



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

2020

Member Engagement Tour

CPABC Update



ECONOMIC UPDATE

DIGITAL TRANSFORMATION

COVID-19 UPDATES

INDIGENOUS STRATEGY

CYBERSECURITY/or AML

BC CHECK-UP



Report & Survey

BC CHECK-UP: WORK



Employment Did BC's labour market expand or shrink?



Labour Compensation How much does the average BC worker make?



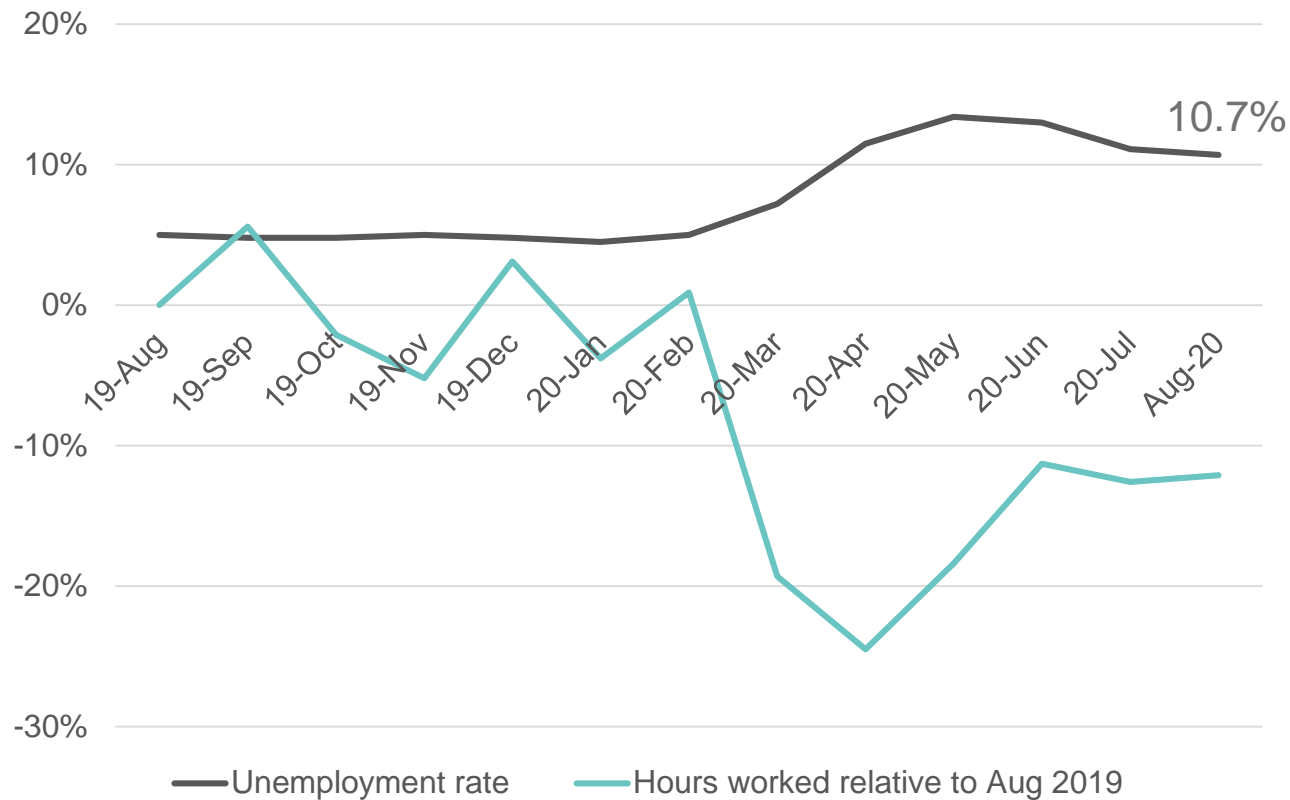
Unemployment Rate What is the share of unemployed workers in BC's labour force?



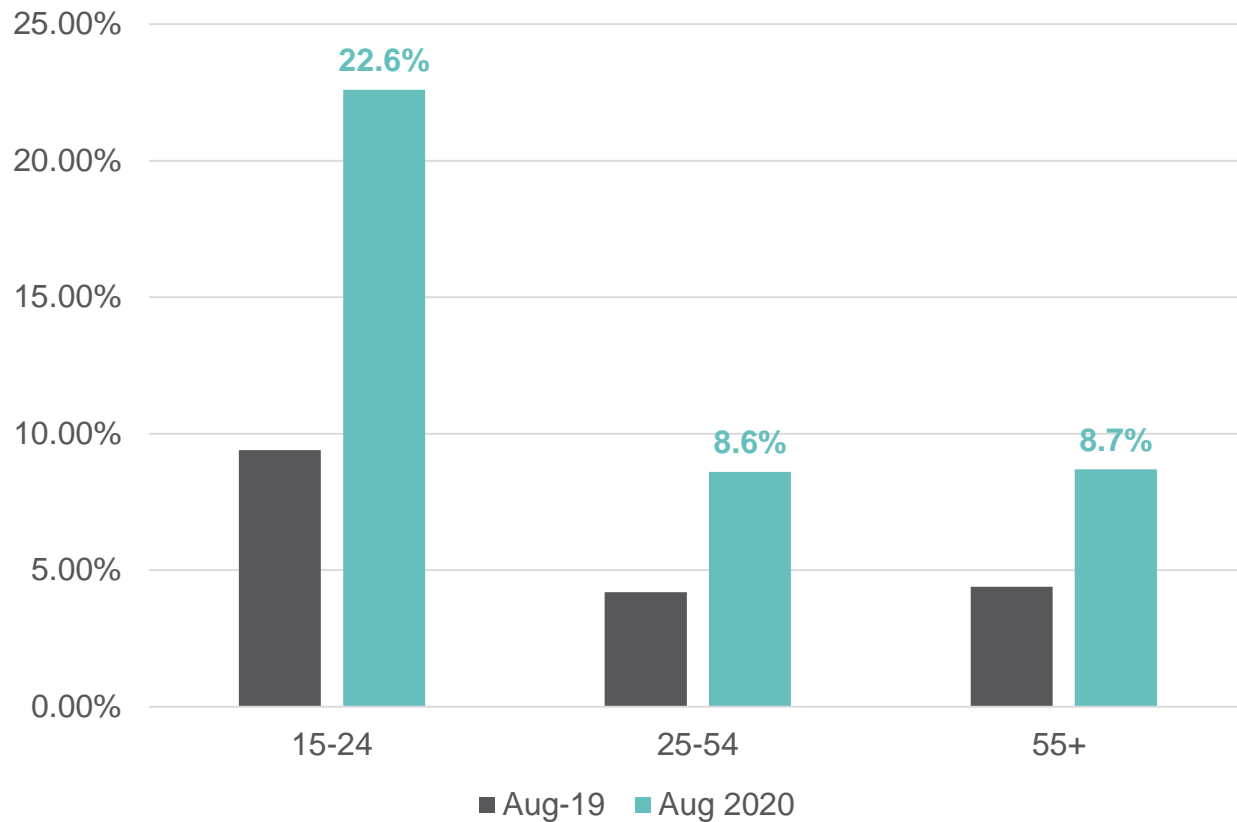
Industry Disruption Which industries have seen the biggest fluctuations?



