit of a micro-entity can have a significant impact on documentation.

For one, the audit fieldwork is often performed entirely by the engagement partner or, possibly, by an experienced auditor. In this situation, documentation for purposes of supervision and review is usually unnecessary or can be kept to a minimum.

In addition, CAS specifically requires practitioners to exercise professional judgment in every audit as to the amount of documentation required. Audits of micro-entities are by definition low risk. Documentation should be proportional to that risk. CAS 230 only requires documentation of significant matters and significant professional judgments. So not all matters noted and judgments made need to be documented. There will likely be significant matters to document in every audit. However, matters needing documentation in an audit of a micro-entity are unlikely to require the extent of documentation required to support complex judgments based on, for example, use of management's or an auditor's expert or reliance on internal audit.

Finally, management of a micro-entity is concentrated in one or two people. More than that, systems for financial reporting are usually straightforward. The documentation of design and

monitoring of both entity-level and application controls can usually be accomplished with a memo to the file or completion of a simple checklist. Again, the documentation will be proportionate to the complexity of the systems involved and practitioners can and should exercise professional judgment in every audit as to the amount of documentation required.

Tips for documentation efficiencies

There are a number of ways to take advantage of the attributes of a micro-entity audit to make documentation efficient and focused. These tips, while not specific to audits of the smallest reporting entities, can be used to great advantage in documenting the audit of a micro-entity.

- Create a fixed file structure for all your micro-entity audits. Have your file structure follow the flow of the audit process from engagement acceptance through planning, risk assessment, developing a response and forming an opinion. There are many good generic models on the market. Create your own if you think it will be more efficient for your specific practice and client. Once you have developed a model that works for your practice, stick to it rigorously and improve it annually based on

Auditing micro-entities is a specialty in its own right.

It takes an auditor with an understanding of the financial reporting needs of small operations to deliver the service

your past year's experience.

- Document your risk assessment/response linkages. Develop a method to document the linkage between identified risks of material misstatement at the assertion level and responses to those risks. This can be done on a single spreadsheet, for example, for each assertion for each material class of transactions, account balance and disclosure. Fraud risk factors can be incorporated into the same schedule.

- Automate as much of your documentation as possible. Take full advantage of the audit software available today and automate everything you can. This includes annually rolling forward lead sheets, correspondence templates, financial statements (if you have a role in helping management prepare them), narrative memoranda, checklists, analytical review at the planning and the forming-an-opinion phases, materiality calculations and sample-size calculations. In a recurring engagement it should take no longer than a half-hour to roll forward your electronic working papers, download your client's trial balance and prepare correspondence necessary to start the audit. With a phone call and an email or two, you can be ready to start the fieldwork.

- Customize your checklists to suit your engagements. Auditors generally have a lot of experience using checklists. Firms often use generic checklists for the smallest of audits. Such checklists are produced by third parties for use by auditors in a wide variety of audit engagements. Many checklists are designed to be completed by junior accountants and reviewed by more senior assurance professionals. So it is not surprising that many

The benefits of developing a specialty are not new and the potential for time efficiencies specialization makes more sense now than ever

experienced auditors are frustrated with having to fill out these types of checklists on every audit when many of the points are just reminders of steps they perform instinctively. The key to maximum efficiency is to prepare customized checklists that suit your specific needs to ensure that in each engagement you have not missed any essential steps.

- Group procedures into a single checklist where appropriate. On the assumption that you won't be relying on internal controls for audit evidence, consider grouping all essential procedures for the statement of financial position into one checklist and all essential procedures for transaction streams into another. When customizing your checklists, consider grouping procedures for common topics such as subsequent events and cut-off verification that span many financial statement items and assertions.
- Focus on documenting your response to fraud requirements. Fraud is one area where required procedures are more explicit than those in Canadian generally accepted auditing standards. More documentation is required. Review the documentation requirements to ensure you have them covered (CAS 240.44-47).

