

www.camagazine.com

OUR ANNUAL issue

A roundup of the top technology initiatives for the profession



Managing work in progress with a simple application P. 30

You'll "like" our tips for creating a digital media strategy P. 36

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

GIVE YOUR CLIENTS OUR NEW NUMBER.



Welcome to the next era of Simply Accounting. Sage 50 is here.

Your clients look to you for trusted guidance, and we can help you deliver right on the money. Recommend Sage 50 (formerly Simply Accounting) and Sage 300 ERP (formerly Sage ERP Accpac). These enhanced, business-ready solutions provide the visibility your clients need to make better decisions and manage better processes. Have questions? You have our number.

» Get the free guide to recommending Sage 50 and our full portfolio of business management solutions at SageToday.ca/accountants

© 2012 Sage Software, Inc. and its affiliated entities. All rights reserved.



Sage 50 • Sage 100 • Sage 300 • Sage 500 • Sage ERP X3

Enabling Sage businesses of any size to achieve their ambitions.

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

sage

September 2013 Volume 146, No. 7

Editor Okey Chigbo
Art director Bernadette Gillen
Associate art director Kevin Pudsey
Senior editors Bernadette Kuncevicus
 Tamar Satov
 Yvette Trancoso
Associate editor Marie-Josée Boucher
Assistant French editor Margaret Craig-Bourdin
Editor, Web edition Alan Vintar
Magazine Web producer Harriet Bruser
Editorial assistant Suzanne Mondoux
Director of translation Steve Brearton
Contributors Michael Burns, MBA, CA
 John Tabone, MBA
Technical editors and advisers:
Assurance Yves Nadeau, CA
Business valuation Stephen Cole, CBV, FCA
Education Karim Jamal, PhD, FCA
Fraud David Malamed, CA-IFA, CPA, CFF, CFE, CFI
Insolvency Peter Farkas, CBV, CIP, FCA
Legal issues Jo-Anne Demers, BA, LLB
People management Sandra Oliver, MIR, MBA
Personal financial planning Garnet Anderson, CFA, CA
Practice management Stephen Rosenhek, MBA, CA, CIRP
Studies & standards Ron Salole, vice-president, Standards
Taxation Jay Hutchison, CA
Technology Yves Godbout, CA-IT, CA-CISA
Publisher Cairine M. Wilson, MBA
Sales and marketing manager Brain Loney (416) 204-3235
 bloney@cpacanda.ca
Advertising sales manager Bruce Feaver (416) 204-3254
 bfeaver@cpacanda.ca
Quebec advertising representative Serge Gamache (450) 651-4257
 sergegamache@videotron.ca
Advertising representative Darcey Romeo (416) 204-3257
 dromeo@cpacanda.ca
Advertising coordinator Michael Marks (416) 204-3255
Circulation manager Annette DaRocha (416) 204-3367
CAMagazine Editorial Advisory Board
 Nancy Cheng, FCA, Chair Phillip Gaunce, CA
 Margaret Albanese, CA Michel Magnan, FCA
 Blair Davidson, FCA Doug McPhie, FCA

CAmagazine is published 10 times a year (with combined issues in January/February and June/July) by the Chartered Professional Accountants of Canada. Opinions expressed are not necessarily endorsed by the CPA. Copyright 2013.

Toronto: 277 Wellington St. West, Ontario M5V 3H2
 Tel. (416) 977-3222, TDX 103, Fax (416) 204-3409.
 Montreal: 680 Sherbrooke St. West, 17th floor, Quebec H3A 2S3. Tel. (514) 285-5002, Fax (514) 285-5695.

Subscription inquiries: Tel. (416) 977-0748 or 1-800-268-3793
 Fax (416) 204-3416

On the Internet: <http://www.camagazine.com>
 Email: camagazine@cpacanada.ca
letters.editor@cpacanada.ca
advertising.camagazine@cpacanada.ca

Annual subscription rates: \$28 for members; \$25 for CA students; \$47 for non-members. Single copy, \$4.75. Outside Canada: \$72 for a one-year subscription; \$6.50 for a single copy. GST of 5% applies to all domestic subscriptions. For subscription inquiries, call (416) 977-0748 or 1-800-268-3793 from 9 a.m. to 5 p.m., Monday through Friday; fax: (416) 204-3416. GST registration number R106861578. Publications Mail Agreement No. 40062437. PRINTED IN CANADA: Return undeliverable Canadian addresses to: CAMagazine, Chartered Professional Accountants of Canada, 277 Wellington Street West, Toronto, Ontario, M5V 3H2. CAMagazine is a member of the Canadian Business Press and Magazines Canada. Submissions: CAMagazine receives from time to time unsolicited manuscripts, including letters to the Editor. All manuscripts, material and other submissions to CAMagazine become the property of CAMagazine and the Chartered Professional Accountants of Canada, the publisher. In making submissions, contributors agree to grant and assign to the publisher all copyrights, including, but not limited to, reprints and electronic rights, and all of the contributor's rights, title and interest in and to the work. The publisher reserves the right to utilize the work or portions thereof in connection with the magazine and/or in any other manner it deems appropriate. No part of this publication can be reproduced, stored in retrieval systems or transmitted, in any form or by any means, without the prior written consent of CAMagazine.



PAUL ORENSTEIN

The IT factor

No longer about trends, this year's annual IT issue is special for various reasons — not the least of which is that it's the last

Since 2004, we have run the IT issue every September. This particular issue is special in more than one way: first, it is no longer an examination of IT trends in Canada conducted by a Canadian accounting body. Instead, it is a joint project by CPA Canada and the AICPA in which both bodies conducted surveys of accounting professionals in Canada and the US. This issue is not about trends, but about IT initiatives undertaken by business, government and other entities.

Second, this is our last special IT issue. A number of changes will be occurring next year, and unfortunately, an annual issue on IT is not part of our plans. There will be stories on IT, however.

As reported by Robert Parker, this year's IT surveys found that in both Canada and the US, managing and retaining data were ranked No. 1, while securing the IT environment was No. 2. Read "Top 10 tech initiatives" (p. 22) to get all the details.

Scottish philosopher and economist Adam Smith, writing at the beginning of the industrial age in the 18th century, said that the division of labour involved in making a pin was more efficient than having a single person perform the entire 18 steps involved. Fast forward to accountants working in the knowledge age of the 21st century. In "Workflow in a new age" (p. 30), CA-IT Dwayne Bragonier says that the assembly-line methodology fails. "In today's environment, we need to strike a balance between well-defined goals and providing people the freedom to be creative and improvise...to get the job done." The solution is workflow software that assigns work and monitors its performance in our application driven, paperless world. Bragonier writes: "The greatest advantage it provide[s]...[is]...the confidence gained from knowing at what stage all their engagements are and that nothing has fallen through the cracks." The article is highly informative and something that even nonaccountants will find enlightening.

Are you considering a digital strategy? How do you go about implementing it? Writer Mary Teresa Bitti looks into how accountants can do it in "Like at first site" (p. 36). She quotes Mitch Joel, president of Twist Image, a digital marketing company, who thinks the target audience of many businesses is on Facebook, LinkedIn and Twitter: "I think every accountant trying to build his or her practice and every firm trying to build its organization has no choice but to be part of this social ecosystem." Bitti writes that creating a digital media strategy is a way for small firms to build their brands through the supply chain to gain credibility.

Don't miss our regulars on fraud, taxation, people management and standards.



Okey Chigbo, Editor

Contents

upfront

7 MAILBOX

8 PEOPLE If you're looking for an accountant to do your heavy lifting, Nova Scotia's Mike MacDonald, the Best Lifter Overall, is your man

9 NUMBERS GAME On message
WORKING FILE My manager texts during meetings

10 BITS & BITES Home work
• Is your profile an asset or liability?
• Wallets win out • Big jump in online filing • In-office training, please

11 PERSONAL ACCOUNTS Cary Walkin, on his video game going viral
QUOTABLE The great equalizer?
25 YEARS AGO THIS MONTH

12 FINDINGS
Canadian companies OK for capital

13 GOING CONCERN
Brian Ferguson of Cenovus Energy

columns

1 FROM THE EDITOR
The IT factor

14 SYSTEM SELECTION
ERP software survey 2013

56 OUTLOOK
Japan charting the course



features

22 Top 10 tech initiatives

The annual roundup of technology issues facing the profession across the country **BY ROBERT PARKER**

30 Workflow in a new age

Keeping track of and managing a work in progress can be as easy as a simple software application **BY DWAYNE BRAGONIER**

36 Like at first site

Longing to be "liked" on Facebook? A few tips for those who want a digital media strategy but don't know where to start

BY MARY TERESA BITTI

Breaking news, tax updates, job postings, archives, more articles: you'll find them all at www.CAmagazine.com

COVER: JOHN UELAND

*“We need an accountant
that knows the industry as well as we do.”*

People who know, know BDOSM.



BDO provides assurance, tax, financial advisory, and consulting services to growing businesses across the country.

Assurance | Accounting | Tax | Advisory
www.bdo.ca

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.
For reprints please contact the Publisher.

regulars

40 Fraud

It's not revenge, it's money: one of the oldest crimes and the hardest to solve, arson eats the paper evidence **By David Malamed**

43 Taxation

Critical considerations: a look at macro factors driving tax risk and how tax functions are responding **By Alison Jackson**

46 People management

Change your tune: inclusion and understanding are key to intergenerational harmony in the workplace **By Sandra Oliver**

48 Standards

Quality counts: ensuring your clients are the clients you really want takes time and effort **By Phil Cowperthwaite**

news

16 NEWS FROM THE PROFESSION

Using your Canadian CPA designation in the US

21 STANDARDS DIGEST

and finally...

50 HOW THEY DO IT IN ITALY

50 WHERE ARE THEY NOW? Louise Marion

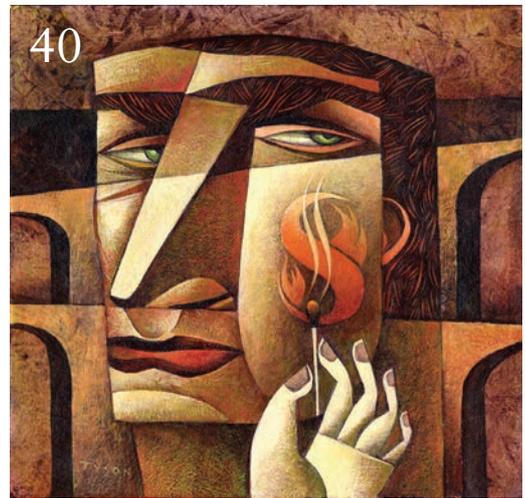
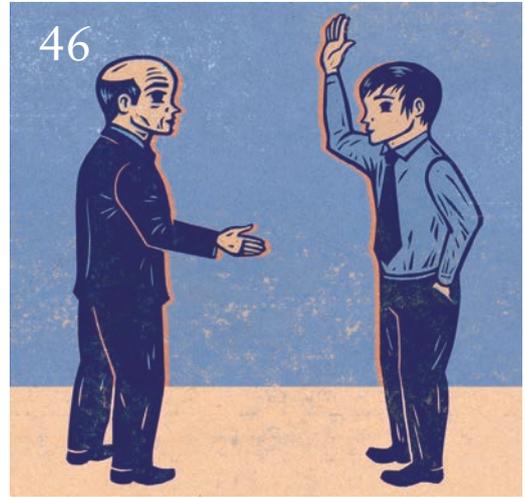
51 IN MY CARRY-ON Bill McFarland, CEO of PwC Canada

professional directory

52 PROFESSIONAL DIRECTORY

54 CAREER OPPORTUNITIES

55 CLASSIFIED



ONLINE

Annual ERP vendor survey:
go to camagazine.com/ERPSurvey13 for:

- a PDF of the survey results
- an interactive chart that lets you compare systems
- a chance to pick the top 10 systems for you

- a chance to tell us what you think of your current system

Consumers confused over budgets, poll shows:
see camagazine.com/budget13

US employees look to their financial future:
see camagazine.com/finesse13



CCH ACCOUNTANTS' SUITE
INTEGRATED. INTELLIGENT.

CCH Document

Employee
Records

Tax
Returns

Email
Messages

Work-
in-Progress
Files

Historical
Client
Documents

Everything in one place means everyone's on the same page.

Join us for a
**free 30-minute
product demo** —

CCH Document Accelerating
Business Workflow

CCH.ca/DocumentDemos

Contact

your Account Manager
for more information



Scan this code using
your smart device for
more information.

CCH Document — the key to your efficient business workflow

Imagine how more efficient and productive your firm would be with all the electronic documents stored in one centralized location. That's the power of *CCH Document*. An award winning* true content management system, *CCH Document* lets you find, store and retrieve the information you need from tax returns to client data to work-in-progress files in just a few simple clicks.

- **Easily comply** with CRA document retention policies.
- **Reduce** paper, storage and staffing costs.
- **Get access** to essential and optional training delivered by Wolters Kluwer CCH product experts.
- **Take advantage** of extended reporting tools, storage and advanced email management.
- **Increase file security and control** over data integrity with built in rights management and file versioning.



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.



Canadian Business Compliance Manual

Are you looking for reliable answers to your regulatory, compliance, legal and financing questions all in one place?

Whether you're a practitioner who advises small and medium-sized business clients, or a business owner who needs up-to-date information to help run your business, the *Canadian Business Compliance Manual* provides easy-to-understand answers to your legal and associated administrative and compliance questions. Trusted by financial professionals for more than 25 years, this practical guide addresses the broad range of day-to-day issues that could affect your business - providing you with the help you need.

INTERNET • DVD • DOWNLOAD • LOOSE LEAF

ORDER TODAY!

**Updated
Quarterly**



Visit: CAstore.ca/CBCM-CPA
Call: 1-855-769-0905



Mailbox

FUNDS WITH BENEFITS

In “Funds without benefits” (June/July) David Trahair explains why he will never buy another mutual fund. Canadian MER fees are high compared to those of many other countries. Fee reductions can be obtained by investing in low-fee exchange traded funds (ETF) and no-fee guaranteed investment certificates (GIC). But should we really never invest in any mutual fund?

What about funds that consistently earn investment research firm Morningstar Inc.’s five-star ratings? Should we be content to invest only in GICs and ETFs to be tied to market risk, market rates of returns and low fees?

Let’s take an example of a 2013 Canadian balanced mutual fund that’s an investment option within my employer’s defined contribution pension plan. This balanced fund produced a net ROI of 9.1% for the five-month year-to-date (YTD) period ended May 31, versus a gross benchmark return of 2%. (This 2% ROI benchmark return approximated the YTD ETF gross ROI of a fund invested 60% in the S&P/TSX total return index and 40% in the DEX bond universe total return index.) This balanced fund’s net ROI of 9.1% outperformed the ETF gross ROI return by 710 basis points (i.e., 7.1%) in the first five months of 2013. This fund’s five-year, 10-year and since-inception net ROI are well above ETF gross ROI results — mostly by several hundred basis points. Yes, some balanced mutual funds significantly outperform a GIC/ETF portfolio with similar asset allocation.

Let’s not throw out the baby with the bathwater. We should avoid investing in average and below-average mutual funds but let’s look closely at top-quartile mutual funds to find “funds with benefits.” Let’s focus more on a top fund’s net ROI and its risk/return profile, and less on its MER costs. The long-term accumulating impact of investing in funds with benefits is dramatically better.

Paul Lorimer, CPA, CA, RPA
Brampton, Ont.

David Trahair’s reply:

Some mutual funds are better than others and some do indeed beat their relevant index. But not many.

According to the latest S&P Indices versus Active Funds (Spiva) Canada Scorecard for the year ended Dec. 31, 2011, only 26.7% of actively managed Canadian equity mutual funds outperformed their relevant benchmark index — the S&P/TSX capped composite total return index. Over longer terms the results are worse. Over the three-year period ended the same date, 8.5% of actively managed mutual funds outperformed the same index and over the preceding five-year period, only 2.7% did. So it’s possible to beat the index with mutual funds, but how likely is it that the average Canadian would be able to consistently pick the right ones when the odds are so long?

Going forward, fees will be paramount because we seem to be in for a prolonged period of low interest rates and investment returns. A fee of 1% or 2% of investment assets takes too significant a chunk out of investors’ portfolios. The answer is to separate the investment advice from the sale of products. To do this you need to combine an independent professional investment and financial adviser with products that don’t have embedded commissions and trailer fees. One option is to pay a licensed, fee-only financial planner to review your financial life, take his or her recommendations and buy low-cost ETFs that mirror the relevant indexes in the asset weighting you are comfortable with.

That’s not good news for those who make the bulk of their money from embedded mutual-fund trailer fees that many of their clients don’t know they’re paying.

Don’t work with just any recruitment firm

Our clients have recently trusted us to find their next CFO, VP Finance, Senior Controller, and Tax Manager.

If you want to hire a top leader for your team, then work with a firm that specializes in the recruitment of CAs and senior level accounting professionals across the country.

Drop us a line to discuss your hiring needs.

Paul Landry CPA, CA, MBA
plandry@zsa.ca
1-855-906-0878 ext. 322

Chris Badali CPA, CA, MMPA
cbadali@zsa.ca
416-642-9431 ext. 260

Rivkah Hoffman
rhoffman@zsa.ca
1-800-401-9773 ext. 293



TORONTO • MONTRÉAL • CALGARY

zsa.ca
Follow @zsa_accounting on Twitter



UP FRONT

News, people, briefs, trends + tips

Raising the bar

Mike MacDonald recently won the title of Best Lifter Overall and a first-place award in his weight class at the 2013 Canadian Powerlifting National Championships in Vancouver, and here's why: this accountant by day and Canadian Schwarzenegger by night can bench-press 550 pounds — about the weight of a baby grand piano — and squat and deadlift a whopping 750 pounds — the weight of a full-grown grizzly bear.

The 24-year-old from New Waterford, NS, says he “caught the iron bug” when he was 13 — that’s powerlifting speak for getting hooked on lifting mind-blowing amounts of weight for sport. The golf-, hockey-, basketball-, rugby- and soccer-playing teen had noticed a group of powerlifters training in the corner of his gym. “I had never seen this kind of training in a regular gym before, or any normal human being moving the kinds of weights they were,” says MacDonald.

He won his weight class and broke a national record for the deadlift his first time out at competition. “I went on to compete eight to 10 times a year, and got all the way to the provincial level, then to the world championships and pro invitational events around the world,” he says.

Besides putting in a typical work week at Grant Thornton LLP’s Sydney, NS, office, MacDonald spends up to three hours each day training (when he’s gearing up for a major competition, he sometimes pumps iron twice a day); he eats plenty of protein and vegetables (and allows one cheat day a week for pizza and popcorn); and he’s yet to find a suit that fits his Hulk-like physique. “Clothes are either too big or too small, or a mixture of both in different areas. Shopping gives me anxiety because nothing ever fits,” he admits.