Youth Unemployment What is the share of unemployed workers in BC's labour force between the ages 15 and 24?



*BC's Unemployment Rate vs. Hours worked relative to Aug 2019
(Aug 2019 - Aug 2020)*



*BC's Unemployment Rate by Age Demographics
(Aug 2019 – Aug 2020)*



HARDEST HIT SERVICE INDUSTRIES

Information, Culture & Recreation **(-31.6%)**

Business Services **(-18.0%)**

Other Services **(-13.3%)**

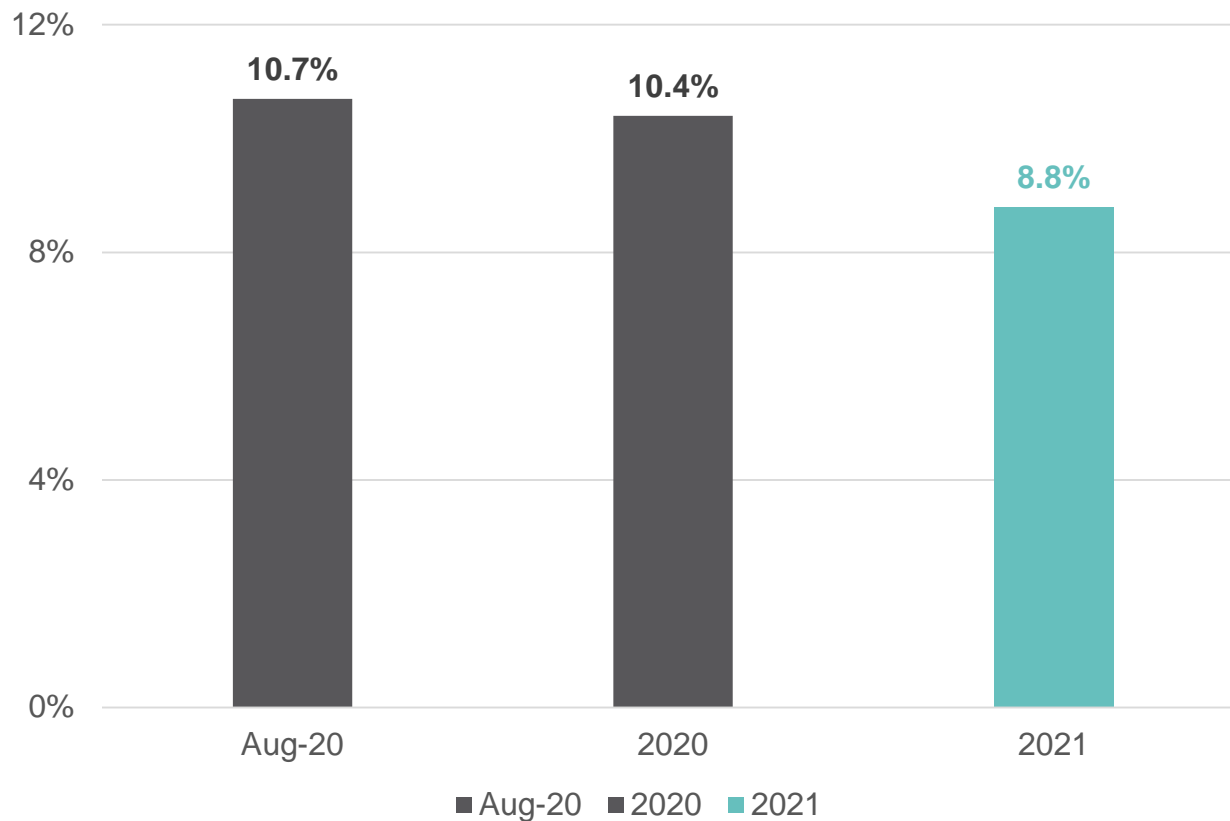


HARDEST HIT GOODS INDUSTRIES

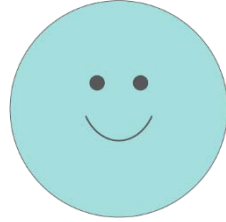
Construction (-8.3%)

Natural Resources (-7.6%)

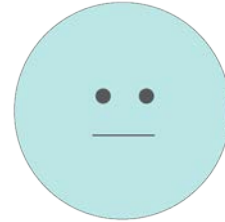
Manufacturing (-1.4%)



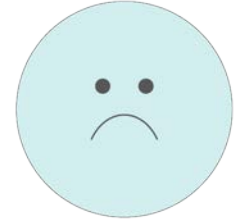
BC's Unemployment Rate (Forecast)