- Specialize in an industry. A practitioner with 20 audit clients in 20 industries is likely to spend more time documenting each audit than a practitioner with 20 clients in one industry. The benefits of developing a specialty are not new and the potential for time efficiencies specialization makes more sense now than ever.

Creating good documentation is essential in every audit engagement regardless of size. Use your professional judgment when auditing micro-entities to take advantage of the unique characteristics of this type of client. By spending time up front to customize your approach, you can create documentation proportional to the complexity of each engagement. Efficiency need not be sacrificed for the sake of effectiveness.

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What can internal audit do?

For one, it's a key player in any corporation that wants to mitigate the risk of collusion, corruption and fraud

Macleans's Oct. 4, 2010, edition will be remembered in Quebec a long time. The cover featured Bonhomme, the symbol of the Carnaval de Québec, carrying a suitcase overflowing with money and the cover line read, "The most corrupt province in Canada."

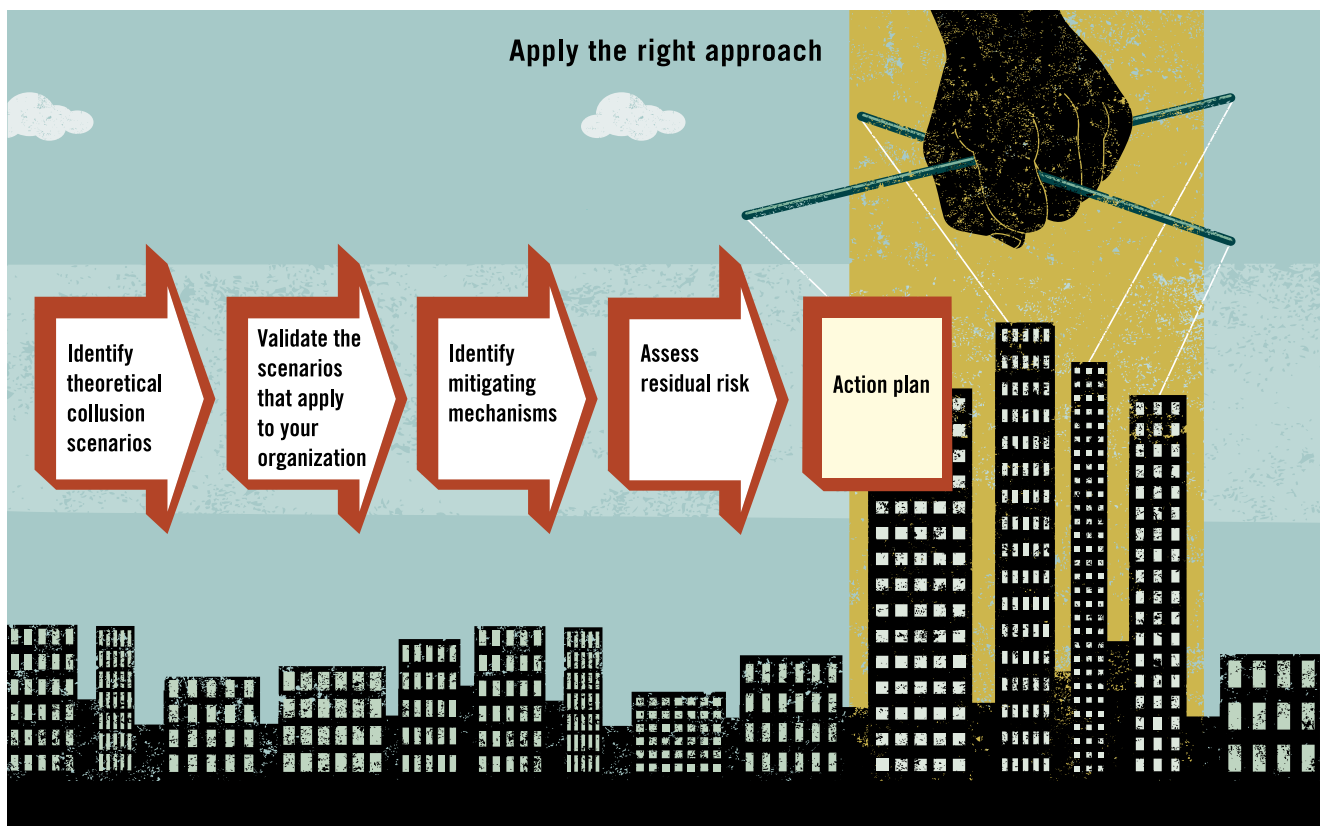
The image of Bonhomme struck the province's collective psyche and prompted numerous comments within its political class. Since the article's publication many reports and action plans have been tabled in an effort to rein in collusion and corruption in the province.