He’s also discovered the many comparisons between lifting and accounting, which has helped him make time for and gain successes in both worlds. “I treat my career in accounting and powerlifting with the same approach. I have both short-term and long-term goals set out. I know I have the ability to accomplish these goals, I just have to stay focused and dedicated to my plan and work as hard as I can in order to get there.”

Lisa van de Geyn

Résumé

- 2011** joins Grant Thornton (Sydney, NS)
- 2011** wins gold and silver medals at World Powerlifting Championships
- 2012** passes UFE (NS)
- 2013** places first in his weight class and named Best Lifter Overall, Canadian Powerlifting National Championships



More power to him: Nova Scotia accountant Mike MacDonald has made a name for himself as a champion powerlifter, breaking records and winning medals in Canada and abroad

JOHN RATCHFORD/KLIXPIX

#NUMBERS Game

On message Thirty-five years ago, Gordon Matthews designed the software that introduced voice mail to the world. A short history of technology bringing us ever closer to work:

14 Percent decline in users checking voice mail compared to the previous year, according to a 2012 *USA Today* survey. Experts blame the popularity of texting and instant chat for the decrease.

38 Percent of Ontario workers in 2003 who accessed their work voice mail or email while on vacation.

141 Weight in grams of Research in Motion's 1998 Inter@ctive two-way pager, which has a miniature keyboard and the capacity to send text messages. More than 10% of Canadian households have access to a pager.

200 Price in US dollars of the first commercial telephone-answering machine in 1949. Called the Tele-Magnet, the "robot



secretary" records messages on magnetic wire.

1980 Year Bell Northern researchers talk of an ephone with integrated voice messaging. "Voice mail," notes a 1980 Canadian newspaper article, "is also seen as one possible way to overcome the psychological resistance of many executives to word processors."

1994 Year an Ohio marketing company announces it is embracing voice technology, firing its receptionist and "passing the savings on to you."

525,000 Cost in US dollars of first business voice mail system, introduced by Dallas-based Voice Message Exchange Inc. in 1980. By 1991, an estimated 50% of Canadian mid- to large-sized businesses use the technology. Steve Brearton



Working File: MY MANAGER TEXTS DURING MEETINGS

THE SCENARIO

When Chris Murray* attended his first department meeting at his new job, he couldn't take his eyes off his manager — who, he noticed, couldn't take her eyes off her BlackBerry. "Colleagues were updating the group on a new client, and my boss sat staring at and typing on her phone. She nodded a couple times, but I really couldn't tell if she was paying any attention," he says.

His manager wasn't the only culprit — Murray noticed some of his colleagues exhibited the same behaviour with their tablets. Later, he experienced the same problem in one-on-one meetings with his manager.

HOW IT PLAYED OUT

Murray has tried to ignore his manager's perpetual typing, but he finds it tough to stay focused. "It's pretty rude," he says. "I don't know whether to talk, or wait for her to finish sending emails."

THE EXPERT WEIGHS IN

Just because you *can* access email, schedules and LinkedIn on your smartphone wherever and whenever you want, it doesn't mean you should, says Toronto etiquette expert Louise Fox. "The fact that this employee, and possibly others, feel ignored or dismissed by the boss's behaviour makes it unacceptable," she says.

When in a one-on-one meeting with his boss, Fox suggests Murray say, "I see you are working on your tablet. Is this a good time to talk, or should I come back later?" As for the use of BlackBerrys in group meetings, management would be wise to set the standard of what behaviour it considers acceptable in the company's code of conduct, she says. "Everyone on their devices in meetings only increases incivility, which can lead to a toxic atmosphere of discontent." Lisa van de Geyn



Have you faced a tricky work situation? Tell us about it at: tsatov@cpacanada.ca Names can be changed for anonymity

*Name has been changed

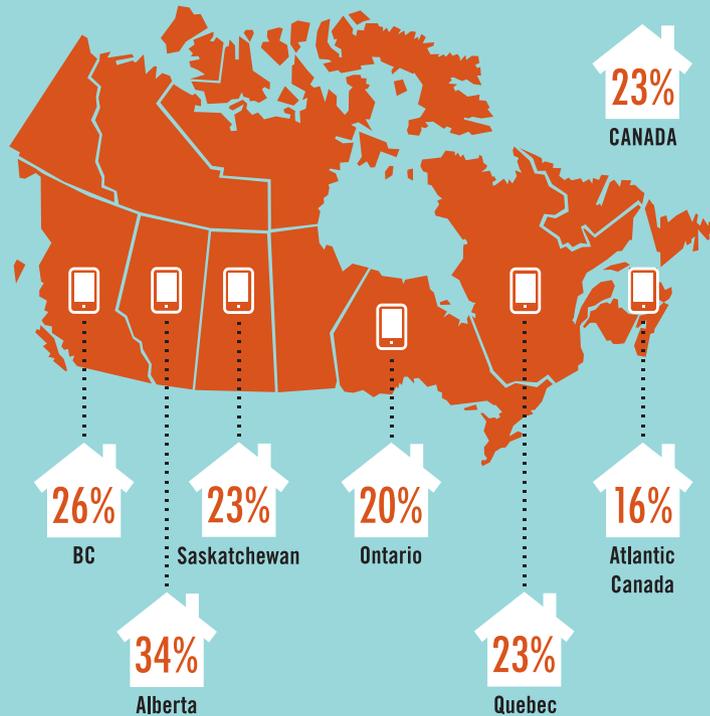
By Tamar Satov

HOME WORK

Earlier this year, a BMO Financial Group survey of Canadian business owners found telecommuting improved morale and the ability to attract and retain talented workers. The poll also tracked the percentage of firms, by region, that allow staff to work away from the office.

by Steve Brearton

Percent of firms that offer telecommuting



Source: BMO Financial Group, 2013



Is your profile an asset or liability?

Social media can be a double-edged sword in a job search, a study by US recruiter CareerBuilder finds. While 39% of 2,100 hiring managers polled said they use social networking sites to research job candidates, 43% of those said they've found things on candidates' social media profiles that cost them the job.

Here's a rundown of profile items that helped or hindered a job candidate's prospects, according to HR managers:

You're hired!: professional image (57%); got a good feel for personality (50%); well-rounded, showed a wide range of interests (50%); background information supported professional qualifications (49%).

Keep looking: provocative/inappropriate photos or information (50%); details about candidate drinking or using drugs (48%); bad mouthed previous employer (33%); poor communication skills (30%); discriminatory comments (28%); lied about qualifications (24%).

WALLETS WIN OUT

Seems like a random choice but, given the option to have a wallet or a smartphone or tablet, 75% of Canadians would choose their wallet, finds an Ipsos poll. Not surprisingly, preferences were strongly linked to age: just 10% of respondents 50 or older said they'd rather have the mobile technology, compared with 37% of those under 35.

BIG JUMP IN ONLINE FILING

More than 76% of Canadians filed their income tax return electronically this year, up 17% from 2012, the Canada Revenue Agency reports. As of June 20, CRA received 20 million electronic returns and 6.2 million paper returns, compared with 17 million and 8.8 million, respectively, a year earlier.

IN-OFFICE TRAINING, PLEASE

When it comes to work-related training, employees favour in-house, instructor-led workshops, according to a US survey for staffing service OfficeTeam. A third (33%) of workers polled cited on-site sessions as the type of training they value the most, followed by tuition reimbursement for off-site seminars (22%) and online courses (18%).

BAIBA BLACK SETH



PERSONAL ACCOUNTS

My video game went viral

Cary Walkin, CA, creator of the first Excel-based game, Arena.Xlsm

I wanted to learn more about Microsoft Excel, so I took a course called Advanced Spreadsheet Modelling as part of my MBA. The course covered the concept of macros, which is the back end of Excel that helps automate tasks, and how to use them to improve the quality and efficiency of reports. After class, I started to experiment with the tools in the course to further cement my knowledge. I created the game Arena.Xlsm, which consists of thousands of macros. It quickly became a labour of love, and I ended up investing about 500 hours — about three hours a day for five months — completing it.

When I released the game online in March, it was downloaded half a million times. I was shocked to see it go viral, although it is designed to be an enjoyable and addictive experience. My favourite quote was on technology news website CNET, which said, 'It's the kind of game only a chartered accountant could build.'" As told to John Shoesmith

QUOTABLE

The great equalizer?

“The dearth of leadership in our era is easily explained: there are fewer and fewer followers. New communications technologies and ... popular access to information has [led to a] dramatic decline in the number of people who are prepared to defer to those who claim authority on traditional grounds.”

Lisa Anderson, president of the American University in Cairo, and a member of the Global Agenda Council on the United States

25 YEARS AGO THIS MONTH

Compiled by Steve Brearton

From the September 1988 issue of *CAMagazine*

Technographics 1.0

“How many of you have stood before a client and had him or her look at you glassy-eyed and say, ‘I just can’t see that?’ That’s why we need new ways to present information — and financial graphic presentation, even simple bar charts, can be one of the most useful. If the graphs are true and accurate, they give clients the ability to see things they can’t see any other way.”

From *Micromania '88*, a report on CICA's Microcomputer Conference

Inklings on auditor independence

“There is a perception out there — and who’s to say it is not reality — that auditors are too close to management, the very



ones on whom they are supposed to be reporting. All we need is a couple of notorious cases and the public will soon start asking auditors, ‘Whose side are you on, anyway?’ ”

Editorial, Alistair Duff, FCA, CICA president, 1987-88

Findings

CANADIAN COMPANIES OK FOR CAPITAL

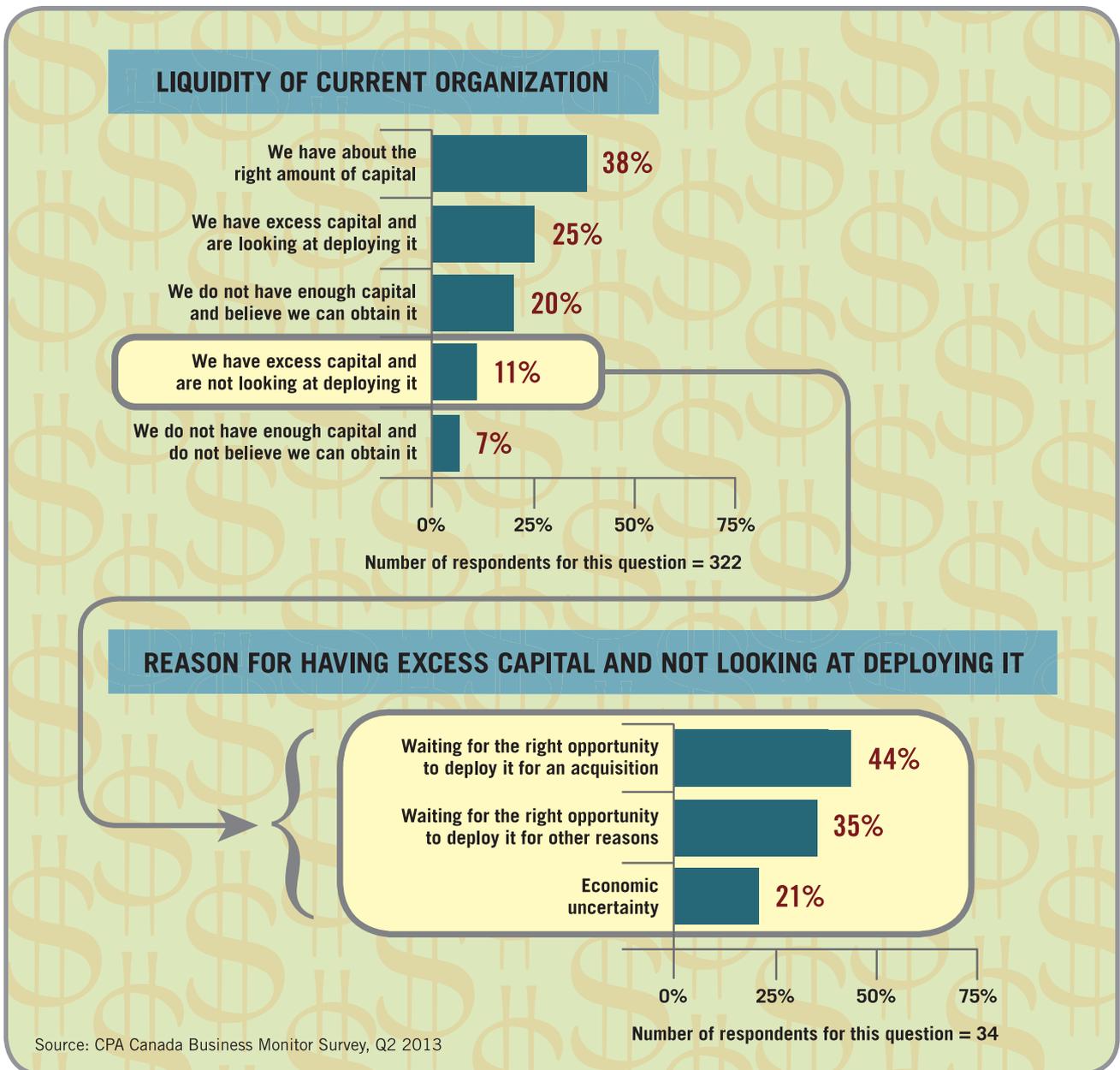
A strong majority of Canadian businesses have, or can get, the capital they need to maintain the liquidity of their organizations, a recent CPA Canada Business Monitor Survey finds. Among professional accountants in leadership positions such as CEO, CFO and COO, only 7% felt they could not obtain the capital required by their business. The largest percentage of respondents (38%) said they had about the right amount of capital, while 20% said their organization didn't have enough capital but thought they could obtain it.

The remaining respondents said they had excess capital — and most were looking to deploy it. In fact, only 11% of

respondents overall had excess capital that they were planning to hold on to; they were waiting for the right opportunity or were concerned about economic uncertainty.

More than half (57%) of respondents have sought financing over the previous 12 months and, of those, 43% said it was difficult to obtain capital in the current market. Professionals working in the resource sector were more likely (81%) to report challenges as were those working for smaller businesses.

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





System selection

BY MICHAEL BURNS

FINDING THE RIGHT SOFTWARE TO FULFILL YOUR BUSINESS NEEDS

ERP software survey 2013

ERP systems have been evolving steadily since we first published this survey back in 1998. We have covered a lot of ground in that time, faithfully documenting all the new bells and whistles that emerged along the way. Now, most systems are jam-packed with features. That is why we are taking a slightly different approach this year. We are focusing on two criteria that are critical in the selection of a new system but can be difficult to evaluate: ease of use and underlying technology.

Customers often point to ease of use as the most important attribute of an ERP system. But when you ask those customers to describe what they mean by ease of use, they are hard pressed to provide any specifics. Let's try to clear up some of the haze.

First, the user interface (UI): you might remember the bad old days of DOS, which was a character-based interface with no mouse. DOS was eventually replaced by graphical user interfaces, with Microsoft Windows eventually dominating the marketplace. Now Windows is slowly being replaced by web-based user interfaces that can be accessed via a browser.

Getting at the data easily is key. The better systems allow Excel-like access to multiple records of data such as inventory, customers or purchases. You should be able to choose the columns you would like to view, sort or filter the data, save the view, then export to Excel — all with a few clicks of the mouse.

Drilldown is another hallmark of user-friendly systems. Say you want to view a financial report. These systems will let you drill all the way down to each transaction, including attachments such as scanned invoices.

A system that is easy to use is also easy to customize without programmers. You should be able to add user-defined fields, change a report, modify the dashboard or alter the workflow (the person who approves an invoice, for example).

What if the system is built with older technology? You don't need to be tech savvy to spot it. Just ask the vendor for the product road map, which shows the development plans for the system. If the road map is nonexistent or lacking in substance, the system is probably on its last legs. You should

also ask about the number of new customers each year, which is another bellwether for a system that is being phased out.

Other clues to older technology are the UI, the database and the programming language. The UI looks dated on older systems; however, many vendors have done a facelift on the UI in their older systems so you can't tell what is underneath. You don't want to invest in a system built with databases or programming languages that are no longer popular or supported. For example, Foxpro is both a database and a programming language that is no longer supported.

It's not too difficult to spot a system built with older technology. Just ask the vendor for the product road map, which shows the plans for the system

As always, we were unable to validate the information supplied to us by the vendors. However, we don't think there will be that many intentional mistakes, partly because the vendors will lose credibility if they are caught making false claims.

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: m burns@180systems.com

Visit camagazine.com/ERPsurvey13 for:

- a PDF of the **survey results**
- an **expanded article**
- an **interactive chart** for comparing systems
- a chance to tell us **what you think** of your **current system**
- a chance to see the **top 10 systems** for your requirements

CPA MEMBER SAVINGS PROGRAM

Take advantage of these offers and more!



Special offer including 25,000 Welcome Bonus points, and no annual fee for the first year.

THE GLOBE AND MAIL*

Receive 10% off five or six day regular home delivery and complimentary access to Globe Unlimited.

lenovo **FOR THOSE WHO DO.**

Save up to 20% off the web price on a variety of top products such as ThinkPad and IdeaPad laptops, and IdeaCentre desktops.



Exclusive pricing on Hyundai Sonata Hybrid, Sonata 2.0T, Genesis Sedan, Equus and Santa Fe XL. **Up to \$5000 in price reductions** on top of our great retail incentive offers.

TUC
MANAGED IT SOLUTIONS

Take your technology and applications to the cloud. Virtualizing your IT can **save you up to 50%**.

OfficeMax[®]
GRAND & TOY

Save over 60% from catalogue pricing on all office products (excluding NET price items) and **save 20%** on all furniture items.

intuit.
ACCOUNTANTS

Exclusive offers on Intuit solutions.

www.viarail.ca
VIA Rail Canada

Save an additional 12% off the best available fare at the time of booking on Business, Economy and Sleeper class.

PARK'N FLY
AIRPORT PARKING
Park happily

Receive discounted parking rates across Canada at all Park'N Fly locations.

Go to cpamembersavings.ca

to take advantage of these offers and many more.



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

Using your Canadian CPA designation in the United States

BY KEVIN DANCEY

I have been asked for clarification on how the new Canadian CPA designation should be used in the US, both by members who already have their CPA designation and others who will have their CPA as soon as unification discussions move to implementation. For those working in the US or doing work with US clients, there are a few regulations by which we need to abide.