GOOD



AVERAGE



POOR

BC'S ECONOMY

10%

46%

38%

CANADA'S ECONOMY

4%

38%

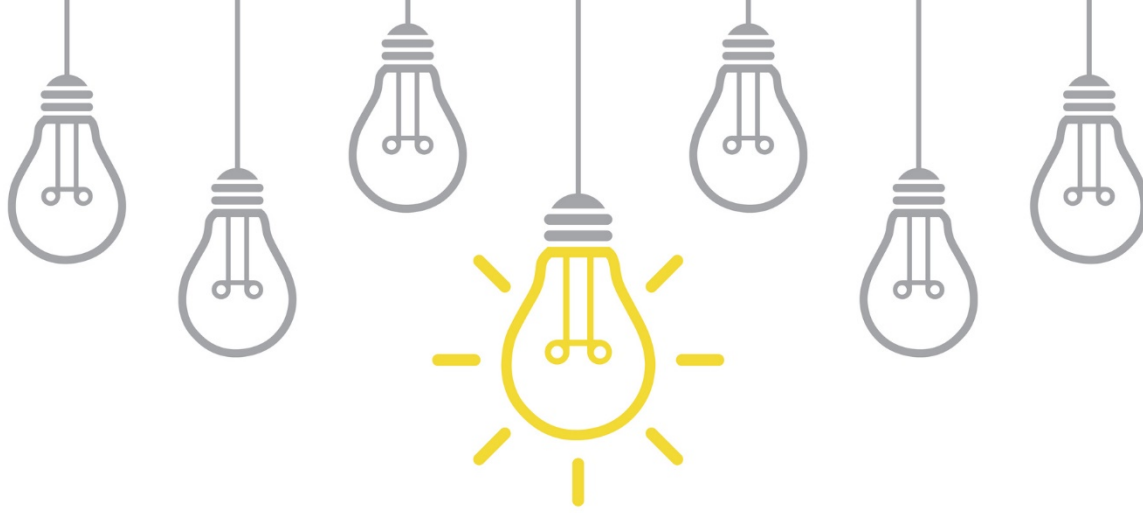
50%



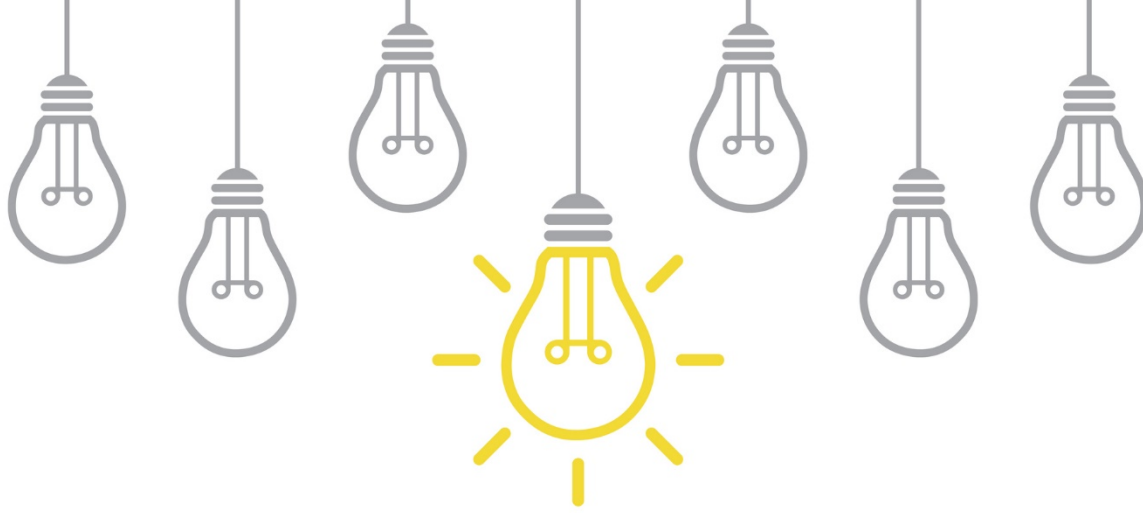
46% of CPAs are primarily working from home.



71% of CPAs want to continue working from home.



WHICH OF THE FOLLOWING
STATEMENTS BEST DESCRIBES
YOUR WORKING SITUATION?



GOING FORWARD, WHAT
WOULD YOUR **IDEAL WORK
WEEK** LOOK LIKE?



COVID-19 accelerated the pace of digital transformation and we want to understand how it has impacted the profession.



There is increased demand for **real-time data**. But there is a lack of standards on **data governance and security**. We need to find new ways of doing things and equip CPAs with **new technical and enabling skills**.

A decorative graphic on the left side of the slide. It features several paper airplanes of different sizes and orientations, connected by a network of dashed lines. Some lines are straight, while others are curved, creating a sense of movement and interconnectedness. The airplanes are simple line drawings with no shading.

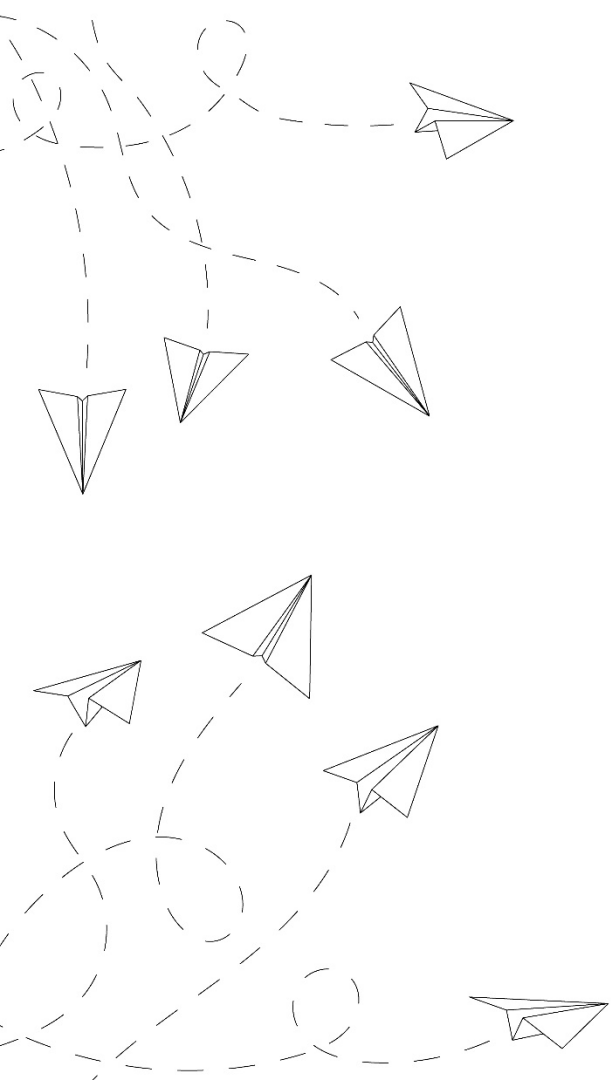
CPAs need to build on their existing skills, as well as their...