Most notable was a report by Jacques Duchesneau, the former head of Quebec's anticollusion unit (UAC), who was given a mandate to probe collusion to fix prices in the

province's construction industry; and the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry (commonly known as the Charbonneau Commission), whose mandate is to look into corruption in Quebec's construction industry.

Since September 2011, not a week goes by without Quebec's media mentioning the topics of corruption and collusion. High-profile potential fraud cases vary depending on the situation, but the topics remain the same: collusion, corruption and fraud. Most of the headlines relate to the construction industry, the largest sector of Quebec's economy. In 2010, investments in this sector totalled \$46 billion, i.e. 14% of GDP, 230,000 direct jobs and one job in 20.

Collusion, corruption and fraud are types of operational risks that are not easily quelled and cannot be eliminated



altogether. But does that mean nothing can be done? How are organizations tackling this plague that seriously affects organizations and society in general? Can internal audit play a decisive role and support organizations in this fight? If so, what steps should be taken and how?

Internal audit can contribute greatly in reducing the risk of collusion and corruption. Internal audit is ideally positioned within the organization to ensure coordination between all the key stakeholders and to take a proactive approach to effectively combat collusion and corruption.

21st Century

Organizations face many constraints, must comply with numerous laws and are required to abide by the rules of the game dictated by the market. Often, the political component also comes into play. What's more, given the rapidly changing environment, this variable requires organizations to adopt an approach based on flexibility and continuous improvement. The following is an overview of the current environment and its various components. While the examples are from Quebec, all the components are applicable in other provinces and jurisdictions.

Economic component

The financial crisis that broke out in late 2008 forced Quebec to act and invest heavily in infrastructures. On its own, the Quebec Infrastructure Plan provides for investments of close to \$45 billion from 2010 to 2015. The plan covers about a dozen areas, including the road network, health and education, as well as municipal and maritime facilities.

This situation puts pressure on key service providers, who have also been plagued by scandals in recent years, including general contractors, engineering consulting firms and construction companies specializing in one of the industries covered by the plan. Organizations that believed they could avoid collusion, corruption and fraud risks were indirectly affected.

Legal component

Several pages would be needed to list all the laws, regulations and policies governing the processes that can be the target of collusion, corruption and fraud.

Among those adopted over the past few months in Quebec that could change the rules of the game is Bill 35.

The bill, passed in December 2011, aims to prevent, combat and punish fraudulent practices in the construction industry and expands the powers of the Régie du bâtiment du Québec (Quebec construction board). It allows the Régie to temporarily suspend the operating licence of contractors found guilty of criminal offences, thereby preventing them from responding to calls for tenders from public companies.

Bill 33, also passed in December 2011, eliminates the practice of job placements by unions and improves the way the construction industry operates, which means new labour-related responsibilities for some organizations.

Political component

In response to the high-profile scandals of recent years, Quebec established the UAC under the supervision of the Transportation Minister. In February 2011, the Permanent Anti-Corruption Unit was formed to structure a plan of attack. Here is an overview of this structure as of November 2011.

The efforts deployed by the Quebec government apparatus are considerable and demonstrate the magnitude of collusion and corruption-related issues.