Under the US and Canadian constitutions, professions are regulated under state or provincial jurisdiction. Legislation is in place in every US state and either is or will be in place in every Canadian province authorizing the use of the respective CPA designations and, in most cases, restricting the use of the designation to holders registered or licensed in that jurisdiction. Indeed, the concept of “holding out,” i.e., that you use or display a designation and in doing so imply you are registered or licensed in a jurisdiction when you are not, is viewed very negatively by state and provincial regulators. Accordingly, members who intend to provide services in the US or for US clients, and particularly if they intend to provide attest services or practise public accounting and sign reports or filings, must understand the requirements in the US state where they intend to work if they wish to use their Canadian CPA designation. Members should also note that the restrictions in most US states also apply to some legacy designations, such as chartered accountant, or CA. However, attention to the issue will be heightened with the use of CPA initials.

Accordingly, members should contact the local CPA state board to understand any requirements if they are planning to provide professional services in a US state. All CPA state regulators can be reached through NASBA at <http://nasba.org/stateboards/>.

For most members, however, using the new CPA designation should be very simple. If you live, work and are registered in one province, have limited travel outside that jurisdiction, and do not take on any regulated work such as practising public accounting outside your home jurisdic-



Kevin J. Dancey, FCPA, FCA, president and CEO of CPA Canada

tion, it should be business as usual, except that your new Canadian CPA designation should be used in conjunction with the tagging provisions established in your province. For example:

John Doe, CPA, CA

or

John Doe, CPA, CMA

or

John Doe, CPA, CGA.

Some members, however, may have a role in which they have extensive interaction and/or travel to the US and will be engaging in providing services in the US or for US clients. In these circumstances, it may be difficult to explain that

the Canadian CPA initials do not represent the US designation.

In such cases, members should definitely contact the local CPA state board to understand any requirements if work is to be undertaken in that state or for clients in that state.

Members should also consider alternative ways of presenting their credentials on cards and written communications so it is clear that the CPA designation is a Canadian designation. For example:

Jane Doe CPA (Province of Residence), CA (or CMA or CGA)
or

**Jane Doe, CPA (Chartered Professional Accountant,
Province of Residence), CA (or CMA or CGA).**

This expanded format should also be considered if a member is signing a document that is being filed or used in the US or identifying him- or herself in a speech or presentation.

Going forward, we will be working closely with our US and provincial colleagues on a number of important issues, such as facilitating mobility of members and how a US CPA travelling or working in Canada should display his or her US CPA designation in Canada.

We will also be working with the provincial bodies on a number of CPA usage issues, including plans to move to a uniform approach for the way a Canadian CPA should display his or her US CPA designation on business cards.

In the meantime, following the above guidance should ensure that a member working or providing professional services in the US has transparently disclosed where he or she is registered and regulated. Ultimately, however, it is each member's responsibility to ensure that he or she represents his or her credentials appropriately and in accordance with the law in the relevant jurisdiction.

Improving Canada's tax system

THE FEDERAL GOVERNMENT RECENTLY ANNOUNCED a series of new initiatives aimed at strengthening the country's tax system.

"We support looking for ways to improve and protect the tax system," says Gabe Hayos, CPA Canada vice-president, taxation (pictured below). The measures being introduced are focused on combating tax cheats, enhancing the Taxpayer Bill of Rights and making things easier for the small and medium-sized business sector.

Starting in 2013 taxation year, Canadians who hold foreign property with a cost of more than \$100,000 will be required to provide additional information to the Canada Revenue Agency (CRA). The criteria for those who must file a Foreign Income Verification Form (T1135) is not changing, however, the new form has been revised to include more detailed information on each specified foreign property. The modifications to the form are aimed at assisting CRA in better identifying those attempting to evade paying tax.

"We firmly endorse efforts to maintain the integrity of Canada's tax base," says Hayos. "Simply put, tax evasion is an illegal act."

The government also announced an addition to the Taxpayer Bill of Rights (Right #16) to ensure that taxpayers can lodge a service complaint about the CRA without fear of reprisal.

"No one expects CRA to be perfect all the time, so issues involving Canadian

taxpayers are going to occur," Hayos says. "The new measure provides Canadians with added assurance that they can raise concerns with CRA."

Another announcement involved commitments by the government and CRA aimed at reducing red tape and improving services for the owners of small and medium-sized businesses. As a result of consultations with businesses and their tax professionals, the government is committed to:

- allowing businesses to submit payroll enquiries through the My Business Account enquiries service;
- allowing businesses to update business banking and direct deposit information online;
- improving access to My Business Account by reducing the processing time for a business consent form from 14 days to five days; and
- increasing outreach to businesses to ensure they are aware

of less burdensome filing frequency options. "These are welcome changes," Hayos says. "Allowing business owners to spend more time concentrating on their operations instead of paperwork helps create jobs and grow the Canadian economy."

Going forward, CPA Canada is encouraging the federal government and CRA to focus on tax simplification. "Reducing the complexity of the domestic tax system is integral to easing the regulatory burden placed on Canadian businesses and individuals and makes us more attractive for investment," Hayos says.



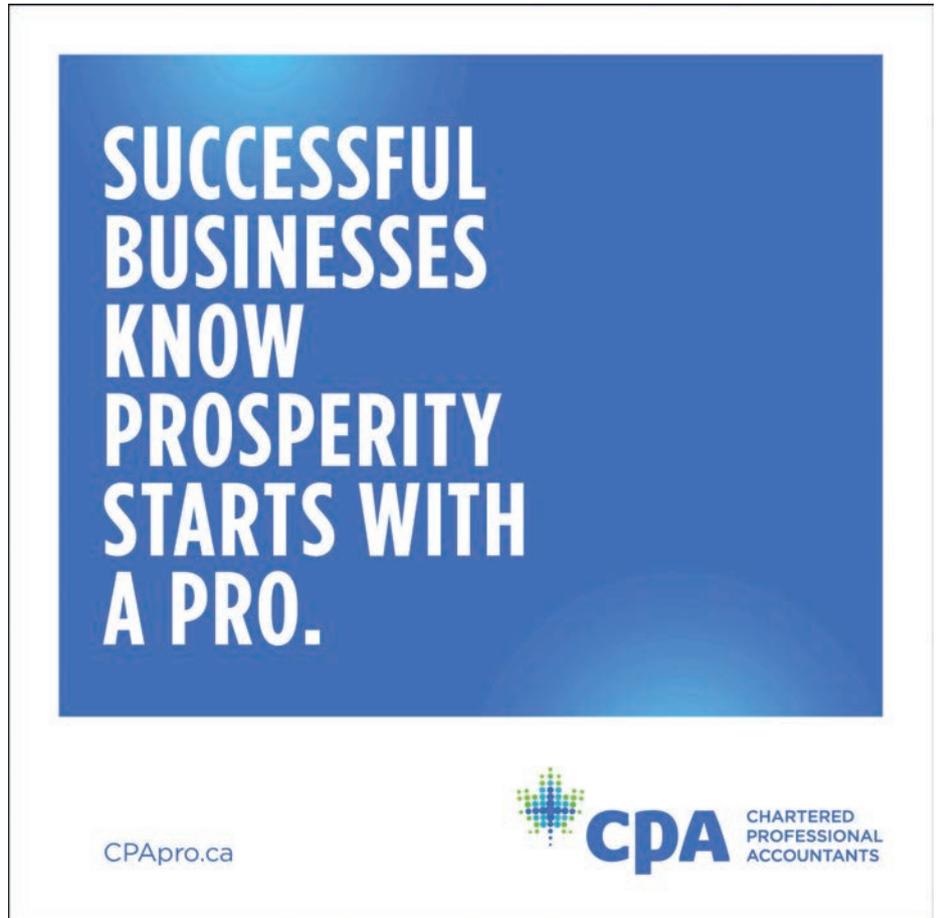
CPA brand advertising campaign launches this September

RAISING AWARENESS OF THE NEW CHARTERED PROFESSIONAL ACCOUNTANT (CPA) BRAND is off to a bold start with a multimedia national advertising campaign launching Sept. 17.

Since January, a working group of marketers and communicators from the accounting profession's legacy bodies across the country has been preparing to launch a national CPA brand advertising campaign with the strategic guidance and creative expertise of Toronto-based One Advertising and its partner agency Reservoir from Montreal.

"The advertising uses a clever play on the 'pro' in chartered professional accountant to talk about the attributes of the CPA designation and to emphasize that CPAs have broad business skills, including and not limited to accounting skills," says Kevin Dancey, CPA Canada president and CEO.

Valuable feedback about the campaign concepts from member and business community focus groups held in St. John's, Nfld., Montreal, Toronto and Vancouver in May helped refine and fine-tune the advertising approach. "In the focus groups, members told us the campaign elements are not only entertaining, they also effectively communicate how CPAs add value," says Heather Whyte, CPA Canada vice-president, strategic



WHAT SHOULD I TELL PEOPLE WHO ASK ME ABOUT THE CPA DESIGNATION?

Once the CPA brand campaign launches, people may ask you about the CPA designation. Here are some key talking points to help you explain the CPA designation to others:

- The CPA designation has grown out of the belief that Canada needs a single, unified accounting profession.
- CPA Canada was established by The Canadian Institute of Chartered Accountants and The Society of Management Accountants of Canada to represent and support the members of all Canadian accounting bodies participating in unification under the CPA banner.
- Our membership is large and growing. CPA Quebec and the Institute of Chartered Accountants of Ontario became the first organizations to join CPA Canada earlier this year and more provincial organizations are preparing to make the transition.
- Currently, bodies representing almost 90% of Canada's

175,000 professional accountants are committed to unification or have already merged under the CPA banner.

- CPA's values, qualities and capabilities represent the best of Canada's three accounting designations — CA, CMA and CGA. This legacy creates the foundation for CPA as Canada's pre-eminent accounting and business credential that sets the standard for the profession in Canada.
- As a unified, single professional body, CPA Canada will serve the public interest across all sectors of the economy with integrity, sound ethical practices, advanced education, disciplined regulation and proven strategic management and financial expertise — qualities Canadians have always valued as the hallmarks of our country's accounting profession.
- The timing for use of the CPA designation will vary from province to province because the profession is provincially regulated and therefore mergers will occur at different times.

communications, branding and public affairs.

Focus group participants said the campaign left them thinking CPAs are “accomplished, competitive, confident, energetic, cream of the crop, winners, ‘with it’ and cool.” With such impressions, the campaign is expected to effectively launch the CPA brand and begin realizing the vision for the CPA designation to be the pre-eminent accounting and business credential that sets the standard for the profession in Canada.

Delivering on commitment

“The unification framework includes a commitment to promote the CPA brand and we’re delivering on that promise,” says Joy Thomas, CPA Canada executive vice-president. “And we’re doing it cost effectively with a carefully timed campaign starting in mid-September to reach people post-vacation season and to avoid the back-to-school advertising clutter and associated higher costs.”

While it has grown out of the CA, CMA and CGA legacy designations, CPA is a new accounting designation in Canada, so creating brand awareness is critical. “Increasing recognition of the CPA brand has been identified as one of three key priorities for CPA Canada this year,” says Thomas.

The campaign will be seen in various media — television, newspaper, billboards (airport and transit) and online — and is targeted at the business community, the primary users of CPA services.

Various elements will run from Sept. 17 to the spring of 2014 with online advertising and a campaign microsite running continually throughout that period.

“The CPA brand campaign will also have a spillover benefit that will support our recruitment efforts for the CPA Professional Education Program at post-secondary institutions across Canada this fall and next spring,” says John Carpenter, CEO of Alberta Accountants Unification Agency. “The recruitment campaign is integrated with the brand campaign, inviting prospects to ‘Join the pros.’ It’s a highly efficient and effective marketing strategy to integrate campaigns as much as possible.”

Preview of TV ads

Members will be able to preview the TV advertising before it airs publicly. They will be provided with a link to the ads and background information about the campaign to answer any questions they may be asked by family, friends and colleagues about the CPA designation once the campaign gets underway.

CPA Canada is encouraging members to share the TV ads through email, Facebook, Twitter, Pinterest, LinkedIn and any other social media channel in which they’re active.

“We hope members will be excited by the campaign and take pride in being part of these historic developments in our profession,” says Thomas.

HOW A DOCUMENT MANAGEMENT SUITE TRANSFORMS AN ACCOUNTING FIRM

SUPPORTING THE ECOSYSTEM OF EVERY FIRM



Mike Sabbatis

This White Paper summarizes a roundtable discussion led by Mike Sabbatis, former President and CEO at CCH Tax and Accounting North America – Wolters Kluwer Tax and Accounting.

With insights from industry thought-leaders:



Randy Johnston



Gail Perry, CPA



M. Darren Root, CPA.CITP

FREE WHITE PAPER: WWW.DOC-IT.COM/WHITE-PAPER.HTML

Doc.It
GATHER – PROCESS – STORE – DELIVER

445 Apple Creek Blvd., Suite 206
Markham, ON L3R 9X7

723 South Casino Center Blvd., 2nd Floor
Las Vegas, NV 89101-6716

888-693-6248 or 905.547.1100
www.doc-it.com

© 2013 Doc.It® all rights reserved

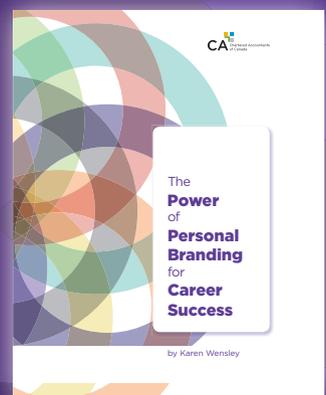
What's your competitive edge? **Know Your Personal Brand.**



The Power of Personal Branding for Career Success

Whether you're embarking on a new career, hitting your stride in your current role, or planning your next move, *The Power of Personal Branding for Career Success* will help you focus your strengths and develop a clear career path.

The straightforward 8-step process, real-world examples and supporting worksheets are designed to help you manage your brand and increase your visibility.



For more information or to order, visit:
CAstore.ca/personalbranding



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

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

RECENTLY ISSUED PRONOUNCEMENTS

CICA Handbook – Accounting	Date issued†
Part I	
Amendments to the Introduction Regarding Incorporating IFRSs into Canadian GAAP	July 2013
Amendments to IAS 36 Regarding Recoverable Amount Disclosures for Non-Financial Assets	September 2013
Amendments to IAS 39 Regarding Novation of Derivatives and Continuation of Hedge Accounting	September 2013
IFRIC 21, Levies	September 2013
CICA Public Sector Accounting Handbook	
Amendments to Sections PS 2601 and PS 3450 Regarding Transitional Provisions	August 2013

RECENTLY ISSUED DOCUMENTS FOR COMMENT (to August 31, 2013)

Accounting	Comment deadline
EDI Agriculture: Bearer Plants	October 28, 2013
ED Consolidations	December 16, 2013
SOP Improvements to Not-for-Profit Standards	December 15, 2013
EDI Leases	September 13, 2013
ED Joint Arrangements and Investments	December 16, 2013
EDI Regulatory Deferral Accounts	September 4, 2013
ED Reporting Employee Future Benefits by Not-for-Profit Organizations	August 27, 2013
Auditing and Assurance	
ED Reports on Supplementary Matters	November 29, 2013
ED Standards for Review Engagements	October 11, 2013
Public Sector	
SOP Assets, Contingent Assets and Contractual Rights	November 14, 2013
SOP Improvements to Not-for-Profit Standards	December 15, 2013
rED Related Party Transactions	September 4, 2013
SOP Revenue	January 10, 2014

WATCH FOR

New or amended standards	Amendments to IFRS 9 Regarding Hedge Accounting Revenue from Contracts with Customers (new IFRS)
Documents for comment	Actuarial Assumptions (AcSB EDI) Assessment of Going Concern (AcSB EDI) Insurance Contracts (AcSB EDI) Auditor Reporting (AASB EDI) Auditor Review of Interim Financial Statements (AASB ED)

Legend

ED – Exposure Draft

rED – Re-exposure Draft

EDI – ED based on IFRS/ISA

SOP – Statement of Principles

† 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.

Every year the profession is consulted about technology issues. Here's a roundup of IT PRIORITIES AND CONCERNS it faces in 2013



TOP TECH by ROBERT PARKER
Initiatives

THE ANNUAL SURVEY OF TOP TECH ISSUES FACING THE PROFESSION

has engaged readers since 2004. This year CPA Canada joined forces with the American Institute of Certified Public Accountants in conducting the survey of accounting professionals. In a departure from prior years, this year's survey focused on entity IT initiatives rather than current and future technology trends. As a result, the survey exposes entity concerns and obtains information on the confidence of respondents to address them effectively. **illustration by JOHN UELAND**



The importance of IT security can't be overstated, particularly in IT environments where changes to technology, infrastructure and the inherent risks accompanying change are prevalent

Of the Canadian survey respondents, 25% work in public accounting, 40% work in business and industry, 15% in government, 10% in consulting and 10% in the not-for-profit sector or other organizations.

In addition to ranking technology initiatives, respondents were asked to rank their organization or client organizations on their level of confidence in addressing each issue. Rankings were based on responses of one to five, one being strongly disagree and five strongly agree. (The table below provides the ranking of the initiatives. Next to each ranking is a confidence level expressed as a percentage, that being the percentage of respondents who are confident or highly confident in the ability of their organization or their clients' organizations to adequately and appropriately address the technology initiatives.)



Managing and retaining data

While there were differences in the US and Canadian surveys, managing and retaining data, in other words "big data," were ranked first in both surveys. Although this was the No. 1 initiative, in Canada only 57% of the respondents indicated that they or their clients were confident or highly confident in their ability to appropriately address them.

Big data has allowed businesses to acquire data from nontraditional sources such as social networks, smart or intelligent RFID cards, GPS devices, blogs, video cameras, email and voicemail. Much of this information, while potentially valuable, is unstructured and requires new taxonomies as well as new and better interrogation and analytic software to provide real value to the business.

The benefits of harnessing big data include better and more informed business decisions, faster responses for better client service, greater insight to assist future planning and the opportunity for different and better communications with customers through social media.

However, collecting and using data, particularly personal information, requires adherence with laws, regulations, industry standards and contractual obligations. Entities must address big data issues through new policies and procedures, increased security over confidential and personal information and guidelines over combining and using data from disparate and sometimes unverified sources.



Securing the IT environment

Fifty-six percent of Canadian respondents indicated they or their clients were confident or highly confident in their ability to effectively address IT security, placing it third on the confidence scale. Particular concern was expressed about the loss, theft or compromising of mobile devices, and increased cyber-attacks that may damage corporate brand and reputation. Also cited were network and cloud computing security concerns.

IT security has been an issue in most of the prior top-10 technologies surveys. Its importance cannot be overstated, particularly in IT environments where changes to technology, infrastructure and the inherent risks accompanying change are prevalent. As interconnectivity of noncorporate-owned devices is permitted in IT environments, mobile device management strategies, policies, procedures and software tools are essential. Cloud computing, social networks and bring your own device carry not only technical issues but business challenges. They expand the entity's digital footprint in cyberspace and with it the increased potential for cyber-attacks.