CRITICAL THINKING

DATA ANALYSIS

LEADERSHIP

MANAGEMENT SKILLS

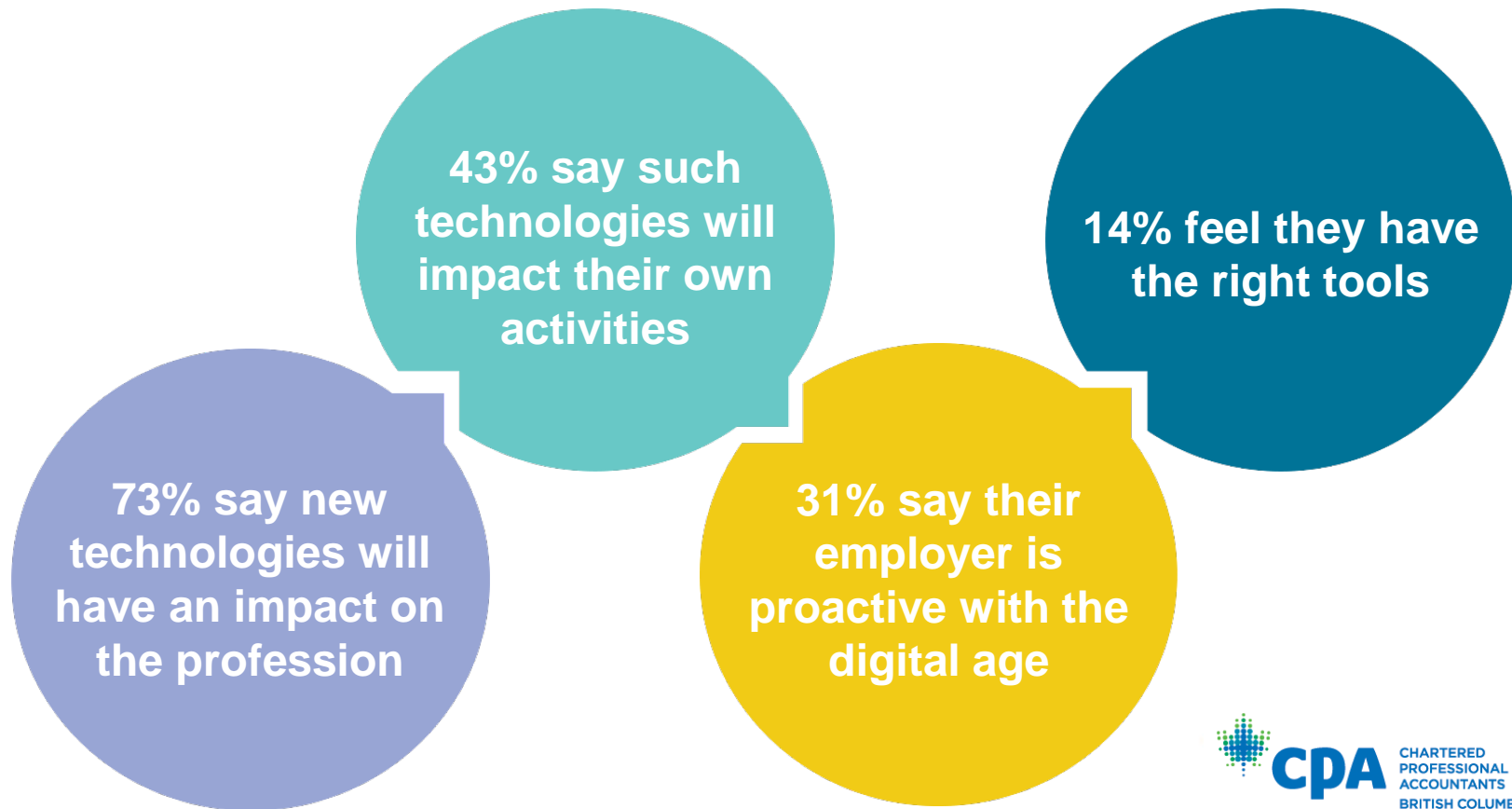


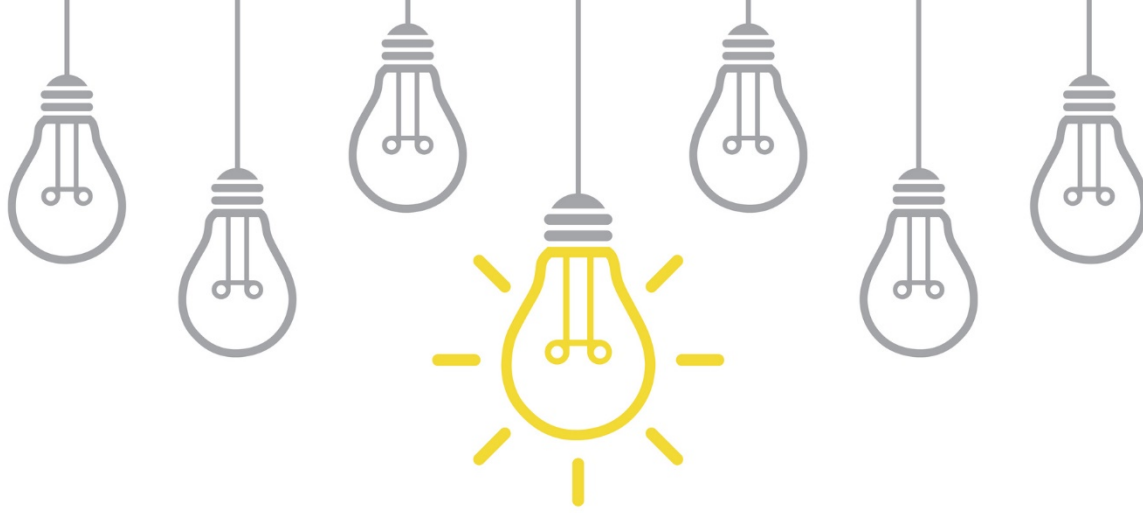
90% believed IT and technology competency requirements will increase.

81% believed data analysis competency requirements would increase.

78% believed the scope of accounting roles will include more strategic activities.

According to a similar survey conducted by CPA Quebec...

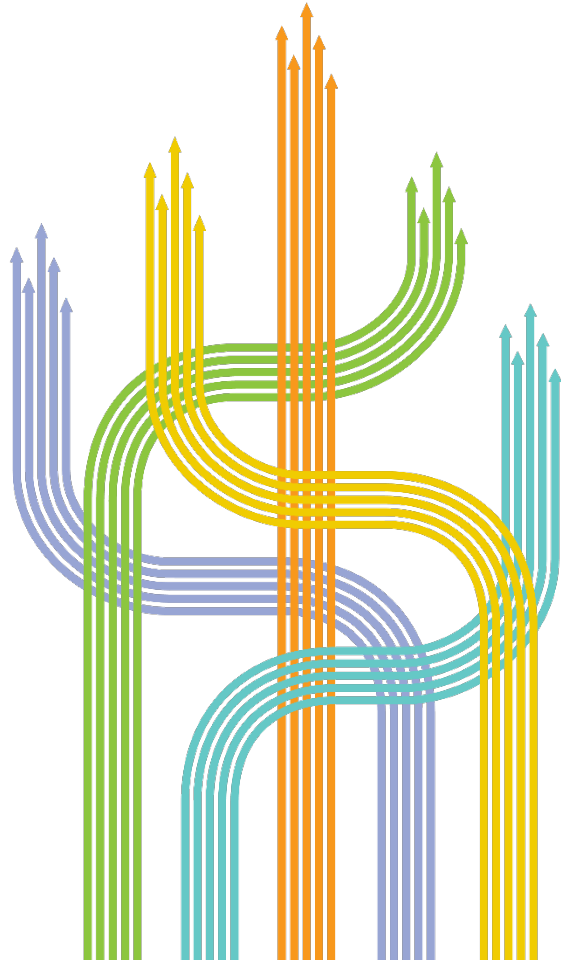




HOW WOULD YOU **RATE YOUR
PERSONAL PROFESSIONAL**
TECHNOLOGICAL INNOVATION
MATURITY?