Potential internal audit measures

As illustrated, collusion and corruption are risks to which many organizations are directly or indirectly exposed.

In a complex environment that is continuously changing, measures based on an overall understanding of the issues and potential impact are critical.

Accordingly, with its mission and concern for visibility and for achieving strategic objectives, the internal audit function is a key player for any organization that wants to mitigate the risk of corruption and collusion.

Some possible measures include:

Internal audit is ideally positioned within an organization to ensure coordination between key stakeholders and to take a proactive approach to combat corruption and collusion

- *Review the governance and accountability framework* This is one of the first steps in establishing an adequate governance framework. Depending on the organization's level of maturity, a corporate governance review may be required. The reference guides issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Organisation for Economic Co-operation and Development (OECD) are excellent work tools because they identify key aspects of transparency and the adequate flow of information. Subsequently, the management process for large-scale projects should also be subject to an internal audit.

- *Review anticollusion/corruption mechanisms* This is a risk-based approach and the best way to avoid unpleasant surprises. Organizing workshops that bring together key participants in processes that may be affected by collusion and corruption provides an opportunity to effectively review different risk scenarios. Those in charge of the internal audit function, finance, engineering, construction, procurement and legal services as well as security and risk management should be involved in these workshops.

- *Review the procurement process (calls for tenders, acquisition policies, approval levels, etc.)* This process is very important and plays a vital role in combatting collusion and corruption. Benchmarking is an ideal way to stay current on procurement best practices. Discussions with organizations of varying sizes and from other industries can lead to major improvements. In addition,

The efforts deployed by the Quebec government are considerable and demonstrate the magnitude of collusion and corruption-related issues

a computer system equipped with adequate controls and the capacity to produce relevant and timely information is a crucial component of this process.

• *Review control mechanisms related to “extras” and contingency management* In tough economic times, unforeseen expenses or savings on certain projects can have a significant impact on many organizations. In addition, substantial funds will be spent in the coming years on construction or other major projects such as the \$45 billion Quebec Infrastructure Plan. If we estimate that the budget for most projects includes 10% for contingencies, this factor must be taken into account in the planning. Thus, an appropriate segregation of duties, ongoing supervision and transparent reporting on how the contingency funds are used are elements that should not be overlooked in an audit.

The bottom line is that there are many potential internal audit measures, depending on the organization. Being proactive by including in the audit plan a key area in which the organization must improve shows the importance of this function. The audit committee will also appreciate that this type of involvement mitigates the reputation risk.

Methodology

Another possible internal audit measure consists of a review of anticollusion/corruption mechanisms. A methodology based on the COSO risk management framework can be used. This approach can also be applied when organizing workshops (see “Apply the right approach” on p. 44).

Reference guides such as the numerous reports by the OECD, the Centre interuniversitaire de recherche en analyse des organisations, the Association de la construction du Québec or the UAC report are excellent sources for studying collusion and corruption risk scenarios.

Furthermore, during this exercise, the auditor will have developed a list of key controls related to these risks. The auditor will also have to determine the priority the organization has given to these risks, a necessary step to carry out the fourth step (Assess residual risk, on page 44).

The various people in charge will also have to agree on the action plan to be implemented. Lastly, better communication between the many departments that may be affected by corruption or collusion, as well as a common understanding of the issues and risks, will ensure the success of such a measure.

Best procurement practices

The OECD and the UAC report set out objectives to be achieved in implementing best practices. The 2008 OECD report entitled “Fighting Cartels in Public Procurement” emphasizes two key elements: reducing barriers to entry and increasing bidders’ participation; and reducing procurement process transparency

and the flow of competitively sensitive information.

The key elements described in the UAC report are in the same vein: increasing competition (accessibility, transparency, equity and integrity); and concern for community interest (sound management, vigilance and adequate accountability).