Loss or theft of mobile devices could result in loss of sensitive or confidential data, violations of contractual commitments, or, where personal information is involved, result in violation of legislation.

That more than 40% of the survey respondents lack confidence in the ability to manage IT security is seen as a wake-up call to management, auditors and advisers.

IT initiative	Ranking	Confidence
Managing and retaining data	1	57%
Securing the IT environment	2	56%
Enabling decision support and analytics	3	33%
Managing IT risks and compliance	4	57%
Governing and managing IT investment and spending	5	38%
Ensuring privacy	6	53%
Managing systems implementation	7	47%
Leveraging emerging technologies	8	22%
Preventing and responding to computer fraud	9	47%
Managing vendors and service providers	10	42%



Enabling decision support and analytics

The importance of decision-support systems becomes more evident as businesses consider managing and retaining big data. Key issues include implementing effective analytics software, monitoring data sources, ensuring data accuracy, authenticity and integrity and designing effective reports that reflect entity strategies and the information required to support them.

Recently, visualization reporting using graphical presentations has gained popularity to help users understand the relationships between data amalgamated from various sources and

to assist in decision-making.

Decision-support software assists in designing reports, extracting information and even integrating with ERP systems.

A properly designed decision-support system provides an interactive software-based solution to help decision-makers compile useful information from a combination of raw data, documents and personal knowledge or business models to identify and solve problems and make decisions.

Care must be taken to subject any such solutions to a reality check to ensure the proposed solutions meet entity standards, are feasible and achievable and can be undertaken within the

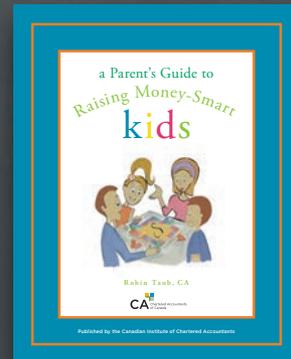
**SPECIAL BULK PRICING
AVAILABLE FOR MEMBERS**

**National
Best seller!**

ARE YOUR KIDS MONEY-SMART?

A Parent's Guide to Raising Money-Smart Kids explains **WHY** it's important to help children become financially literate and describes **HOW** to do it.

Be sure to keep a copy on your desk to spark discussions with your clients — or provide them with their own copy as a value-added bonus to your services!



Order today at castore.ca/moneysmartkids or kobobooks.com



Get involved with Financial Literacy with CPA Canada's **Community Connect Program**

Become a volunteer and provide financial literacy education in your community using our prepared sessions.

The mission is to give all Canadians – from school-age children to retirees – the knowledge and confidence needed to make the best possible financial choices for their circumstances and to help individuals achieve the level of prosperity needed to accomplish their life goals.



○ **How to become a volunteer?**

Contact us at communityconnect@cpacanada.ca for more information and to register.

*You must be registered to the program to access our Community Connect portal (available to members only).

SAVE THE DATE!

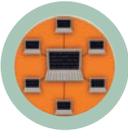
Community Connect Webinar (October 17, 2013)

Learn more about the program and receive training through our webinar.



entity's risk profile and financial imperatives.

However, only 33% of respondents felt confident in their ability to address this technology initiative.



Managing IT risks and compliance

Since reliance on IT is pervasive in most organizations, IT must align its risk and compliance strategy with the strategic objectives of the organization to ensure that IT can support critical business processes. As such, it must clearly identify the risks, quantify the likelihood of occurrence and the impact of such occurrences. It must also put in place procedures to reduce the likelihood of occurrence, as well as develop effective procedures to identify and respond to such events.

The increased use of such technology as wireless devices escalates the risks that the entity faces. Cloud computing, mobile apps, bring your own device and social networks all bring new risks. Management must address these risks, assess the vulnerabilities and define and implement appropriate policies, procedures and technology solutions to mitigate risks. Such risk assessments and the entity's ability to effectively address them should be assessed periodically.

While our survey indicated an overall confidence level of 57%, only 39% were confident that their monitoring is effective.



Governing and managing IT investment and spending

In addition to enterprise-wide governance initiatives, entities should establish an appropriate IT governance structure, including supporting policies, procedures, employee training and compliance monitoring. Critical in implementing an effective IT governance program is the alignment of IT strategies and initiatives with the entity's vision, mission, goals and objectives and its strategies and initiatives to implement them.

The IT Governance Institute's model encompasses: strategic alignment, value delivery, risk management, resource management and performance measurement. The IT governance program is designed to drive value for the organization by positioning IT to effectively drive or support entity performance.

The overall confidence level of 38% indicates that the majority of respondents were not confident in their ability to manage their investment in IT. However, only 29% felt they were appropriately analyzing the value (e.g., return on investment,

earned value analysis) of their IT investment portfolio, etc.

Clearly, management and the board should assess their role in governing and managing the IT function to drive greater value from their IT investments.



Ensuring privacy

Privacy should be addressed as an integral part of business process and not as an afterthought. Privacy considerations should be incorporated into business and technology processes and recognized and rewarded as part of the corporate culture.

While privacy is more than just technology, the use of technol-

**WE COULD
FIND A
DIAMOND
IN THE
ROUGH.**

**AND SOME
PEARLS.**

At The Mason Group, we find what others can't. We're specialists in the recruitment and placement of finance and accounting professionals because that's all we do. For permanent or contract positions – at all levels from Financial Analyst to CFO – we can help you find your gem.

Find what you're looking for at
masongroup.ca

Mississauga	905-804-1100
North York	416-733-9393
Toronto	416-572-5260

t 5 f g h n a 7 i
q p r v 2 u % t l
n w t h e a s v h
l e f x m a s o n
c t b g r o u p m
+ o q z 1 f e 3 u
a 0 e 8 c n d o t

(strategic search partners)

There's a fine line between leading edge and bleeding edge.

Management must be aware of new technologies and must quantify business benefits against the risk of being an early adopter

ogy can assist in achieving compliance in some areas. For example, where choice and consent are required, databases must be altered to record the individual's choice and consent. In addition, application programs must be modified to test for consent prior to the personal information being used and that use must be in accordance with the consent.

Privacy places limits on access to information, and accordingly security is important, including technology-based controls such as systems and application level access controls, data encryption, logging of use, sharing and disclosure, and effective monitoring.

There are other reasons to protect access to personal information. In February 2013, Global News reported that Ontario's highest court signalled that the right of police officers to look through someone's phone depends on whether there is a password. The Court of Appeal for Ontario says police can have a cursory look through the phone upon arrest if it's not password protected, but if it is, investigators should get a search warrant.

For notebooks, tablets, smartphones and other mobile devices that are easily lost or stolen, personal information should be encrypted and organizations should have the ability to remotely "wipe" the device to remove such information.



Managing systems implementation

Systems implementation is about planning, designing, building, testing, training, implementing, converting and finally conducting post-implementation reviews.

Key aspects of systems implementation are ensuring that the organization is addressing the correct issues or concerns and ensuring that the investment in the system makes a positive contribution to the business.

The overall confidence level of 47% indicates that slightly less than half the respondents were confident in their ability to manage the implementation process. However, only 26% were confident that they are "properly analyzing the value [e.g., ROI, EVA, etc.] of IT-related projects and systems."

The survey results clearly indicate that good IT governance practices are required.



Leveraging emerging technologies

There has always been a fine line between leading edge and bleeding edge. That said, management must be aware of new technologies and be able to quantify their business benefits against the risk of being an early adopter.

When considering adopting leading edge technologies such as bring your own device, mobile computing, tablets and apps, or adopting technologies such as cloud computing that are not fully mature, the business must consider the risk-reward issues. Risks will include the obvious ones associated with changes and/or adopting a new technology such as the competitive risk of not engaging in or adopting a new technology.

Policies are another area where business must pay increased attention. A recent SANS Institute survey revealed that only 49% of respondents felt that their current policies around mobile devices barely caught the basic concerns.

A recent study by Dimensions Data showed that 67% of respondents indicated annual mobile capital expenditures had remained about the same and 9% indicated they had decreased by more than 20%. However, 24% of the respondents indicated their costs had increased by more than 20%.

Clearly, businesses should carefully consider the costs, benefits, risks and possible rewards to be gained from introducing new and emerging technologies.



Preventing and responding to computer fraud

While IT security ranked second, preventing and responding to computer fraud ranked ninth.

Preventing IT-related computer fraud involves effective risk management, proper design and operation of controls and an effective monitoring, identification, escalation and response program with tone from the top that stresses the importance of preventing computer fraud.

Responding to any crisis usually follows a recognized set of steps: planning and preparation; incident identification; incident stabilization and containment; incident remediation; incident communications; incident recovery; and monitoring and reporting.

When addressing an IT-related crisis, the communications element is extremely important. Whether the fraud involves insiders or is the result of an external attack, stakeholders including customers, business partners, regulators, law enforcement authorities and forensic auditors and accountants must be kept informed.

When personal information is involved, additional legal and best practices must also be addressed, breach notifica-

How would you rate the general performance of the cloud-based application you use?

	2012	2013
Better than the same applications hosted in-house	7%	19%
Equal to in-house applications	54%	58%
Subpar compared with in-house applications	19%	22%
Unacceptable	0%	1%

tion requirements must be considered as well as offering free credit monitoring, which, while not required, has become an expected business practice.



Managing vendors and service providers

Businesses have been outsourcing IT processes and functions since the introduction of large data centres in the 1970s and while technology has changed, the concepts have not. Basically there are technical considerations and there are business considerations and of course contract administration.

From a technical perspective, a business must ensure that the technology and services offered by the service provider support the technology requirements of the organization. This could include processing speed (response time), communications capacity (bandwidth), availability (uptime) and storage capacity to name a few. The business should also consider technical compatibility, knowledge and capability of the support personnel, their experience with key applications or industries.

From a business perspective, consideration must be given to the financial stability of the service provider, its strategy and plans for growth, its ability to upgrade as new products and services are needed, its pricing model and any other key contractual commitments that the business requires. These should be documented in a formal contract that includes prices for various services, performance commitments, additional resources, reworking, etc. Businesses should consider an exit strategy should the agreement become disadvantageous or unworkable and have the contract include costs, penalties, procedures and deliverables should they decide to disengage.

From an administrative perspective, the contract, apart from the financial and management aspects, should contain a service level agreement that encompasses performance standards, benchmarks and expectations as well as details of the technology and services to be provided and service centre personnel assigned to support the business.

Availability, as evidenced through performance statistics, should be supported with a business continuity plan and an IT-focused disaster recovery plan. A contract or service agreement should include a requirement for the service provider to share the results of any tests of its recovery procedures and allow for discussions of actions to be taken. It should clearly indicate the responsibilities of the service provider and of the business with respect to recovery initiatives, timing and priorities.

The contract should require monthly meetings at both the technical and managerial levels and specify that the business will receive a copy of any third-party datacentre audit reports.

Given the importance of outsourcing all or simply a part of an entity's information technology, requirements must be entered into carefully, with complete knowledge of what is needed to make it a success. A confidence level of 42% indicates that the vast majority of respondents were not comfortable with their ability in this area.

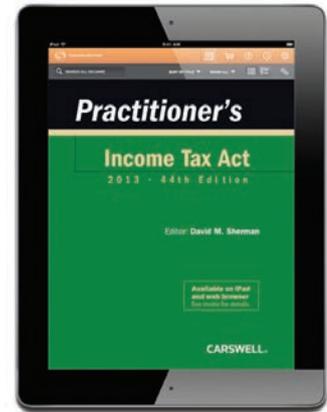
Conclusion

The ranking of technology initiatives based on an entity's ability to address them provides a unique perspective. Perhaps CPAs should focus on technology initiatives in which respondents expressed the least confidence.

Overall, the top three initiatives highlight the importance of clear, concise, timely and accurate information in today's business environment. They also hint that businesses are struggling with the concepts of big data, data analytics, decision-support systems and visualization as they attempt to decipher the secrets within the myriad of data they are collecting.

This year's top technology initiatives survey identified areas where organizations and their management will require assistance if they are to reap the benefits of technology.

Robert Parker, MBA, FCA, CPA, CA, CISA, CRISC, CMC, is a retired Deloitte & Touche partner and past international president of ISACA, where he currently serves on its Professional Influence and Advocacy Committee. He is also a board member of the University of Waterloo Centre for Information Integrity and Information Systems Assurance and CPA Canada's Information Management and Technology Advisory Committee



INCLUDES BILL
C-48 ENACTED

NEW EDITION
**PRACTITIONER'S
INCOME TAX ACT 2013,
44TH EDITION**

DAVID M. SHERMAN, B.A., LL.B., LL.M.

In addition to print, CD-ROM and BlackBerry®, **Practitioner's Income Tax Act** is available on iPad or directly from your web browser.*

Learn more at
www.carswell.com/pita

* Offer not applicable to bookstores, academic institutions, and students.
iPad is a trademark of Apple Inc.

.....
**AVAILABLE
RISK-FREE
FOR 30 DAYS**

Order online: www.carswell.com
Call Toll-Free: 1-800-387-5164
In Toronto: 416-609-3800
.....

CARSWELL®

A Thomson Reuters business

You are here. Keeping track of and managing a work in progress can be as easy as a simple software application

By Dwayne Bragonier

WORKFLOW IN A NEW AGE

“MARY, I JUST REMEMBERED WE HAVE A SCHEDULING MEETING THIS AFTERNOON.

Can you drop what you’re doing and help me update the Excel file? I’ll phone the senior managers and record the current status of their jobs. Can you take a look at the work-in-progress shelves and record the engagements for clients that have dropped off their work and that have not been assigned yet?”

Sound familiar?

Until 10 months ago, this was an all-too-normal occurrence for Jeff Boese, partner at Boese & Co. LLP, a small practice in Pincher Creek, Alta. Not any more. In November 2012, the Boese team decided to use the workflow application that was bundled in its document management suite.

“It is absolutely amazing the comfort I get with up-to-the-moment reports whenever I want to look at the progress of any engagement. My fellow team members now have a clear vision of the work assigned to them and are relaxed in knowing how to prioritize their time,” says Boese. “The confidence we now have is invaluable.”

Having up-to-date status reports on all engagements is a great benefit. Yet, there is little doubt that one of the greatest challenges to a public accounting firm is in developing and deploying effective management strategies to assign work and monitor its performance in today’s software/application driven, paperless world.

Workflow: what you need to know

WHY

- To assign work and communicate deadlines
- To facilitate movement from team member to team member
- To allow your team to become more informed about its present and near-future workloads
- To provide an easy channel to move work on to or off your team's active workbench
- To report on work progress and completion

MAJOR PITFALLS

- Tracking tasks at too detailed a level is both administratively expensive and demoralizing for your team
- For most products, the automatic assignment of work based upon load balancing, role rankings, billing rates and client exposure sounds good on paper but does not usually meet the needs of today's knowledge-based assignments
- Time is a flawed measurement of the performance of our knowledge workers. Use it with discretion and recognize that it is not an ideal bridge to integrate all applications of our business cycle

BENEFITS

- Provide management with calm assurance of all client work progress and staff workloads
- Ensure engagement commitment deadlines are met and no engagement has fallen through the cracks or has been sidetracked or forgotten
- Allow staff to proactively re-prioritize the work they perform each day, with a complete report trail
- Ease work movement so that it can be pushed to the next person or pulled from a common queue

So what gives? Supervisors have always assigned work and monitored performance. In theory, technology should make workflow management a snap. After all, according to the Workflow Management Coalition, workflow is simply the “automation of a business process ... during which documents, information or tasks are passed from one participant to another for action, according to a set of procedural rules.”

Part of the problem is that we have so many technologies at our disposal and we use many different tools in both the production cycle and for management purposes. We have tools that provide for data and document management, step-by-step guidance on how to perform engagement tasks and for compliance with financial and governmental reporting. We have others that provide activity tracking, communication and collaboration with project

team members and the community at large. And finally we have tools that take care of time collection for billing, scheduling and management reporting.

We know that each of these technologies allows us to do our jobs more efficiently. They are critical in meeting our professional responsibilities and maintaining a competitive advantage. But are we using and integrating these tools effectively? There is no way to know.

But there is another key issue at play when it comes to managing workflow: our profession's reliance on time as the primary measure of productivity. More on this in a moment, but it's important to note that productivity in the 21st century is a lot different from productivity in the 20th century. Yet this focus on time comes from the industrial age and it blurs our understanding of

Talk about workflow today and the image that comes to mind is likely Ford's assembly line with individual workers standing in one location and performing the same task over and over. It engineered skill out of the production cycle

what workflow is intended to do. We need to align our expectations of the scope of what workflow should address so we can clearly see the advantages of assigning and reporting on work as it is passed from one team member to another.

Industrial age and the origins of automated workflow

Famed 18th-century philosopher and economist Adam Smith used a pin factory to link workflow and efficiency. He noted that the production of a pin has 18 different steps and if one person does all 18 steps the production is very low. But if you get one person to do step one and another person to do step two and so on, production can increase tremendously.

Henry Ford, considered the catalyst of the industrial age and the king of workflow efficiency, was one of the first manufacturers to successfully implement Smith's notion of efficiency. In fact, talk about workflow today and the image that comes to mind is likely Ford's assembly line with individual workers standing in one location and performing the same task over and over. In the case of the Model T Ford, that meant carrying out one of 7,882 distinct motions.

The assembly line engineered skill out of the production cycle. This is why Ford Motor Co. broke down each task into its smallest component of raw material and human motion. This extreme attention to detailed movements allowed motion variances to be recorded and refinements made. The best results were achieved if the product was homogeneous. That's why Ford wrote in his autobiography that you could purchase his automobile in any colour you wanted as long as it was black.

What few people realize is that one of Ford's greatest obstacles in staying profitable was its disengaged labour force. The assembly line had effectively removed the connection of the person with the product. As a result, Ford had a hard time keeping employees, hiring up to 1,000 people knowing that only about 100 would stay.

Some years after Smith's death in 1790, Karl Marx (1818-1883) made the case that isolating tasks in this way disconnects people from what they are making and in effect alienates them from company objectives. In other words, if you perform all 18 steps to produce the pin, you care about the pin but if you perform only one step then you do not care as much.

Knowledge age

Fast-forward to the knowledge age and it's easy to see why the assembly line methodology fails when applied to knowledge workers. In today's environment, we need to strike a balance between well-defined goals and providing people the freedom to be creative and improvise with the exact tools used or the sequence of actions taken in order to get the job done and achieve those goals.

This builds engagement, and engaged knowledge workers bring energy, connection and enthusiasm to the workplace — and they are more productive.

Public accountants are knowledge workers. Our primary responsibility is to do something with knowledge: to apply it, to create it, to record it and to distribute it. Yet, when most of us start to implement workflow strategies, we naively strive to implement the efficiency strategy of the assembly line into the production of our standardized products. This approach fails because, even if we wanted to, we cannot engineer skill out of our production cycle. Our labour force requires a high degree of knowledge, training and experience.