While our office remains closed to public, **we are committed to delivering the same quality of service** to our members and to celebrate their achievements virtually.



Member Milestone
Recognition Program will be
postponed until in-person
events return.



Candidates wrote the CFE in **individual hotel rooms** across the country to ensure **physical distancing** and the **integrity of the exam**.



Our **Fall/Winter 2020 PD program** reflects the current circumstances. **90%** will be live webinars and **10%** will be in-person seminars.



THE JOURNEY: DEVELOPING AN INDIGENOUS STRATEGY



*Groups CPABC has
been working with to
date...*



We must be **inclusive** and **respectful**.

We must foster **collaboration** and **partnership**.

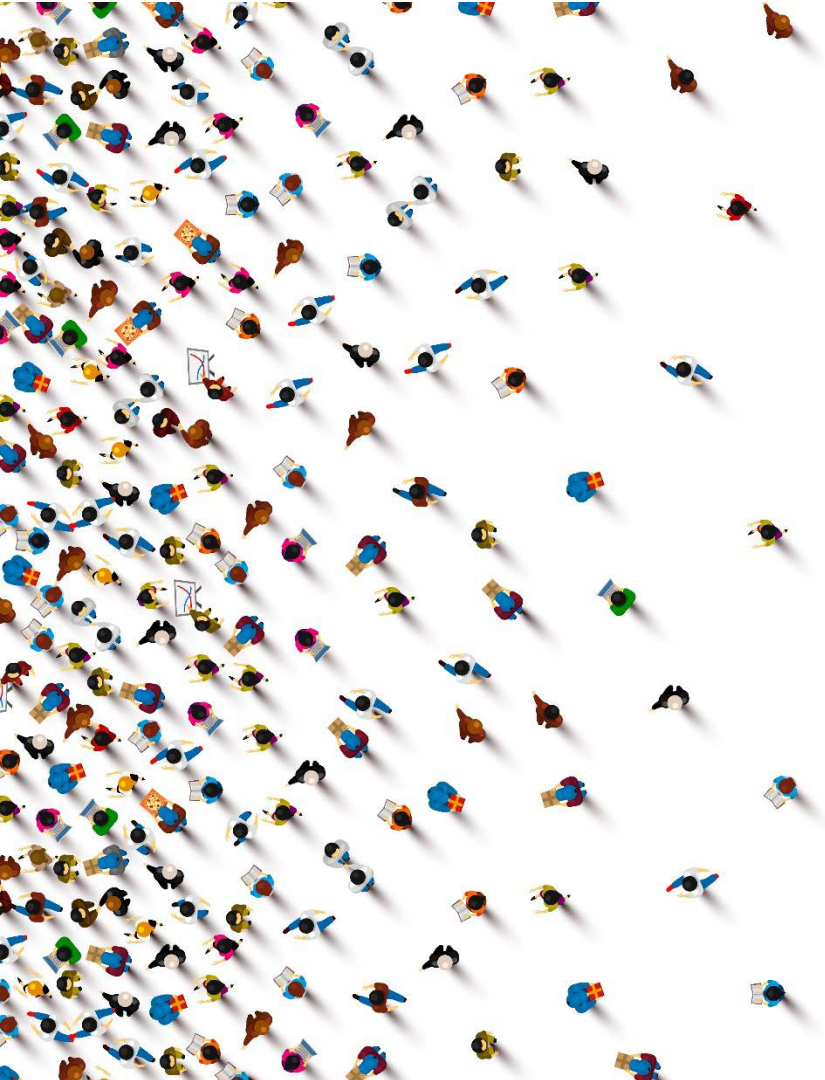
We must commit to **learn**, **unlearn**, and **relearn**.



Do you believe financial management capacity is important to Indigenous nation building and self-determination?

We asked members to voluntarily **self-identify** their Indigenous heritage for the first time.





While Indigenous Peoples represent **almost 6%** of BC's population, **less than 0.5%** of CPABC's membership and **just over 1%** of students self-declared as Indigenous.



CPABC's HYPOTHESIS:

Indigenous peoples are **under-represented**
in the CPA profession.



LONG-TERM GOAL:

Increase the number of **Indigenous students** obtaining their CPA.



SHORT & MEDIUM TERM GOALS:

Work with Indigenous communities so they understand the **value of a CPA** in building financial management capacity and overall nation building.



SHORT & MEDIUM TERM GOALS:

Working with Indigenous communities so they understand the value of a CPA in building financial management capacity and overall nation building.



Collaboration and **consultation** is top of mind when building our strategy.