Other best practices are addressed:

- estimates by consultants with an explanation of the differences between the initial estimate of the work and the bid prices; periodic analysis of different bids received in order to assess whether collusion patterns exist (for example, a difference between the first and last bidder, between the initial estimate of the work and the best bid, etc.);
- establishment of a risk map for handling files related to large purchases;
- implementation of a vendor prequalifying process for certain purchases: this practice allows for dividing purchases among prequalified vendors, thus decreasing collusion risk;
- qualitative assessment for the awarding of large contracts, including an independent selection committee;
- careful choice of criteria for evaluating and awarding contracts so that the bid document is as clear as possible;
- adoption of a code of ethics and a separate section on purchases, including elements to raise awareness about collusion and corruption;
- organizing awareness sessions on collusion for staff involved in the acquisition and construction project management process, specifically with regard to any behaviour or actions that may suggest collusion;
- identifying positions that are key to the acquisition and construction project management processes to ensure succession planning for a proper transfer of knowledge.

This summary list of best practices will mitigate the risks identified. This overview considers other control mechanisms required as part of the procurement process.

Conclusion

This article is intended to make internal audit functions aware of the complexity of the factors to be considered when assessing collusion and corruption risks. A clear understanding of the different internal and external environments (economic, legal and political), combined with an overall view of the issues, is important.

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Outlook

BY MARCEL CÔTÉ

WHERE ECONOMICS AND POLITICS MEET

Good governance

I have often criticized the annual corporate governance rankings done by the *Globe and Mail*. They are the type of check-box assessments that are based on pointless criteria having nothing to do with performance of public companies and merely encourage those with poor governance practices to maintain them. Many people have asked what I would suggest as an alternative. Here is my good governance guidebook.

Corporate directors are responsible for looking after the interests of a company's shareholders. Good governance practices define their relations with management so shareholders' interests are well served. The first principle, which is now widely applied, is a clear separation of the roles of the board of directors and management. The board chair must be independent from management, as well as the vast majority of directors. (A controlling shareholder who does not participate in the management of the company is also independent from it.)

Five rules should complement this basic principle to ensure good governance:

A clear vision: the board and management have to share a clear vision of the company's purpose; that is, its core business areas and markets, and its financial goals (targeted rates of return and growth) and the amount of risk the company is willing to take to achieve them. This vision sets the boundaries within which the company intends to create value for its shareholders. The board is responsible for ensuring adherence to this vision, which should always be mentioned at the beginning of the annual report to shareholders. Indeed, its annual recall, "this is our business," is an excellent indicator of good governance.

A well-defined value-creation strategy: a company's strategy defines how it intends to create value in the next three to five years and which strengths it intends to capitalize on. Developed by management and approved by the board, the strategy should appear in the annual report. Good governance can be recognized by the quality of this strategy.

Annual and medium-term performance objectives: every year a board should set short- and medium-term performance objectives for senior management. More than half of management's compensation should be tied to their achievement. Good governance should generate challenging objectives, and we should not expect them to be exceeded every year. The objectives and their connection to compensation should be explained in the annual information circular.

A clear-cut succession plan for senior management: directors should assure shareholders that the company has a comprehensive succession plan outlining the internal development of senior management successors. This plan should also discuss the duration of the CEO's term, which should rarely exceed 10 years, except in the case of outstanding performance. The quality of the plan reflects whether the directors are able to assert themselves or not.

Ambition, well defined: the real performance of a company should be assessed according to objective criteria such as EBITDA, return on capital and earnings per share. It shouldn't be assessed by the shares' market price, which measures expectations rather than corporate performance. A company should aim to outdo the median performance of its peers over a three- to five-year period. If it fails, the board should look to management changes and should question its own composition. Shareholders deserve a winning team.

These rules, combined with a separation of the roles of directors and senior management, should ensure that the company's interests are aligned with shareholder interests, which is the very foundation of good governance.

Intelligent directors will know how to discriminate between those governance principles that make sense, such as asking directors to own a significant amount of shares, and irrelevant ones that have more to do with the appearance of governance than true governance.

Marcel Côté is founding partner, SECOR Consulting, Montreal

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