Time out, knowledge in

The greatest challenge for all businesses today is how to measure the performance of a knowledge worker. In the industrial age this was a relatively easy task because skill was intentionally minimized on the assembly line. As a result, a worker's time became a pure measurement of his or her contribution of human motion as a raw material. Improve the time efficiency of human motion and increase production from a fixed resource. In other words, adding more time resulted in more products. Knowledge is now the raw material provided by the worker. It encompasses such intangibles as professional issue identification and resolution, recognition and evaluation of interdependencies and awareness and application of technology tools available on our workbenches.

Time is not a pure measurement of this raw material and its efficient use in the production of our products. Yet we cling to the concept that time is a universal measurement for anything to do with human activity. We do this as we are uncomfortable with the concept that there is no practical means to measure or manage how effectively the brain is devoted to a specific knowledge task.

Our misguided preoccupation with time to fill this measurement and reporting void distorts our expectations of workflow and whether it can be integrated with budgeting, planning, scheduling, procedural management, producing, archiving, delivering and billing our products.

Remember that workflow is all about flow: the process of how work is passed from one participant to another and reporting on at what stage it is. No more.

Manage reality

In recent years, most firms have taken the high ground to workflow. They hire smart people and to a large degree leave them alone to get the work done by a stated deadline. Yes, they are provided with detailed checklists as a compensating control to ensure that all identified components have been considered but

their work is managed at a very high level.

The flow or transfer from one work phase to the next has traditionally been accomplished and communicated by someone physically moving the file folder from one location to another. The preparer would place the file on the reviewer's desk so that when the reviewer came into his or her office he or she would "see" the work that was required to be done.

What happens when there is no physical paper that can flow to the next stage? How do we communicate that the next role is required for the continuing production of the product? How do we manage and improve the performance of knowledge workers?

Getting started

The advantage of a workflow application is that it provides a tool to pass work from one worker to another. Work can be pushed or pulled at the discretion of the worker. That is, the preparer can push the work to a specific reviewer or the work can be placed into a common queue where a reviewer can pull it to be reviewed next.

Workflow applications can then easily report on the progress of the work through the various stages.

Still, it can be overwhelming when you get started. The key is to get a handle on how your organization works. "The first step in implementing workflow is to sit down with your staff and document your present workflow movement," says Todd Trowbridge, partner at Trowbridge Professional Corp. He implemented a workflow application more than six years ago. "Do not just record what

you personally do or what you think should be done. Involve all your staff and record how they are working today. Record when work transfer is actually taking place. This will then provide you with the 'flow' you need to manage."

Not all professionals will follow the exact sequences of tasks to achieve the same goal. By starting with recording what is being done you accomplish two important objectives. First, you are not biased by the way work used to be performed. This approach allows you to record how your workflow currently embraces the use of the technology tools available at your firm's workbenches. Second, today's professionals are more likely to adopt a new process if they have participated in its design.

Once you understand how your firm operates, take a look at successful strategies deployed by others. "Speak to someone who can provide you with guidance on best practices on workflow," says Leslie Spyropoulos, partner at Martyn Dooley & Partners, a mid-sized firm in Mississauga, Ont. She is talking from experience. Her firm started to deploy workflow with T1 processing three years ago. "This is critical as today's technology applies new processes that are different than the past. Make sure you do not re-create the old wheel."

Integrated versus stand-alone applications

Most of us conceptualize our ideal workflow application as an integrated component of a complete business cycle, that is, an enterprise resource planning (ERP) system. It would automati-



190 Reasons

Membership with the Canadian Payroll Association is essential as payroll is responsible for understanding and complying with the 190 regulatory requirements related to the \$830 billion in wages and benefits, \$260 billion in statutory remittances to the federal and provincial governments, and \$90 billion in health and retirement benefits that Canada's 1.5 million employers annually pay.

The Canadian Payroll Association is committed to providing accounting professionals and their organizations with the payroll-related services required to keep compliant and knowledgeable!

Member Benefits Include:

- ✓ **Unlimited Access to CPA's #1 Service, Payroll InfoLine** – This telephone and email 'hotline' answers over 32,000 inquiries each year.
- ✓ **Member Pricing for Professional Development Seminars on 20+ topics and monthly web seminars**
- ✓ **Payroll Resources at www.payroll.ca and other publications**
- ✓ **Enhance your payroll knowledge** through the only payroll certifications in Canada:
 - **Payroll Compliance Practitioner (PCP)**
 - **Certified Payroll Manager (CPM)**

CONTACT US:
1-800-387-4693 or
416-487-3380

Professional Development
Seminars & Web Seminars
ext. 118 • register@payroll.ca

Membership
ext. 118 • membership@payroll.ca

payroll.ca

90 of Canada's top 100 companies count on the CPA for their payroll education and knowledge

THE CANADIAN PAYROLL ASSOCIATION **CPA** L'ASSOCIATION CANADIENNE DE LA PAIE **ACP**

cally move the work through the organization. Imagine a system that knows when all the T-slips for an individual have been scanned and automatically places them in the work queue of the next available person with the authority to prepare a personal tax return.

This ideal workflow application would not just provide automated process movement but it would also track measurements and report on significant productivity indicators utilized throughout the entire production and delivery system, start to finish.

Unfortunately, reality collides with this ideal. We deploy a variety of applications from a variety of vendors to perform our work. They range from working papers, procedural checklists, document management systems, tax compliance and time and billing, to name a few. Each of these applications sees the side benefit of embedding basic workflow concepts. However, they do not integrate with one another. That's why an integrated ERP system for today's knowledge-driven professional practice is simply not a practical expectation.

We need to accept that the stand-alone, best-of-breed applications we currently use are still the best practical method in controlling and managing our overall business processes. With this in mind, we need to refine the default language used in these separate applications so that consistent labels are applied. This will assist managers in correlating the results reported between these reporting tools. As an example: the label "review engagement" should appear exactly the same in your budgeting, scheduling, workflow and time plus billing applications even though each one

of the applications may have varying ways of breaking down and recording the subcomponents of this specific business process.

Manage the simple

Jonathan Tucker, managing director at Tucker Professional Corp., a practice with offices in Toronto and London, Ont., recommends introducing new workflow gradually and not getting too granular in the beginning. "The Tr process can be identified with as many as 43 tasks and yet only six or so workflows are all that is needed to be tracked for effective management of the process, depending on how the firm is organized."

Many newbies to workflow software confuse workflow assignment with progress reporting and detailed engagement completion steps (checklists). From a workflow management perspective, you do not need to know if the petty-cash count has been performed nor how long it took. This is too much detail to manage in relation to overall work assignment and completion.

To start, management needs to know who the engagement has been assigned to, at what stage it is and whether it will be completed by a promised due date. Staff needs to know what has been assigned to it, the completion date and whether there is any priority ranking to the engagement. "Our workflow provides peace of mind," says David Hertzog, partner at Cunningham LLP in Toronto. Cunningham has been utilizing a workflow application for about two years now. Hertzog likens it to a dashboard. "It's nice to quickly review the progress of all work and to know that there are no jobs sitting there for three weeks, stalled while waiting for client feedback. It allows the staff to proactively react whenever they need to and for you to know of these potential issues before they become cumbersome."

Hertzog's experience is similar to what is heard time and again from firms that have deployed workflow software. When asked what the greatest advantage it provided their firm, partners talk about the confidence gained from knowing at what stage all their engagements are and that nothing has fallen through the cracks or has been sidetracked or forgotten. Another key advantage of using workflow software: the simple task of being able to easily review staff work queues to ensure workloads were appropriately balanced.

Employees cite the benefits of knowing in advance what has been assigned and the deadlines for all work. This allows them to proactively reprioritize their daily work. They can anticipate and collaborate on future workflow bottlenecks they may perceive due to the work in their queue and the realities of the day: sickness, vacation time and family commitments, for example. They also appreciate the ease of work movement, either in pushing work to the next person or pulling the work from their queue.

"You'd have to be nuts to run a paperless practice without workflow," says Trowbridge. "If you haven't got it, then get it."

Dwayne Bragonier, CPA, CA, CA•IT, is president of BAI Bragonier & Associates Inc. in Mississauga, Ont. He can be reached at dwayne.bragonier@bragonier.com

PUBLISHERS
partial listing

Workflow dedicated applications

- XCM
www.xcmsolutions.com
- Doc.It Workflow
www.doc-it.com
- (Thomson Reuters) FirmFlow
cs.thomsonreuters.com/firmflow

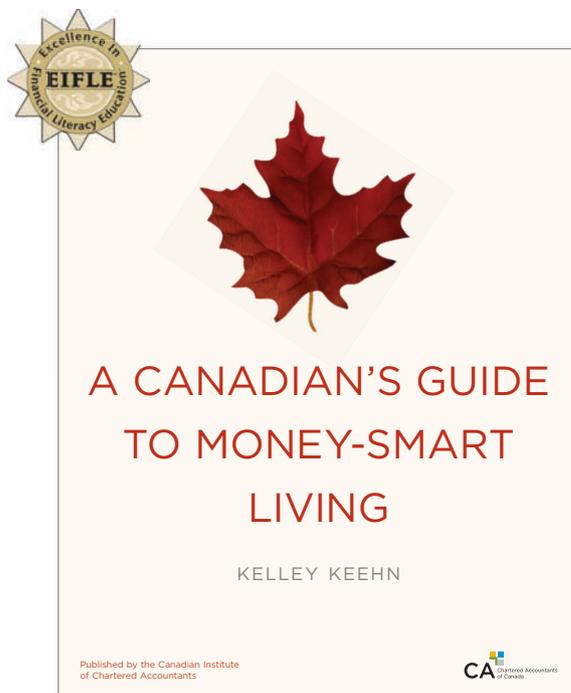
Time and billing products with project management

- (CaseWare) Time
www.caseware.ca
- ProSystem fx Practice Management
www.cch.ca
- Client Track
www.clienttrack.ca
- (Thomson Reuters) Practice CS
cs.thomsonreuters.com/practice

Only \$9.99!
SPECIAL BULK PRICING
AVAILABLE FOR MEMBERS

Canada's Award Winning Financial Literacy Publication

2013 *Excellence in Financial Literacy Education* Award Winner



"A clear, can-do guide for everyone. Start here to become financially literate."

— **Rob Carrick**

Personal Finance Columnist,
The Globe & Mail

A Canadian's Guide To Money-Smart Living

Simple everyday solutions are available. They start with learning the basics, being comfortable with the topic of money in the household and finally, asking you, the financial expert, the right questions.

A Canadian's Guide to Money-Smart Living will help with understanding how to live money-smart and provides step-by-step instructions on how to become financially free.

Helps ordinary people solve ordinary financial problems.

Add value to your clients — get them started on the path to money-smart living!

For more information or to order, visit:
CAstore.ca/moneysmartliving



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.
For reprints please contact the Publisher.

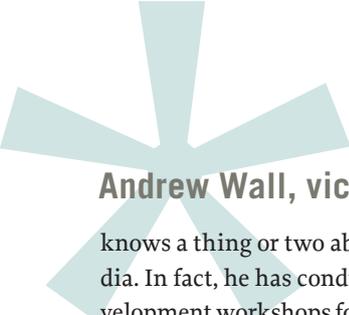
ARE YOU LONGING TO BE “LIKED” ON FACEBOOK?

Or tinkering with the idea of tweeting on Twitter?

If you want your practice to have a digital media strategy but don't know where to start, we've got a few tips

Like at **first** site

By Mary Teresa Bitti



Andrew Wall, vice-president of operations at accounting firm CA4IT

knows a thing or two about social/digital media. In fact, he has conducted professional development workshops for accountants on how to use LinkedIn to grow business thanks to his success doing just that. In many ways, the digital media strategy he launched three years ago is hitting a sweet spot. Thanks to an active presence on LinkedIn, Twitter and Facebook, new client acquisitions at CA4IT, which provides accounting services to IT consultants, were up 20% in the first quarter of 2013. “Our average client invoice is about \$2,000 as opposed to \$20,000 for other firms,” says Wall. “Social media was the most affordable and effective channel to reach them.”

Having a digital presence is table stakes in today's business landscape, says Mitch Joel, president of digital marketing company Twist Image and a leading authority on social-media marketing. “Of course it's right for your business because we live in a hyper-connected world. Every single day for the majority of the day, we are staring at some form of a screen looking for information. The intranet of yesterday has all but given way to Facebook, LinkedIn and Twitter. That's where your target audience is,” says Joel. “I think every accountant trying to build his or her practice and every firm trying to build its organization has no choice but to be part of this social ecosystem.”

illustration by JOHN UELAND



A little history: prior to 1979, the rules of professional conduct for accountants prohibited self-promotion and advertising largely because it was determined that it was not in the public interest for accountants to win accounts based on big advertising budgets. Today, social media is leveling the playing field.

For smaller firms in particular, creating a digital media strategy is a way to build their brands up and down the supply chain to be seen and gain credibility. “If your customers, competitors and professional-development providers are on Facebook, LinkedIn, Twitter and YouTube, you will be conspicuous by your absence and miss out on opportunities,” says David Phipps, executive director of research and innovation services at York University. “Twenty years ago we were wondering if we needed to invest in enterprise email systems. Today, you wouldn’t consider going into business without one. We’re at that same tipping point with social media where you have to be there.”

How you get there depends on your specific needs and goals; there is no one-size-fits-all road map. That said, there are a few key best practices to help you create your digital media strategy.

Build your digital media strategy into your overall business plan. What

are the goals of the business and how can social media help you get there? This goes beyond promoting a product or service, says Joel. “Social media is about creating something to be as shareable and findable as possible. It’s about establishing thought leadership. It can be a channel to disseminate information. It can be a way to connect to the media. It can be a way to build your reputation and your résumé,” he says. “When you look at it from within the accounting world, are you trying to build up the reputations of individuals within the practice to showcase them as authorities on a given topic? Are you trying to create a level expertise into niche verticals? Be specific.”

Take a holistic, connected approach and track performance. Digital is broader than social. It includes everything you are doing online, says Christopher Dippell, president and founder of Vellum Marketing Management. “A digital strategy is most effective as part of a broader traditional content marketing strategy,” he says. “It should not operate in isolation.” That means looking at how your brand is being communicated and identifying opportunities to augment what you are already doing through social media channels. “The content you develop is the same you might

Tweeting as an accountant

FOR PATRICIA HARRIS, a forensic accountant, chartered business valuator and partner with Fuller Landau LLP, a midsize accounting, tax and advisory firm in Toronto, social media has proven to be a place to build her personal brand and expertise and to see what others are doing. She initially joined Twitter as a way to keep on top of the Nortel trial. “I wanted access to information in the quickest possible way.”

She got that and more. Today, via her Twitter account, Harris has aligned herself with lawyers, business valuers and journalists who operate in her market space. “I get up-to-date information and links to articles relevant to my work.” She also contributes to the knowledge base, tweeting daily with postings relevant to her 115 quality, or engaged, followers

who are likely to exchange value with her or use her services. “I hosted a seminar on construction fraud and I used Twitter to attract attendees. It builds my profile and credibility.” She is also using LinkedIn to build relationships with people whose practice areas are aligned with her own. “I posted a judgment related to a valuation issue to a LinkedIn group and started an amazing discussion with professionals across North America. I now have contacts in the US. It’s a great way to expand my network.”

Harris’ advice: keep your postings technical and relevant. “As accountants, we have to make sure we are accurate in what we post, adhere to professional standards and don’t give advice,” she says. “Twitter and LinkedIn are great spots to start a discussion, connect and access information but they are not the places to give professional advice.” — MTB

use for article submissions to a publication, for your newsletter or on your website; you’re just leveraging that content to its fullest because you’re posting it on your blog, tweeting about it, emailing it via an electronic newsletter and cross-promoting it,” says Dippell. The key is to make sure the user experience is consistent. And just as social platforms are optimized for mobile devices, your website should be, too. Translation: more imagery, infographics and shorter articles so the information is easily digestible. As well, Dippell recommends ensuring your site is easy to navigate and has social buttons linking relevant information to your other media channels. “To ensure your strategy is working, set tangible and subjective goals and monitor and measure performance,” he says. “You want to see what’s working and refine as necessary. It’s all real time so don’t get too obsessed. Check on key metrics each month.”

Choose the right channels. Once you know what you want to accomplish, you can choose channels to achieve those goals. “Most people are chasing likes on Facebook and trying to get as many followers as possible on Twitter or LinkedIn and that’s not necessarily the game,” says Joel. “As [an accountant] you need to find the people who are most interested in the services you are providing and make them readers of your blog, etc. Create relevancy. The numbers will follow because we’re all connected to so many networks. In the world of searchable and findable, by having that presence, you get the Google juice to move to the front of the line for people who are looking for what you have to offer.”

Take control of your brand and spread the word. Register your name on as many digital channels as you can so no one else can create an account with a name that could be associated with your company. Registration is free for most sites. Even if you choose not to be active on certain channels, point people to where you are active, says Phipps. “Every company should have a corporate LinkedIn account. It’s a great way to disseminate information but the power isn’t in the 1,000 followers of your corporate account, it’s in the 10,000 people following the personal accounts of your people.”

Establish a social media policy for your employees to manage risk. Everyone should understand what can and can’t be talked about in terms of the company on social media. To ensure staff is operating within that framework, build an approval process so content is consistent with business goals and values. Going viral can be good or bad. And in many ways making a mistake in the social arena is a rite of passage. You need an approach to manage that.

Commit. Having a social media presence takes time and effort; it has to be in someone’s job description. “In our case, I started the program and last year we hired a junior person to help out,” says Wall. “I find it helps having a younger person who has grown up with social media assist with the planning. We now have a community manager to help grow our social media presence and reach.” He also recommends developing a social media calendar so you are regularly posting and identifying sources of conversations to track and participate in. “It’s about being present so you are front of mind with people,” he says.

Perhaps the biggest lesson Wall has learned is that social media is about building relationships and adding value. “You shouldn’t be trying to sell something. That should happen organically because you’ve built trust, a relationship and added value to the community.” CA4IT launched its digital media strategy with a YouTube channel featuring videos to help IT consultants improve their soft skills, particularly interviewing techniques. “We had these videos we wanted to share and we needed a medium other than our website to share them,” he says. The success of the videos led Wall to set up a business and personal profile on LinkedIn.

“My personal profile has been the area of focus. I’ve grown it to 3,200 contacts from 20 by joining groups and putting out posts with links to content we developed for the community.” That consistent presence has put Wall and CA4IT on recruiters’ radar, which has turned into referrals and revenue. “I think every company needs a social media presence. It’s a matter of how much time and energy you invest in it. Every time we put more time and energy into it, it’s come back tenfold in business.”