CPABC INDIGENOUS STRATEGY: A PHASED APPROACH

Phase 1 - Underway

**Discovery, learning,
consultation, and
recruitment pilot
projects.**

Phase 2 - 2021

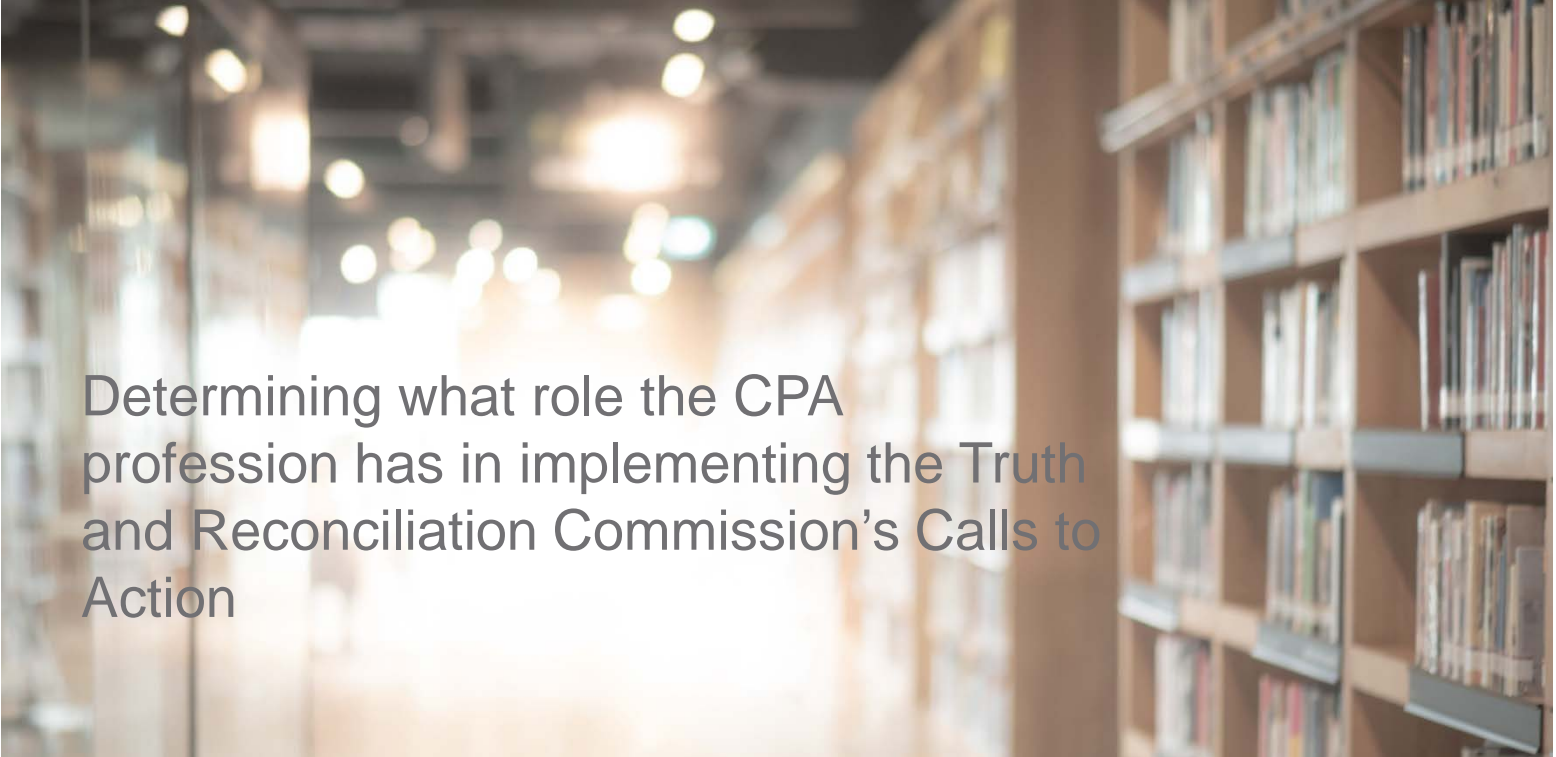
**In-depth research
and focus on
students and
prospects.**

Phase 3 – 2023 est.

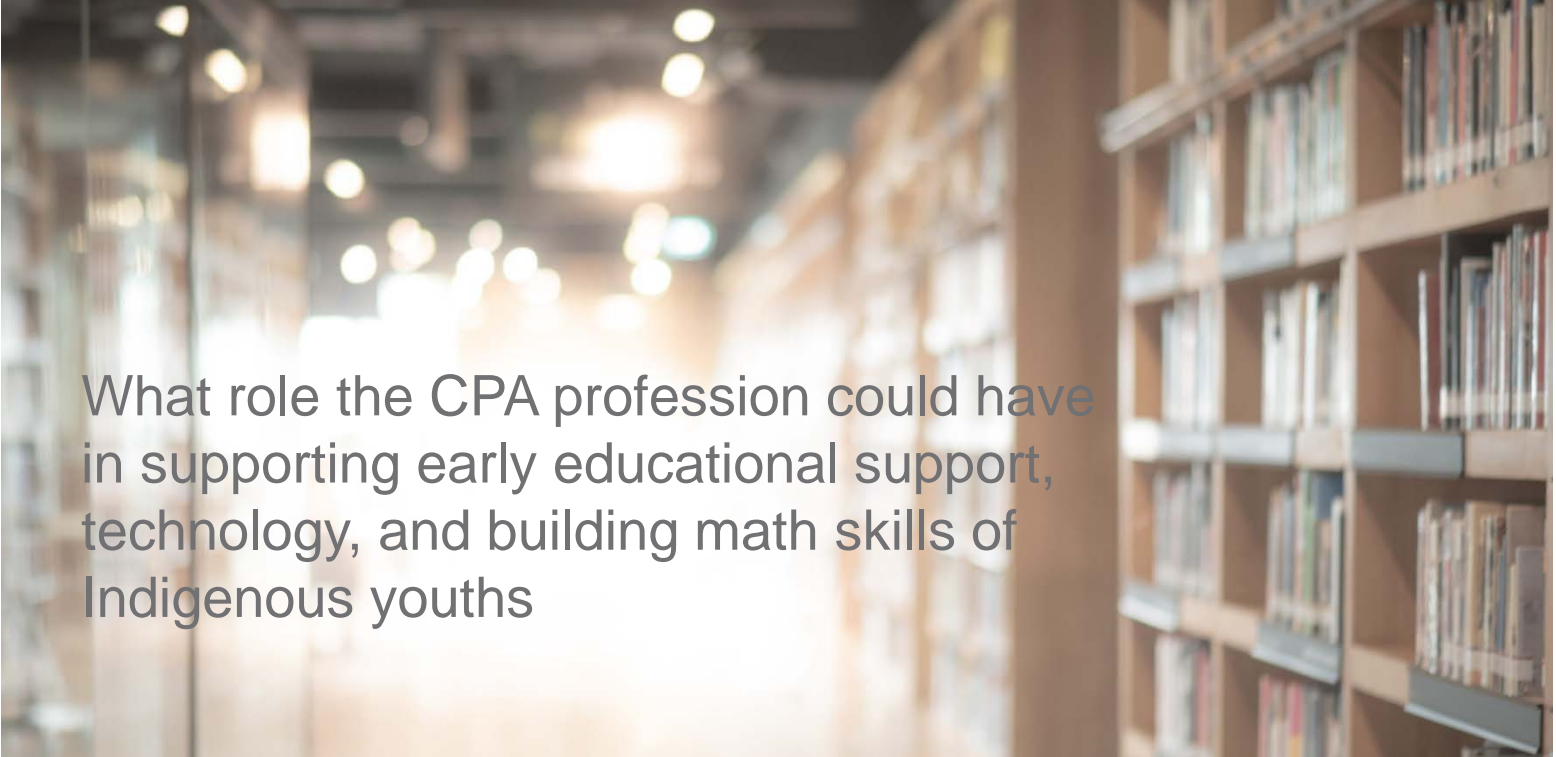
**Look at the
profession's role
vis-à-vis Truth &
Reconciliation and
UNDRIP.**