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

THE PROFESSIONALS ARE TURNING PRO.

**More than 150,000 of Canada's top accounting professionals
have joined together to form a new designation:
CPA – Chartered Professional Accountant.**

Why? Because a single, unified accounting profession – embracing the best of Canada's three accounting bodies, and working to a common set of ethical and practice standards – is better for business, better for the country, and better for all of us.

CPApro.ca

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.



It's not revenge, it's money

It's one of the oldest crimes around and the hardest to solve because arson tends to eat all the paper evidence

It was a shocking case of arson for profit, one that involved loss of life, a crippling injury, criminal trials and a hard-to-believe ending. Early Christmas morning 2001, a spectacular blast devoured Woodbine Building Supplies, a 10,000-sq.-ft. hardware store in Toronto's east end. A massive fireball "sent 30-metre flames into the air, forced the evacuation of 50 homes and killed one of the men who had deliberately set the building ablaze. A second arsonist was permanently disfigured," the *Toronto Star* reported.

A short time before the explosion, two vans, one red the other white, had pulled into the store's empty parking lot, which was behind the store and not visible from the main road, the *National Post* reported. Three of the four men in the vehicles got out and began to unload some of the store's inventory into the vans.

As was disclosed in a subsequent trial, what happened inside seemed like a scene from *Trailer Park Boys*. "One of

the arsonists dropped a cash register, awakening nearby residents who would later give descriptions to police, as the crew removed power tools and marble tiles before starting the blaze," the *Star* reported.

When the gang had finished, the man in the white van drove off. Three others remained behind, one as a lookout in the red van, two others still in the store.

"Then, at precisely 12:34 a.m., all hell broke loose. A deafening explosion shook the neighbourhood," the *Post* reported. "Glass and debris catapulted out the store's front and rear doors, smashing into nearby cars."

The six-alarm fire, considered one of the worst in Toronto history, required 170 firefighters to subdue it. They had to drench the inferno with 20,000 gallons of water a minute to prevent it from engulfing adjacent buildings.

"Impossibly ... a man stumbled out of the structure," the *Post* said. "His skin was charred black and red." His name was John "Sam" Paskalis and he was a friend of John Magno, who co-owned the store with his brothers Frank and Carlo.

"[He] staggered to a nearby house, begging the resident to call 911. His next memory would be waking up from a coma several months later, his body disfigured." Two weeks after the blast, fire investigators found the badly burned corpse of 22-year-old Tony Jarcevic inside the remains. "He was toast," a person close to the investigation told the newspaper. "He didn't stand a chance. His internal organs were literally cooked. Probably overcooked."

Jarcevic, who became trapped in the basement when the fire erupted, had been chosen for the job, a court later heard, because he had taken classes in fire safety at a community college.

From the outset, police suspected they were dealing with an arson-for-profit case. By early 2002 they had enough evidence to charge Paskalis and Magno with second-degree murder. They knew others were involved but neither accused was cooperating.

In June 2003, after Paskalis had languished in jail for about a year in constant pain from his burns, he decided it would be in his best interest to talk to the police. In exchange, he would plead guilty to charges of arson and manslaughter and serve a seven-year sentence.

Magno masterminded the arson, which was



SAFRA TYSON

only supposed to be a small fire, he said. The business was not doing well; there had been conflicts with local residents, who complained the lumber stored in the parking lot attracted rats. Magno and his brothers decided to move the business and to develop a large condominium project on the site.

According to the *Post*, in late 2001, Priestly Demolition quoted Magno a price of \$145,000 to tear down the old building, but Magno told the company they had made other arrangements.

In a far too typical and rarely wise move when planning an arson, Magno and his brothers significantly upped the insurance on the hardware store to \$3.5 million, not long before the fire (Magno tried, unsuccessfully, to collect it after the explosion.)

Paskalis named the other players in the arson scheme: Adrian Roks, who spent Christmas Eve with Magno to verify his alibi; Shaun McMaster, the lookout; Jason Regaldo, who got cold feet and sped away in the white van; and Jarcevic. All participants had been promised payments such as shares of the insurance-scam money, free condos in the new development and other perks.

In 2007 Roks was convicted of second-degree murder and sentenced to life in prison with no parole eligibility for 10 years. In 2008 McMaster received six and a half years for manslaughter. In 2004 Regaldo was convicted of conspiracy to commit arson and handed a suspended sentence.

It wasn't until 2011 that Magno, who concocted the plan, was brought to trial. He was found guilty of manslaughter and arson and sent to prison for 12 years.

"John Magno's decision to so recklessly destroy a building in the middle of a residential neighbourhood demonstrates how dangerous and compelling a motive greed can be," Superior Court Justice Todd Ducharme wrote in his 32-page ruling.

"If prostitution is the world's oldest profession, arson is surely one of the oldest crimes," the *Post* once wrote. "Arsonists usually torch businesses and houses to settle scores or to help out friends. If the motive isn't revenge, it's money. Investigators also say it's one of the hardest crimes to solve. 'Fire has a tendency to eat its own evidence,' says Trevor Bain, manager of operations for fire investigation services at the Ontario Fire Marshal's office."

Arsonists start 3,000 fires a week in Britain, *The Telegraph* reported in 2009. "No one looking at arson could doubt it is a major problem. It is a hard crime to combat, yet easy and cheap to execute. Detection rates are low — only 8% on average [even lower

in urban areas] — and the chance of conviction even smaller: only 2.5%."

The New Jersey Star-Ledger News reported a similar statistic for the US this year. It cited an estimate by the National Fire Protection Association that only 2% of arsons result in conviction. The article also quoted Lt. Jack Oakley, supervisor of the New Jersey State Police arson/bomb unit, who echoed Bain's conclusion. "Arson is the most difficult crime to solve — no doubt about it."

When a financial incentive is the reason for arson, a forensic accountant could be called in to assist in establishing motive. In

THE DT MAX SUITE

POWERFUL. PRODUCTIVE. PROFITABLE.
ALL AT AN AFFORDABLE PRICE.



DT Client Portal
Exchange documents with your clients in a secure extension of your website.



Your Firm



DT MAX
T1 T2 T3



DT FileCabinet
Secure, digital client drawers for paperless document management.

The DT Max Suite includes DT FileCabinet, a powerful document management and workflow system, along with the addition of DT Client Portal to make your website a client service destination 24/7 by providing the ability to exchange any file with your client, including sensitive tax data and returns, instantly and securely.

Fully-integrated with our powerful DT Max tax software, these additions to the DT Max Suite deliver the tools you need to streamline firm workflow, reduce paper, strengthen client ties, at an affordable price.

Learn more about the DT Max Suite
www.dtmax.ca/suite-ca
 or call us at **1-800-663-7829**



THOMSON REUTERS



the hardware store fire, the evidence was straightforward and testimony from people involved in the crime made it relatively easy to prove the motivation. But many arson-for-profit cases are more difficult to establish.

To demonstrate a financial incentive for the arsonist, forensic accountants must understand the nature of the business that was burned down, not just in textbook theory but also in practice. If the arsonist was smart, not a given, the fire will have consumed most or all the business documents and financial records — or that's what the arsonist will claim. That means the forensic accountant could embark on an investigation where few, if any, of the usual array of documents exist.

In such cases, the investigation hinges more on detective work, interviewing skills and deduction than the analysis of boxes of documents. Although traditional methods of assessing business and personal financial circumstances are a key part of many arson-for-profit files, some require intuitive and logical approaches that go beyond traditional methods.

For example, several years ago, an Ontario businessman claimed an insurance loss of \$400,000 for inventory and \$2 million for the warehouse after his furniture company had burned down not long after he had acquired it. According to the owner, local kids had been breaking into his warehouse, which was in a so-called “bad part” of town, to do drugs. His theory was that during one of these break-ins, they accidentally started a fire that wiped out his entire inventory.

As evidence, he noted that he'd reported to police an act of vandalism a few weeks before the fire. Several items had been spray painted with racist slogans (the owner belonged to a minority). The police had investigated but there was not much they could do. The amount damaged was too small for an insurance claim, the owner said. “I bet this time they accidentally started a fire with the paint canisters, while they were smoking drugs,” he suggested.

The fire marshal said it was possible, as a lot of spray-paint canisters were discovered and a door had been jimmed. The fire marshal believed the fire was suspicious but there was not enough evidence to prove arson. The insurance company, however, refused to pay the claim until a thorough investigation had taken place.

It retained a forensic accountant who began his work by having a casual conversation with the owner. He wanted the man to feel comfortable and not on guard so he arranged to meet him for breakfast. He gave him a business card that said he was an accountant, not a forensic one. “I just want to get a clear sense of how the business worked,” he told the owner after they had chatted about stories in the news. For example, the forensic accountant asked how he knew the inventory was worth \$400,000.

“That's what I paid for it.”

When asked if he had any documents to confirm that, the owner said no, he had paid cash.

“Can you connect me with the person who sold it to you?”

“He left the country. I have no idea where he is.”

“His name?”

“I forget.”

And so it went. For every question the owner had a vague answer.

“You were in business for five months. How much did you sell during that time?”

“Nothing. I was getting ready for a big splash but I had no money for advertising or a big opening or anything like that.”

The more the forensic accountant gently prodded the more he was convinced the man was not telling the truth. He wondered if the warehouse had even had furniture in it.

Then making as if the interview was over and everything was fine, he took out a tape recorder and asked if he could record a brief statement for the insurance company. The owner agreed.

“I just want to confirm,” he said, “that you had a full warehouse of furniture when you bought the business and that you hadn't sold anything after that.”

The owner confirmed this and other basic details of his story.

The forensic accountant then shook the owner's hand and paid the bill.

Later that day he contacted the police constable who had attended the warehouse following the alleged initial vandalism.

To show a financial incentive for the arsonist, forensic accountants must understand the business that was burned down, not just in textbook theory but also in practice

He asked him if he had seen any inventory. The constable checked his notes and replied that there were a few sofas and chairs, which looked pretty cheap.

“Do you think there was \$400,000 worth of inventory in it?”

“Not a chance,” the officer replied. “Not a mile close to that. Not 10 miles.”

After the insurance company received the forensic accountant's report it met with the owner, accusing him of lying in his claim. He was shown a statement from the police officer and he was advised that the insurers were willing to forgo any criminal fraud action against him as long as he dropped his claim. After a brief fuss, the owner agreed.

Like the crime itself, arson-for-profit cases can be hard to prove. Analyzing financial records, assessing the financial health of an enterprise and other traditional investigative methods can often produce a clear understanding of whether a financial motive existed for the arson.

But sometimes a forensic accountant has to remember that the keenest sense a bloodhound possesses is smell.

There is also a lingering odour for many people connected to the hardware store case, be they investigators or the community. A 12-storey condominium project is currently under construction at the gutted site. The developers? JFC Properties Inc., which is owned by Magno's brothers Frank and Carlo.

David Malamed, CA•IFA, CPA, CFF, CFE, CFI, is a partner in forensic accounting at Grant Thornton LLP in Toronto.

He is also *CAMagazine's* technical editor for Fraud

Critical considerations

A look at macro factors driving tax risk and how tax functions around the world are responding

Tax risk is receiving increasing attention in the boardroom and in the media. While boardroom interest is often focused on tax reporting, media attention is driving accountability toward moral considerations. In an effort to keep up with increased pressures, many tax functions have defined and enhanced their role in terms of risk management, aligned more with business activities, invested in technology tools and in controversy management, and embraced the importance of enhanced communications with key stakeholders.

What is tax risk?

Tax risk is often defined as noncompliance with tax laws, including differences in perspective between the organization and the tax authority. It is also defined in terms of limiting volatility in tax reporting and tax cash outflow in accordance with the organization's tax strategy and

appetite for tax risk.

Research by the Oxford University Centre for Business Taxation shows that investors and other stakeholders tend to prefer companies to stay broadly in line with their peers when it comes to tax liabilities. Tax liabilities that seem too low might indicate the adoption of aggressive tax planning that could create future tax controversy. Tax liabilities that seem high could be an indicator of a lack of management rigour. This research challenges any simplistic paradigm that corporate boards must accept elevated tax risk because they have an obligation to minimize tax liabilities to protect shareholder value and maximize ROI.

What is driving tax risk?

The elevated interest in tax risk can be traced to five primary macro trends:

Globalization — information technology and competitively priced skills in emerging markets are facilitating the migration of key business functions, challenging the tax function to evolve as well. Also, as companies expand to markets where tax regimes and tax administrations are still maturing, there are often new risks and higher levels of tax uncertainty. In some jurisdictions, compliance and controversy management may depend on relationships with local regulators, often creating tension with the trend of de-localizing accounting and finance competencies, and elevating tax risk accordingly.

Financial reporting pressures — The Sarbanes-Oxley Act (SOX) was introduced in 2002, requiring top management to individually certify the accuracy of financial information, increasing penalties for fraudulent financial activity and attempting to increase the independence of the external financial statement auditors and the oversight role of each board of directors. Similar to SOX, senior accounting officer sign-off rules were



MIKE CONSTABLE

adopted in the UK in 2009, requiring a nominated director to certify annually that he or she has appropriate tax accounting arrangements in place. Following the introduction of SOX, financial statement restatements grew steadily to a peak of 1,538 in 2006 from 270 in 2001, with many of those restatements attributed to the tax accounts. In response, the US Financial Accounting Standards Board issued FASB Interpretation No. 48 (FIN48), requiring businesses to analyze all tax positions that are less than certain and recognizing only those positions that are more likely than not to produce benefit in accruing tax.

Global tax competition — governments around the world initially responded to the global economic downturn with fiscal stimulus programs that were followed by austerity measures to deal with resulting budget deficits and sovereign debt loads. According to the OECD, tax measures represented 56% of the net effect of the average fiscal stimulus efforts of member countries. While austerity programs were sometimes accompanied by tax increases, many governments continued to focus their efforts on fiscal stimulus and on maintaining or increasing the competitiveness of their jurisdictions from a corporate tax perspective. Many OECD member countries are now concerned about a perception that their corporate tax base is eroding and profits are being shifted to low-tax jurisdictions.

Media pressures and reputation risk — as many tax practitioners know, having a tax issue surface in the public domain can cost a lot of money and create a significant strain on top management resources. Recent examples of media scrutiny related to tax include *The Guardian's* October 2012 series with such articles as “Facebook accused of taking UK for a ride over taxes” and “Starbucks paid no tax on UK earnings in the past three years. Is this OK?”; *The New York Times's* March 2011 article “But Nobody Pays That,” focusing on how GE's tax strategies let it avoid taxes altogether; and *Bloomberg's* March 2011 article “The Great Corporate Tax Dodge,” naming Google, Pfizer, Lilly, Oracle, Facebook and Microsoft as companies who have managed to reduce their tax rates by taking advantage of offshore tax havens.

Tax enforcement pressures — global collaboration by tax authorities has contributed to increased tax risk in a number of ways in recent years, as follows:

Tax information exchange agreements (TIEA) In April 2009, world leaders at the G20 Summit in London pledged to take action against tax havens as part of a package of measures to respond to the financial crisis, and the OECD secretariat provided a report on progress by financial centres around the world toward implementation of an internationally agreed standard on exchange of information for tax purposes. Prior to that, a total of 44 TIEAs had been signed. By the end of 2009, 199 TIEAs were signed by OECD countries. The OECD website now lists 518 TIEAs signed as of 15 May 2012.

Joint audits In September 2010, the OECD Forum in Tax Administration published its Istanbul Communiqué on ways in which two or more tax administrations could construct a joint audit of

a single company or individual with interests in multiple countries. In June 2011, the OECD announced that the Multilateral Convention on Mutual Administrative Assistance in Tax Matters was open to all countries. The convention seeks to help governments enforce their tax laws by creating an international framework for cooperation among countries in countering international tax avoidance and evasion.

More resources dedicated to enforcement In 2009, the US Internal Revenue Service (IRS) added 1,200 employees with an international tax focus and the IRS' strategic plan through to the end of 2013 calls for the hiring of at least 800 more specialists who will concentrate on transfer pricing audit and enforcement. In 2008, the UK tax authority, Her Majesty's Revenue & Customs, expanded its pool of dedicated transfer pricing resources, created a transfer pricing review board and implemented a risk-based approach to the identification and prioritization of transfer pricing initiatives. Several tax authorities have bolstered resources similarly, creat-

As many tax practitioners know, having a tax issue surface in the public domain can cost a lot of money and create a significant strain on top management resources

ing even more challenges for tax resources in business to keep up. In May 2013, the Canada Revenue Agency (CRA) announced the establishment of a dedicated team that will report directly to the CRA commissioner to accelerate the implementation of international tax evasion and aggressive tax avoidance measures announced in the 2013 federal budget.

How are tax functions around the world responding?

Most tax functions around the world have struggled to keep up with increasing pressures and many still admit to having a long way to go. However, as tax functions evolve to meet the increased demands, several leading practices have emerged.

Define the tax function's role within the organization — Leading tax functions have developed a clear statement of what the tax function aspires to be within the organization (vision) and a separate statement of what the tax function needs to accomplish to drive value for the organization (mission). With these statements in hand, leading tax functions have worked hard to develop and maintain support by socializing the vision and mission with key stakeholders and then referring to them frequently in communications.

Some leading tax functions have also worked to articulate and develop a culture that includes shared values such as teamwork, innovation, integrity, and a commitment to the vision and mission of the tax function.

Enhance the tax function's role within the organization — Leading tax functions have developed a complete inventory of the organization's tax compliance obligations and controversy matters, aligned with the business and invested in technology and training programs to enhance their role within the organization.

Developing an inventory of compliance and controversy mat-

ters should include defining ownership, who should represent the company internally and externally on such matters, and developing the ability to show stakeholders, at a glance, what the company's obligations are, the status of those obligations and who is accountable.

Aligning tax function resources with the business units creates opportunities to identify issues early and develop business strategy together. Matters to consider as tax works more closely with business units include:

- a common understanding of consultation requirements;
- documentation requirements and processes related to certain communications;
- guidelines to evaluate tax planning strategies;
- engaging with internal audit to develop and monitor processes and controls; and
- performance measurement frameworks that include feedback from the business on technical input, timely advice and other performance metrics.

Investing in technology creates opportunities for tax function resources to be redeployed on more strategic initiatives. Common technology investments include global platforms to monitor compliance and controversy matters, and automation to manage the risk of manual error in financial reporting.

Investment in tax function training programs is often focused on building nontax skills such as communication, influence and project management, while career plans are typically focused on giving good people the opportunity to get involved in more interesting projects.

Invest in controversy management — Leading tax functions leverage their vision and mission and their complete picture of the organization's compliance and controversy situation to develop productive relationships with taxing authorities, including policies and processes related to interactions with tax authorities such as documentation and internal communication protocols.

Enhance communications with internal and external stakeholders — Leading tax functions engage with the following stakeholders on critical issues:

Top management The extent to which the tax function aligns with the CFO is often an indicator of the success of the tax function in achieving its vision and mission. Best practices to win the trust of top management include:

- communicate vision and mission to the CFO and the board, emphasizing how the tax function adds value to the business;
- host regular meetings with executives to explain why new laws and regulations may be relevant;
- highlight the benefits of being involved in business decisions early in terms of earnings per share and cash flow or other broadly understood measures;

- initiate communications with finance and business managers so they feel comfortable approaching the tax group with questions, or host workshops to make tax relevant to what they do; and

- report progress regularly against the vision and mission.

Board of directors The tax function has an increasingly important role in educating the board on the evolution of tax risk considerations and the extent of resources required to manage this risk. The tax function needs the board to understand that tax risk management may be expensive but the costs of getting it wrong can be much greater. Leading tax functions also educate the board on tax risk developments around the world, knowing that developments in one jurisdiction may be leading indicators of changes in another jurisdiction.

External stakeholders Leading tax functions get to know people in the organization who are responsible for communications and public relations, consulting with them in connection with

The extent to which the tax function aligns with the CFO is often an indicator of the success of the tax function in achieving its vision and mission

anything material on the financial statements and on significant controversy matters.

Conclusion

Tax risk is a critical consideration for organizations and their governing bodies. Scrutiny on tax matters has increased while legislative changes and increased tax enforcement activities make it more difficult for tax functions to keep up. However, studies of leading tax functions around the world have identified a few leading practices that can help all tax functions evolve to address tax risk more effectively within their organizations.

Alison Jackson is partner with Ernst & Young in Calgary

Technical editor: Jay Hutchison, tax managing partner, Canada, E&Y



Microcomp
EVALUATE, INNOVATE, INTEGRATE

We are Information Technology Specialists.
Call us for an evaluation.

Le Groupe Technique Microcomp inc.
9275, boul. Lacordaire,
Montréal (Québec) H1R 2B6 **25 years**
1988 - 2013
T.514.251.7902
info@microcomp.ca

Business Partner **IBM**

Change your tune

Inclusion and understanding are the keys to intergenerational harmony in the workplace. Here's how one team leader did it



Many in today's workforce struggle with intergenerational issues. Clearly there are differences among the various generations, but there are also significant similarities. The age demographic of our workplaces has changed. And it will continue to do so. Based on Statistics Canada's projections, half the population will be older than 43.6 years of age in 2026.

The current trends suggest many retirement-aged employees are remaining in the workforce longer as young people enter in record numbers. At the same time, traditional hierarchies are being replaced with team-based models. This means workers of all ages are closely interacting, often with profoundly different views on key issues. Psychologist Constance Patterson, training director

for New Orleans-based Louisiana School Psychology Internship Consortium, an American Psychological Association (APA) accredited program, agrees that some differences stem from generational diversity in the workplace.

"A lack of understanding across generations can have detrimental effects on communication and working relationships and undermine effective services," Patterson says in an APA article, "Generational differences at work."

Take the case of Amanda, whose situation reflects the dynamic Patterson identifies. As the finance director in a division of a large global company, Amanda manages a team of 20 and was accustomed to success. When she assumed her current role, she began to experience problems. The team's results were outstanding and Amanda's superiors were thrilled; however, Amanda had high expectations. By her standards, the team wasn't coalescing — not

BLAIR KELLY

with her and not with one another. What's more, she couldn't put her finger on the problem. When she expressed concern to her immediate superior, he recommended she enlist the services of an executive coach.

In their first meeting, Amanda explained that, in her mind, the team was working as a group of individuals and not as a team. Amanda was asked a series of questions. Afterwards, she realized the biggest issue was with two employees. Working more effectively with them would help the whole team. There was Will: although an excellent contributor, he refused to go to team-building functions outside the office. Shelley, their self-appointed indispensable tech guru, always seemed to ask for a day off during crunch time. The rest of the team seemed to take its lead from these two. Consequently, finding a way to work more effectively with the two of them would help the whole team.

The coach interviewed and conducted personality profiles on each member of Amanda's team and sat in on a team meeting.

Unlike some teams, Amanda's group worked well in terms of its different personality traits, workplace motivations and learning styles. No doubt this contributed to the team's overall success. What was singled out as a potential explanation for Amanda's concerns was the age component of the team, including Amanda's place within it. Ranging from 28 to 64 years, her team encompassed a few baby boomers (45 to 64), several gen Xers (29 to 44), and a few gen Ys (20 to 29). Aware that each age group has distinct views and expectations about management styles, technology, work ethic, work-life balance and company loyalty, the coach included in her interview questions to determine if generational values were influencing the team and, in particular, the two Amanda had singled out, Will and Shelley.

At 58, Will was one of the senior team members. Conversely, Shelley, 28, was the youngest contributor. As the team's leader, Amanda, 35, was wedged between this demographic.

Managing an intergenerational team presents challenges; it also comes with rewards — if you understand differences and focus the team on shared objectives.

In talking with Will, it was clear he enjoyed working with Amanda and the team, but he believed socializing outside of office hours was inappropriate. Will expressed a concern about the lax attitude of some younger team members. He believed that personal commitments should take a backseat to work deadlines. Although he was hopeful about the team's online presence, he confessed to feeling out of the loop. Finally, Will cited a concern regarding Amanda's constant requests for status updates. If she trusted him, Will thought she should simply let him do his job.

Shelley too said she loved her job, her team and the status and credibility of being the team's techie. She was aware that more established team members weren't as knowledgeable or interested in social media as she was. Ambitious and eager to make her mark, Shelley thought this was an opportunity for her to contribute and to let others off the hook. Committed to her ca-

reer, Shelley was happy to spend time with her coworkers before, during and after work. She spent a great deal of her leisure time completing projects at home. She believed this total commitment should be reciprocated when she needed some personal time. Taking care of her needs, as far as Shelley was concerned, would only make her a better employee and team player.

To her credit, Amanda was intuitive regarding her team's disconnect. Fortunately for her, the coach could pinpoint the problem so Amanda could better direct her team. Shelley and Will were informal leaders. Working with these two team members differently helped Amanda help the whole team.

Leading intergenerational teams requires more than knowing the work styles of individual members. A team leader must also understand the way each generation views the others, manage those perceptions and boost cross-generational similarities.

Amanda broadened her leadership style to make room for generational considerations. For instance, when Amanda learned that Will considered her well-intentioned effort to offer him positive feedback a negative, she stopped checking in so frequently and let him do his job. This cleared her plate to tackle more immediate issues. She stopped pressing him to attend so-

Managing an intergenerational team presents challenges; it also comes with rewards — if you understand differences and focus the team on shared objectives

cial events after hours. Amanda also paired Will with Shelley in an upcoming team initiative, believing the collaborative effort would foster better mutual understanding and respect.

Amanda's new comprehension of Shelley's perspective revealed some of her own biased perceptions. Amanda realized that Shelley worked constantly and that her frenetic, haphazard style was actually benefiting the team and the company. Where in the past Amanda viewed Shelley's request for time off as a lack of commitment, she now understood it was actually Shelley's desire to retain some work-life balance, something Amanda also demanded. Where Amanda was structured in her approach, taking time off when appropriately designated, Shelley grabbed the time when and where she could.

Armed with this knowledge, Amanda was confident she could lead her group to become a truly great team. She set out to educate herself further. Her coach drew up an extensive reading list for Amanda to deepen her knowledge of cross-generational issues. Amanda also altered her expectations to include flexible work arrangements and feedback processes that better fit the different needs of her individual team members. By applying her new-found principles, Amanda was certain her team would achieve even greater success.

Sandra Oliver is a business coach and owner of Impact, a global business coaching firm. She is also *CA* magazine's technical editor for people management and can be reached at sandra@impact-coaches.com

Quality counts

Ensuring your clients are the ones you really want takes time and effort, but in the end it's a win-win for everyone

Every professional wants quality clients, that is, those with some combination of professional challenge, acceptable engagement risk and a good fee recovery. But many practitioners have what they consider difficult clients, who are just plain hard to service for a variety of reasons.

The importance of having and maintaining quality clients seems self evident. Difficult ones can be overly demanding on staff and firm resources for the fees they are willing to pay, may treat professional services as a necessary evil, and carry a higher than normal engagement risk.

A quality client is not always one that is easy to service. However, the risks and challenges are understood by everyone involved in the engagement and the value added by the professional is appreciated.

So how do practitioners determine which clients are best suited to them and their firm and, just as importantly, how do they go about shedding those that are overly difficult to service?

Establish quality client service and quality client profiles As a practitioner, it is essential to determine what the attributes of quality client service are to you and, equally important, what a quality client for your firm looks like. Unfortunately, this is not a one-size-fits-all exercise.

One way to establish what quality client service and a quality client look like from the auditor's perspective is to develop a profile for both that are unique to the firm and the practitioner. Evaluating new and existing clients — and the ability to service them — against these profiles is an important first step to consciously building a practice full of quality clients.

Quality service To deliver quality service, think about what your firm considers quality service and determine whether you can deliver that service on a client-by-client basis.

Good practice management is not only profitable, it is also a requirement — many of the attributes of quality audit service are requirements in Canadian auditing standards (CAS). Specifically:

- Does your firm have sufficient competencies to do the work [CSQC1.30 & .31; CAS 220.14]? For example, if you are asked to report on a statement prepared in accordance with international financial reporting standards and you have little experience with the framework, can you obtain the skills required?
- Are timelines sufficient to allow for an appropriate level of service? If they are unreasonably tight, then the quality of service may suffer.
- Are fees likely to be appropriate to the skills and time required to perform the engagement? If not, then there could be unwanted pressure to cut corners to make up time. Also, the engagement could be delayed in favour of completing more profitable business first. Service could suffer as a result.
- Are communications with the client likely to be conducive to a quality engagement? For example, if a prospective audit client does not want you to do the work on site, will you have access to the people you need to talk with to provide quality service?

Quality clients Consider what type of client is important to you. Factors to consider when establishing the profile of a quality client could include, but are not limited to:



- The client's field of operations — professional service is about adding value to clients and the ability to add value is increased if you know the industry. Having the necessary competence and capabilities is required under CSQC1.26(a) and CAS 220.14, so consider your areas of expertise. If you contemplate accepting a client in an unfamiliar industry, do you have the requisite competence and capabilities to provide quality service and, if not, are you willing to invest the time needed to get up to speed?

- The size of the client — just like its industry, the client's size should fit your firm's skill set. A firm focused on small clients is likely to find servicing a large client just as much of a challenge as a firm focused on large clients trying to service a very small one. In addition, accepting an out-of-profile large client may jeopardize a firm's ability to serve its customary small and medium enterprise client base efficiently over the short term. Size does matter and is a factor in selecting quality clients. What size of client is most effectively and efficiently serviced by you and your firm?

- The client's financial position and future prospects — are you willing to accept a client that is in a weak financial condition? You might think twice before continuing with or accepting a client with a significant accumulated deficit or a prolonged history of losses. Clients at risk of contravening debt covenants and other commitments may also carry more risk than is acceptable to the firm. Again, your firm needs to determine the level of risk it is comfortable with and set its criteria accordingly.

- The state of the books and records — an accurate, timely and organized set of books and records is a treat to audit, review or compile. At the other end of the spectrum, an error filled, incomplete and disorganized set of books and records can be a nightmare. It really pays to do due diligence up front, so ask yourself how much pre-engagement work you are willing to accept and if you are willing to work with any accounting system or bookkeeper [CAS 210.06(b)(ii)/A18]. Again, establish what you consider an acceptable accounting environment and add that to your quality client profile.

- The client's understanding of the engagement — audit and review engagements in Canada are conducted on the fundamental premise that the client has responsibility for the preparation of the financial information presented [CAS 210.06(b), *CICA Handbook — Assurance* 8200.18]. The client's responsibility for preparing the financial information is generally reflected in the entity's incorporating legislation. Do management and those charged with governance understand and acknowledge their responsibility for the financial information reported? If not, the practitioner will be unable to accept the engagement. This premise is especially important when considering engagements with smaller clients who often do not have in-house accounting and financial reporting expertise. The client's willingness to take the time to understand the financial information and take responsibility for it is an important aspect in selecting quality clients.

- Client integrity — is fundamental to a quality client. There is no faster way to increase engagement risk to an unacceptable level than to deal with a client that lacks integrity. A firm must have acceptance and continuance policies and procedures to consider the integrity of a client [CSQC1.26(c)]. Obtaining information about the integrity of the client and comparing it with your qual-

ity-client profile assists you in reaching appropriate conclusions about acceptance and continuance of an engagement. Ensure that you add integrity to your quality-client profile.

Using your profiles

Quality-client service and quality-client profiles are only helpful if they are used. And that means taking the time to compare prospective or existing engagements against these profiles.

If a prospective or an existing engagement does not fit your profiles, then you need a good reason to accept the engagement. At stake are higher-than-acceptable engagement risks at best and a failed engagement at worst, coupled with lower-than-acceptable profit margins.

Consider developing a one-page checklist that works for your firm, listing the attributes you consider essential to performing quality service and gauging the quality of a client. Complete the checklist before accepting a new client. Do this again at the end of every continuing assignment to evaluate whether the client continues to be right for you, your staff and your firm.

Disengaging from difficult clients

How can you disengage from a difficult client? How about one that has been a client for years?

Chances are difficult clients could be as dissatisfied with your service as you are with them. In addition, staff members are likely not thrilled with having to work and deal with a difficult client year after year.

If you have identified a client that does not fit your quality-client profile and you have decided to end the relationship, consider the following:

- have an engagement team meeting to make sure you clearly understand the team's concerns and it understands yours;
- if the client is an audit client, ensure your concerns are clearly documented in a letter to those charged with governance no later than the end of the engagement [CAS 260.16(b) and CAS260.22]; and
- advise the client you will be terminating your relationship shortly after the current engagement is complete. Delivering this message is always stressful. But delaying it to the week before next year's engagement is to start is unprofessional.

Quality clients are good for everyone. They receive the best service and staff members enjoy being part of the engagement team. By definition, quality clients also have a risk profile acceptable to the firm culture and good fee recoveries.

But — just like any relationship — making sure all your clients are the ones you want takes time and effort. Figuring out what you are looking for in a client relationship, comparing this with the attributes of current and prospective clients, and taking action to end unacceptable relationships is a formula for success for both your firm and for your clients.

Phil Cowperthwaite, FCA, is a partner of Cowperthwaite Mehta and a member of the IFAC's Small and Medium Practices committee

Technical editor: Ron Salole, vice-president, standards (retired)

AND FINALLY...

HOW THEY DO IT IN...



ITALY

Every summer starting August 15, Italians take a break from the hustle and bustle of business to recognize Ferragosto, the celebration of the Assumption — the Christian observance of the Virgin Mary's elevation into heaven.

During this national holiday that roughly signals the start of the country's vacation period until September, business grinds to a halt. Everyone is affected — from labourers to executives. But it's not sunshine and sojourns for all.

Renato Bomben, founder of tour operator Il Diamante, says his business is typically swamped during these dog days of summer. "In August our turnover is one-fourth of [the turnover for] the year," he says, "which means that we work under an unbelievable amount of stress — overtime, Saturdays and sometimes Sundays." Companies outside the travel business, however, are not affected as much because they are used to losing one month of business, adds

Bomben. Because of this, they split their income into 11 months so there is practically no loss.

For Italians, going on holiday is a must — more important than anything else, Bomben says. As a result, the majority of stores in the big cities close down for the roughly three weeks of Ferragosto. So if you're travelling for business, be aware that while the main tourist sites will be open during the second half of August, your favourite restaurants may be closed.

This period of rest and relaxation took shape after the Second World War, as Italian society started changing from an agricultural to an industrial focus, says Bomben. "Instead of having workers [go one at a time] on holiday — therefore breaking the assembly line — the industries decided to close in August for holiday," he says. "During that time, the factories were closed, and all suppliers had to follow."

But the times are changing. Although in the past it would be challenging to find essential services — such as supermarkets and hairdressers — open, it is becoming more common for businesses to remain open. For Bomben, this is a welcome change. "This is good for everybody and the economic crisis that has hit us will accelerate the change," he says.

Vanessa Santilli

Where are they now? LOUISE MARION



Portrait of the accountant as artist

When we met Louise Marion nine years ago (*People*, **January/February 2004**), she possessed not one, but two passions: numbers and drawing. Although art has moved to the forefront of her life, both callings are inextricable parts of her personality.

In 2008, Marion decided to devote all her time to painting, something she had dabbled in part time for more than 25 years. "To me, a painting provides an escape for those viewing it," she says. "When I paint, I always have that objective in mind. I am known for my brightly coloured canvases, which reflect the joy of living. It's my way of expressing small moments of happiness."

This move took her career to another level. Marion's street scenes and landscapes now sell for \$500 to \$3,000 and are exhibited in six art galleries in Quebec, New Brunswick and even Paris.

The accountant-painter also has her own website (louisemarion.com).

net), which she rigorously keeps up to date. "It's my storefront on social networks and my virtual business card," she explains. This highly sought-after artist says she participates in about 10 symposiums every summer. This year, she has nine events scheduled, and she will be the honorary president of the AutomnArt Symposium from September 20 to 22 in La Tuque, Que.

Always looking for inspiring subjects, Marion spends a great deal of time on the road. She particularly likes to photograph Eastern Canada and the European Mediterranean regions of Provence, Périgord, Brittany and Spain. She will be in Greece next month and in Tuscany in 2014.

However, the artist has not completely turned her back on accounting. She has kept two clients: her former employer Cirque du Soleil and One Drop, a charitable organization established by Cirque founder Guy Laliberté, which use her specialized services for their financial year-ends. "What I like about my profession is that I can paint as much as I want, but still work for a few weeks a year as an accountant," she says.

Marion has mastered the art of doing two things she loves without losing sight of what really matters. By Marie-Josée Boucher



In my carry-on

by Jaclyn Law



BILL MCFARLAND

The CEO and senior partner of PwC Canada joined the firm in 1980 and became a partner in 1992. From 2002 to 2005, he led PwC's audit and assurance practice in Toronto. He was one of two national managing partners from 2005 until his appointment as CEO in 2011. He has been the lead audit partner for several multinational clients and is the senior relationship partner for many larger clients. McFarland graduated from the University of Toronto with a bachelor of commerce degree in 1980 and earned his CA designation in 1982. He is very active in the community, serving on many charity boards, including the Canadian Chamber of Commerce and the United Way of Greater Toronto. We asked the Richmond Hill, Ont., executive and family man to tell us about what he has in his carry-on.