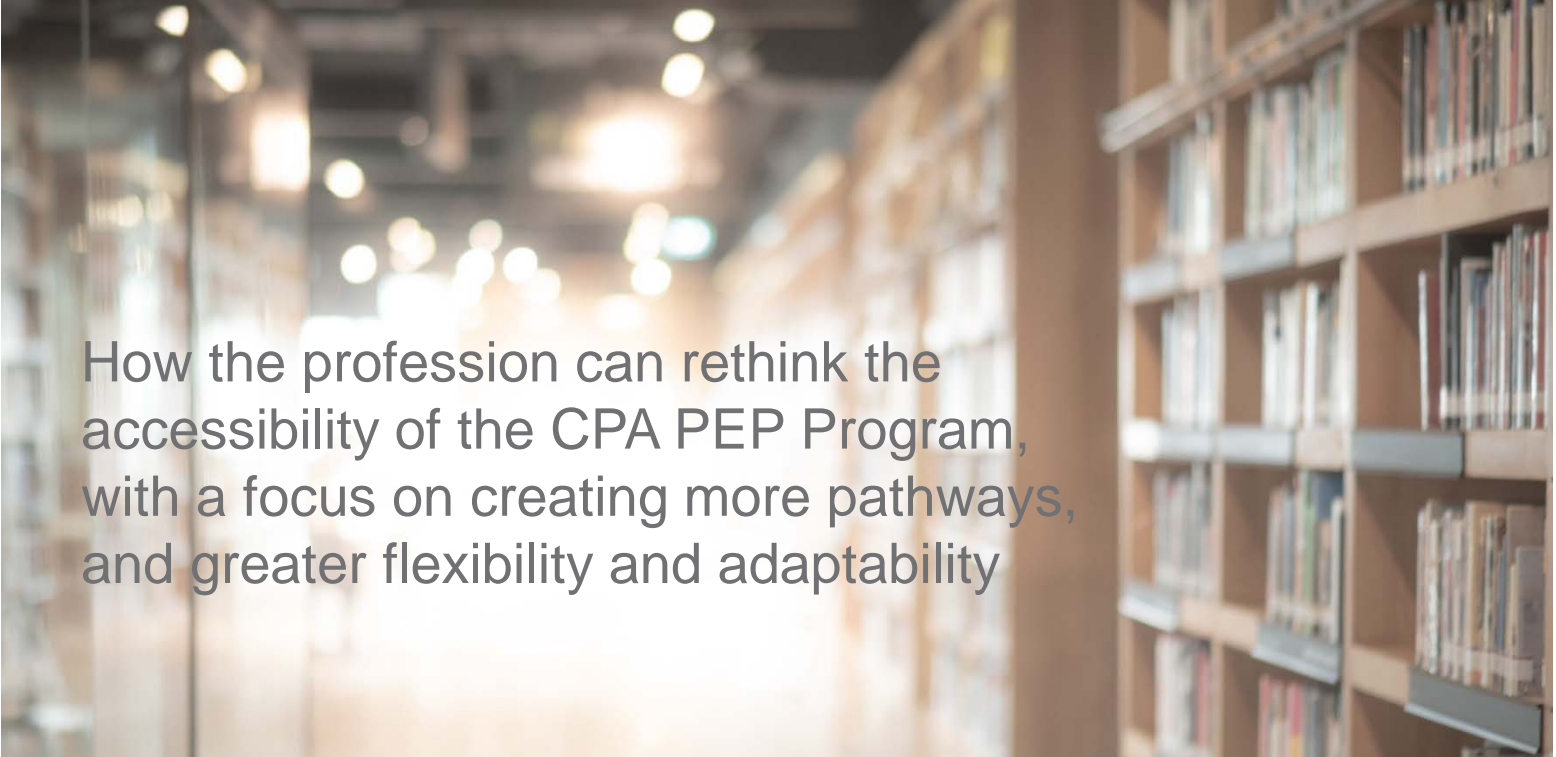
Pilot activities will help identify **successful initiatives**, inform how they should evolve, and whether they should be operationalized.



Determining what role the CPA profession has in implementing the Truth and Reconciliation Commission's Calls to Action



What role the CPA profession could have
in supporting early educational support,
technology, and building math skills of
Indigenous youths



How the profession can rethink the accessibility of the CPA PEP Program, with a focus on creating more pathways, and greater flexibility and adaptability



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

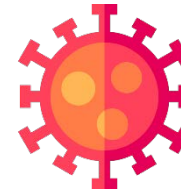
2020 Member Engagement Tour - Cybersecurity



Why is Cyber Security Important?



- The largest insider attack cost Boeing \$2 Billion and persisted for 30 years
- Yahoo holds the record for the largest data breach of all time with 3 Billion compromised accounts
- Data breaches exposed 4.1 billion records in the first 6 months of 2019
- Malicious attacks rose 600% since COVID-19 began
- 24% of data breaches are caused by human error



CRA Canada

Lessons Learned



- Disclosed that over 11 000 confirmed CRA accounts were compromised.
- This is one of the most impactful breaches in Canada's history as hackers attempted to change user details and siphon CERB payments.

What Happened?

- Malicious hackers used a technique called "credential stuffing" in order to compromise user accounts.

Credential stuffing is when malicious attackers find databases of already compromised usernames and passwords and then attempt to login with these credentials.

In laymen's terms, if someone is using the same username and password for both Facebook and the CRA, and if Facebook gets hacked, attackers can use those credentials to login to the CRA.

Passwords

- Do not keep passwords in plain text
- Do not keep passwords on paper

Length > Complexity

- DuckFerrari\$ will take 2 centuries to crack
- d9F%@fLq will take 5 days to crack

Amount of Time to Crack Passwords	
"abcdefg" 7 characters	🕒 .29 milliseconds
"abcdefgh" 8 characters	🕒 5 hours
"abcdefghi" 9 characters	📅 5 days
"abcdefghij" 10 characters	📅 4 months
"abcdefghijk" 11 characters	📅 1 decade
"abcdefghijkl" 12 characters	📅 2 centuries
BetterBuys	

- Use a Password Manager!
 - Local password manager
 - Keepass



- Cloud password manager
 - LastPass

LastPass...

Marriot Data Breach

Lessons Learned



- Disclosed that over 5.2 **Million** guest records were stolen.
- This is their second by Marriott in recent years following a breach in 2018.

What Happened?

- Malicious hackers used a technique called “spear phishing” in order to trick targeted employees into giving the hackers their Marriot domain accounts.

Spear Phishing is when malicious attackers target specific employees in order to trick them into either clicking a malicious link or attachment. Once they click the virus will infect their computer and compromise their system or network.

In laymen`s terms, an attacker did their research and sent a specially crafter email to 2 Marriot employees asking them to open up a malicious file



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

Don't take the bait

How to stop and avoid
phishing emails



What is Phishing?

Any type of attempt to trick you into doing something to benefit the crooks.