TRAVEL FOLIO

"It contains my passport and my Air Canada VIP pass, which ensures I miss the long lines at airports. I spend half my time visiting clients, making sure PwC is bringing the value and quality work that our reputation and brand stand for. Building relationships is really important in my leadership role."

VANCOUVER OLYMPICS PIN

"I was lucky enough to be there. The pin reminds me of being a proud Canadian, which I am. PwC sponsors seven Olympic athletes so they can train and be the best they can be. It's our way of giving back to the community."

TABLET AND SMARTPHONE

"[My PlayBook and BlackBerry] are important for staying connected with my family. One of my kids plays professional hockey and another is an assistant coach for the Oshawa Generals, so I like to know how their teams are doing. Also, with my PlayBook, I can read to prepare for meetings. It makes life more convenient."

BOOK

"I pick books that are interesting from a business



and personal perspective. I'm reading *Talent is Overrated*, by Geoff Colvin. The key messages are that you need passion to be good at anything, and you've got to practise and work hard to reach your potential. I also like magazine articles about coaching, leadership and

people development. I share those with my leadership team so we can learn and reflect on the insights."

CYCLING SUIT

"I love cycling. I ride on weekends at the cottage, near Huntsville, Ont. I'm an early bird, so I'll get on the

road at 6:30 a.m. and ride for two hours. I carry this suit in spring and summer — seats on road bikes are narrow, and you want that padded butt. I did 2,000 km last summer. It's very relaxing. I solve some of the biggest problems while riding my bike, when I have time to think."

PAUL ORENSTEIN

AMBIT

TRIED + TRUE

Ambit is an executive search firm with a defined focus on finance and accounting professionals. We provide a unique depth of service and understanding of the market.

We know the key individuals and we have the experience to bring them together. It's a tried and true approach.

Learn more about us
+ 416.703.5050

AMBIT SEARCH
401 Bay Street, Suite 1440, P.O. Box 40
Toronto, Ontario M5H 2Y4
www.ambitsearch.com



CATHY LOGUE, SHERIZA PERABTANI & JOANNE ELEK

O'SULLIVAN

ESTATE LAWYERS

Estate Planning • Will & Trust Planning • Incapacity Planning
Trust & Estate Administration • Estate Litigation
Legal Opinion Work • Advice to Executors, Trustees & Beneficiaries

O'Sullivan Estate Lawyers Professional Corporation
Ernst & Young Tower, Toronto-Dominion Centre
222 Bay Street, Suite 1410, P.O. Box 68, Toronto ON M5K 1E7
www.osullivanlaw.com Tel 416-363-3336 Fax 416-363-9570

 RANKED IN TOP 5 Trusts & Estates Boutiques in Canada
2012

CANADIAN LAWYER



LOOKING FOR A CHANGE OF SCENERY?

Sell your practice with peace of mind. We simplify the process and help you get more for your practice... along with the BEST terms.

BUYERS, registration is FREE and simple!

To learn more, contact Brannon Poe
at bpoe@poe-groupadvisors.com
or visit our website www.PoeGroupAdvisors.com



U.S. CPA NOW

www.uscpanow.com

IQEX U.S. CPA Prep Program

20th Year
93% Cumulative Pass Rate
Courses start at \$399 U.S.

Contact Aubrey Glazman at
404.869.0230
aubrey@uscpanow.com

1% TRAINING OBLIGATION (QUEBEC)

- Tired of paying all or part of the 1% ?
- Will your back-up survive an audit ?
- Prior years internal verifications
- Pay Equity Compliance



Tel: (514) 484-5160
Fax: (514) 484-5453
E-mail: info@liwconsultants.ca
www.liwconsultants.ca

PAY EQUITY/L'ÉQUITÉ SALARIALE AUDITS IN PROCESS

The commission de l'équité salariale (CES) is now auditing Quebec enterprises to insure Pay Equity compliance. **Don't wait until you get a CES audit notice!**

LIW Consultants has assisted numerous Quebec corporations implement Pay Equity and our proven methodology has been validated by the CES.

Beginning 2011, all enterprises must file an annual government declaration.



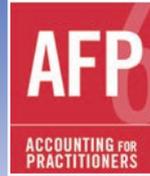
Tel.: (514)484-5160 • Fax: (514)484-5453
E-mail: info@liwconsultants.ca
www.liwconsultants.ca



Contact:

Darcey Romeo at 416.204.3257
or: dromeo@cpacanada.ca

Tools of the Trade Easy to Learn & Easy to Use!



PENDOCK ACCOUNTING for PRACTITIONERS
For *Easier* Trial Balance, Working Papers and Financial Statements.

PENDOCK PRO-FORMA PLUS
An *Easier* Solution for Cash Forecasting, Budgeting and Business Planning!



PENDOCK VIA
Makes Automobile Taxable Benefit Calculations *Easier!*

Easier because they're Excel-based!

Visit WWW.PENDOCK.COM for information.
Or call us at 800.567.4500

pendockmallorn Inc.
Excel-based accounting & financial management software tools.

Replying to a CAmagazine Box Number?

Box

277 Wellington Street W
Toronto ON M5V 3H2

Fax us at

416 204.3409

Send e-mail to

advertising.camagazine@cica.ca

Please ensure that the **Box Number** is clearly indicated on your envelope, fax or e-mail.



CPA|SOURCE

Looking for your next challenge?

Search and apply for new career opportunities
Have postings sent directly to you via Job Alert emails
Create a searchable resume to have employers find you

Visit:
www.cpasource.com



One size fits none.

Every call is one-of-a-kind. We don't use a cookie-cutter.

Every call is one-of-a-kind. We don't use a cookie-cutter. When it comes to placing the right accounting professional in the right interim role, PTC gives you the perfect fit. With over 20 years of experience, PTC tailors your company's needs with the skills and expertise of our highly trained and qualified accounting pros. Nothing too tight, nothing too short – just the absolutely right size for the job. Call PTC today!



accounting
& finance inc.

Concord: 1600 Steeles Ave. W #300 Concord ON L4K 4M2 | Toronto: 401 Bay Street Suite 1440 Toronto, Ontario M5H 2Y4
TEL 905 660 9550 | FAX 905 660 1051 | TOLL FREE 1 877 303 9550 | ptcaccounting.com

PROFESSIONAL OPPORTUNITIES

Poe Group Advisors – Please see our website at www.poegroupadvisors.com. Are you ready to sell your practice now? Sell your practice through Accounting Practice Sales for a fixed price without an earn-out deal that will carry on for years. After all, if you wanted to stay in practice, why sell out? **BUYERS** – registration with us is simple and free via our website. North America's leader in Accounting Practice Sales. Contact Brannon Poe for a confidential discussion at: 1-888-246-0974 or via email bpoe@poegroupadvisors.com

Buyer – Calgary: A two Partner Accounting Firm with over 20 years of public practice experience is looking to buy an accounting practice of any size. The firm provides audit, review, compilation, tax and other related services to various sizes of clients with a diverse industry base. All correspondence and discussions

will be held in the strictest of confidence. Please contact purchasingapractice@gmail.com.

Growing Eastern Ontario Multi-Office CA Firm – Would like to purchase a practice or a block of accounts in the greater Kingston area. Serving owner managed businesses, individuals and not-for-profit organizations (audits, reviews, NTRs) for almost 50 years, and experienced in successfully transitioning clients through a practice purchase. Please reply in confidence to: easternont.CAfirm@gmail.com

LONDON, ON AREA CAs – Planning retirement? Maximize after-tax proceeds on transition of your practice to well established full service sole practitioner using proven model. Determine in confidence if this is a good fit for you and your staff. LondonCAfirm@gmail.com

Well established Niagara CA firm is looking for a CA to join our team

of professionals. Preference will be given to CAs with a minimum of 5 years of experience in public accounting serving owner managed business. Completion of the CICA In-Depth Tax Course would be an asset. We are looking for an enthusiastic individual with a strong desire for partnership opportunity in the near future. Please forward resume and salary expectations to Box 722, CA magazine.

Buyer – Durham Region. A growing CA firm wishes to purchase a practice or block of accounts in the Durham area. We provide a full range of assurance, accounting, tax and business advisory services. Flexible succession terms available. Please reply in confidence to: durhamregion.CAfirm@gmail.com.

East GTA Buyer – Established CA firm very interested in purchasing an existing practice or block of accounts. We specialize in providing a high level of service to owner managed

businesses and NPOs. Flexible succession arrangements available. Contact durhampractice@gmail.com.

CPA, CA Practice Our professional office wishes to purchase a practice in the greater Montreal area. We are a full service accounting and auditing practice and are part of a world wide network with affiliate offices all over the world. We can offer extremely lucrative cash payments or very flexible succession arrangements depending on the objectives and time frame for the partners. Please reply in confidence to : William Grzywacz Perreault, Wolman, Grzywacz A partnership of Chartered Professional Accountants, Chartered Accountants 5250 Ferrier Street, Suite 814 Montreal, Quebec H4P 2N7 Tel: (514) 731-7987 Email : william.grzywacz@pwgca.com We are a member representative of Nexia International a world wide network of independent accounting and consulting firms.

Okanagan Buyer – A well-established and progressive CA firm with offices in Vancouver, Surrey and Kelowna is looking to acquire a book of accounts in the Okanagan region with annual billings up to \$1m. If we can aid you in your transition plan, we'd like the opportunity to talk to you about our ideas. For more information please contact okanaganCA@gmail.com

West Toronto CA with looking to merge – Sole proprietor with billings in excess of 900k looking to merge with another sole proprietor or small CA firm to facilitate continued mutual growth. Please contact calookingtogether@gmail.com

OPPORTUNITY FOR CA – Small North York CA firm looking for an experienced CA with a nucleus of accounts with merger and/or succession possibilities. The right person will be technically current with ASPE and QAM. Reply in confidence with resume to: accountantsforfun@hotmail.ca

Vaughan CA looking to purchase a practice in the GTA. Any size considered. Succession arrangement possible. Please reply to lporretta@rogers.com. Replies received in strict confidence.

Self-employed CA in Public Practice wanted with interest in income taxes. Possible succession arrangement, in a progressive public accounting firm located Toronto North, with good working environment to complement our supportive staff. Please reply with resume to Box 724, CAmagazine.

CA (Canada/US tax specialist) looking to acquire a practice or block of accounts in the GTA or Halton/Wellington/York region, minimum \$75K-\$250K gross billings. Please reply to Box 705, CAmagazine.

Established Toronto CA, sole practitioner, interested in association or merging with another small to mid-sized C.A. firm in the central Toronto/North York area. Experience

with reviews, compilations and personal income tax returns. Reply to: cpapractice2013@gmail.com

Established CA Practice in the GTA for Sale, billing \$65,000K. Asking \$65,000K. Please contact: info@tmcaccountingsales.com

ACCOUNTING SERVICES

IFRS and Internal Audit Services – CA in the GTA with over 25 years of experience. Available for contract assignments including IFRS, internal audit and compliance. We address shortfalls in staff competencies or staff compliment. See www.glenidan.ca or call 416-262-6649.

External Monitoring and CA Advisory Specialists. We can: be your firm's external monitor; be your file quality reviewer; review financial statement presentation; assist with complex transactions and transition to new accounting standards. You can: make your life easier; reduce your risk; ensure adherence to professional standards. Visit www.jonesoconnell.ca or call 905-688-4842.

WEB DESIGN

Website Design – Do you need a website? Is your existing site in need of an upgrade? Do you lack the time to develop and maintain your website? Do you want a professional site at an affordable price? Visit us at accountantswebdesign.ca

OFFICE SPACE

Bayview and Hwy 7 – Prestigious office space available in the Richmond Hill area alongside professional entrepreneurial firm. Ideal for sole practitioner, or retiring practitioner(s) seeking successful short, or long term transition. Executive and junior offices, as well as bullpen cubicles available immediately. Amenities include boardroom, kitchen, internet, photocopier/fax and underground parking. Please contact Sharon at 905-709-0054 ext. 0

Woodbine/Steeles – Space available in CA / CPA office for sole practitioner commencing Nov 1, 2013. Boardroom, kitchen and office equipment available. Easy access to 401, 404 and 407. Comfortable surroundings, free parking. Call 905-475-6795, ext. 223 or 225.

Yonge/Sheppard – Space in C.A. office available for sole practitioner. Boardroom, reception, kitchen and all necessary up-to-date office equipment. Charming, professionally decorated building with ample free parking. Short walk to Yonge Street. Call 416-223-5111 ext 224.

IT SUPPORT SERVICES

We provide reliable IT services to Accounting Firms & Professionals. We offer managed proactive services for both cloud and onsite servers / workstations. Supporting local and remote locations across Canada from NOC in Metro Vancouver. Welcome

Networks Inc. Contact Jag: 604-515-1700
http://www.welcomenetworks.com

ZUNARAI BUSINESS SOLUTIONS

Complete IT Support Services

Workstation Setup, Servers, Networking, Remote Access., Backup Services

Serving:
GTA, Mississauga, Oakville
Call: 905-820-4036

www.zunarai.com

Your **Classified** advertisement will

cost as little as **\$120**

For more information contact:

Darcey Romeo
at 416-204-3257

BUYING, SELLING OR MERGING YOUR PRACTICE?

Practice Link is a new confidential service facilitating the acquisition, merging or selling of your practice. We help you position your firm for a successful transition.

Practice Link is managed personally by the CPA Canada Member Services Department.

To participate in Practice Link, visit www.capracticelink.com



CA Practice Link



Japan charting the course

One of today's great economic myths is that Japan has been in the grips of an economic crisis for more than 20 years. It is said that the 2011 tsunami made a difficult situation dating back to 1990 even worse, while the collapse of the gigantic housing bubble plunged the country into a deep recession from which it has yet to emerge. The Nikkei index on the Tokyo stock exchange today is a third of its value in 1990. Industrial leaders such as Sony and Panasonic are experiencing financial difficulties. The Japanese government has been posting chronic deficits, with public debt at 175% of GDP, double that of Canada.

Things are not always what they seem however. There are in fact many positive indicators. The yen today is worth 50% more than in 1990. The unemployment rate, half that of Canada's, has been fluctuating at 4% for the past 20 years. Japan continues to post a current account surplus, while most large industrialized countries have a deficit. Also, anyone who visits Japan cannot help but be surprised by how well off people seem and by the quality of infrastructure. To a visitor, Japan's situation appears relatively positive. So who's right?

There have been few examples in the world of speculative bubbles as large as the one that burst in Japan in the late 1980s. An annual economic growth rate of more than 4% between 1980 and 1990, double that of Canada's, led to a dramatic inflation in the values of both financial and real assets. The Nikkei rose to 35,000 from 10,000. In 1989, a square metre of land in central Tokyo sold for \$40,000. Flush with capital, Japanese investors bought New York's Rockefeller Center. In 1990, the Japanese economic model was the envy of the entire world.

But everything fell apart that year with the collapse of the housing bubble. Since then, Japan's economic growth has declined to half of Canada's, about 1% per year. Despite record deficits (9% of GDP in 2011), the Japanese government has not succeeded in stimulating demand.

During all these years, Japan's central bank seemed to be paralyzed. For more than 20 years, several stimulus programs have been launched, without any real lasting impact. Indeed, for many observers, Japan has become the model of what not to do.

Yet in many respects Japan is doing well. Social inequalities, for example, are far less prevalent than in Canada. Tokyo streets bear witness to the population's high standard of living. Japan's low population growth rate and the decline in its workforce conceal a relatively solid economic performance.

For the past 20 years, annual productivity growth, on an hourly basis, has averaged 1.7%, compared with Canada's 1.3%. In one of its main export markets — China

For many observers, Japan has become the model of what not to do. Yet in many respects it is doing well

— Japan sells mostly high-value-added products, not commodities like Canada. Japan's automobile industry is booming. Its public debt, although high, is concentrated exclusively in Japan. Its solid balance of trade surplus allows it to export capital.

This relatively solid economic scorecard is reflected in Japan's social statistics. Life expectancy is one of the highest in the world. The crime rate is very low. The country's cities are clean. Finally, North Americans can all be envious of the quality of Japan's infrastructure.

Japan is the first country in the world that has had to contend with an aging population. Canada will be gradually experiencing this situation that Japan has dealt with relatively well. Even if GDP growth is weakening, because of very slow population growth, the economy per capita is doing well. The Japanese are productivity driven.

Instead of pitying the Japanese and feeling superior, Canadians need to learn from them. They are successfully charting the course of our future.

Marcel Côté is a strategic adviser at KPMG SECOR in Montreal



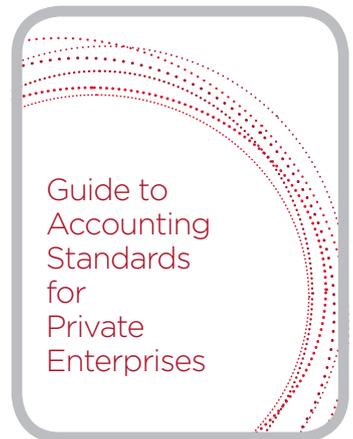
A closer look at ASPE

Guide to Accounting Standards for Private Enterprises

A comprehensive guide to the application of the new accounting standards that were developed specifically for private Canadian enterprises, the *Guide to Accounting Standards for Private Enterprises* will help to improve your knowledge and understanding of the requirements in Part II of the *CICA Handbook - Accounting*. Using illustrative examples, charts and diagrams, the Guide will provide you with a solid platform to exercise sound judgment when applying the standards to financial reporting problems that arise in the application of ASPE.

INTERNET • DVD • DOWNLOAD

ORDER TODAY!



Visit: CAstore.ca/GTASPE-cpa

Call: 1-855-769-0905

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

Complex Legal Problems. Simple Business Solutions.

You are a good accountant and financial advisor. You've looked after your clients' interests well. But now they need legal counsel as issues get more complex, and your clients become more concerned. You need to make a referral that will ensure the best possible results for them.

Our family of boutique law firms have the combined experience and expertise to achieve results.

Heydary Hamilton PC www.BusinessLawyers.ca

One of Canada's leading business litigation firms is ready to assist with commercial litigation matters including shareholder disputes, investment losses/fraud claims, franchising and various contract matters.

Heydary Green PC www.Lawyers.fm

A boutique family law firm, offering first class representation for clients undergoing separation, divorce or estate disputes involving family assets.

Heydary Hayes PC www.ITlawyers.ca

A boutique Intellectual Property, Technology and Media firm, Heydary Hayes PC provides specialized transactional and commercial advice on all matters related to technology.

Heydary Samuel PC www.Lawyers.sh

A boutique Real Estate firm that focuses on residential purchase & sale in addition to commercial and industrial property transactions.

HEYDARY LAW
FIRMS

www.Heydary.com

66 Wellington St. W., Toronto Dominion Bank Tower
Suite 4500, M5K 1H1

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.