- Opening an attachment in email
- Clicking on a link
- Sharing confidential information
- Transferring funds
- Credential theft



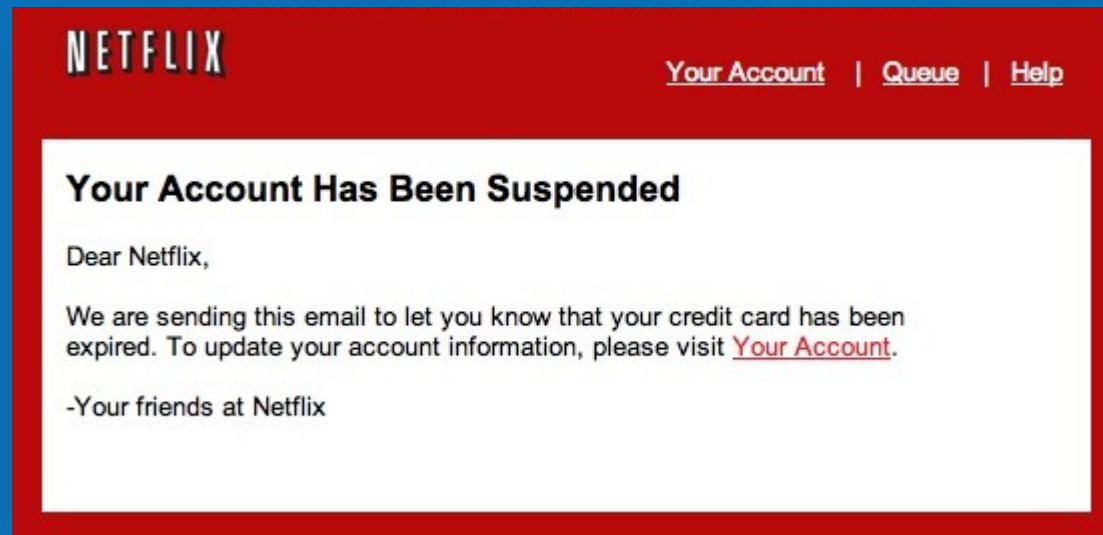
MASS
PHISHING



SPEAR
PHISHING

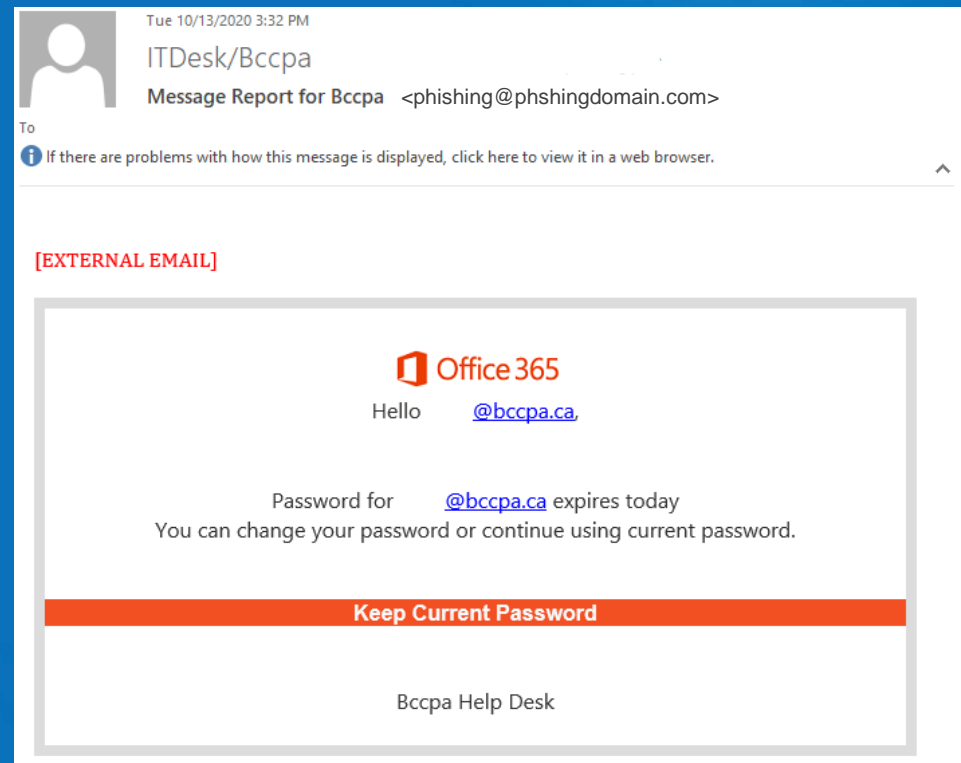
Mass Phishing

- **Target: Individuals' Assets**
e.g. bank accounts, identity, login credentials.
- Typically aimed at consumers
- Impersonal: mass email mail outs
- Credentials used or sold for financial gain



Spear Phishing

- **Target: The assets of a specific organization** e.g. data, money
- Typically target an individual or specific group in an organization
- Often use spoofed (look-a-like) email addresses
- Impersonate trusted sources and senior executives





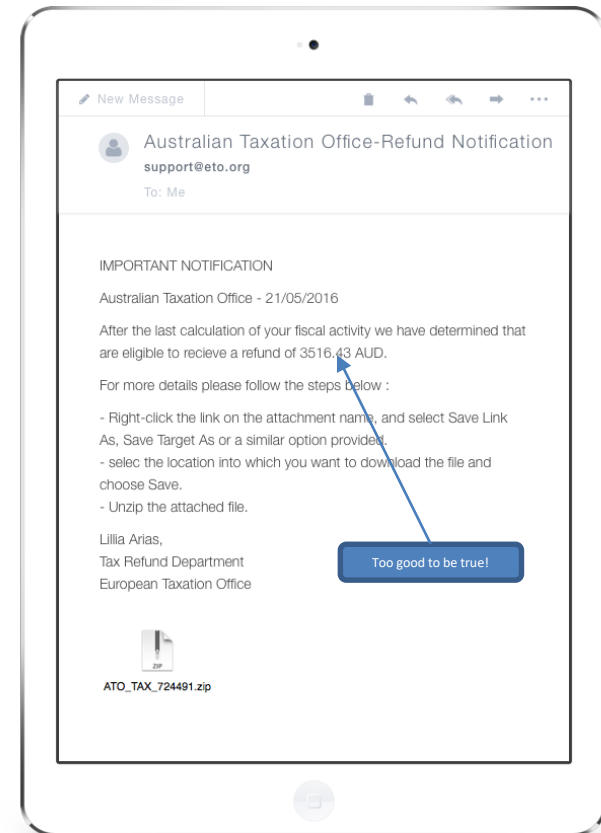
CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

Ten Tell Tale Tips To Spot Phishing Emails

Ten Tell-Tale Signs of Phishing

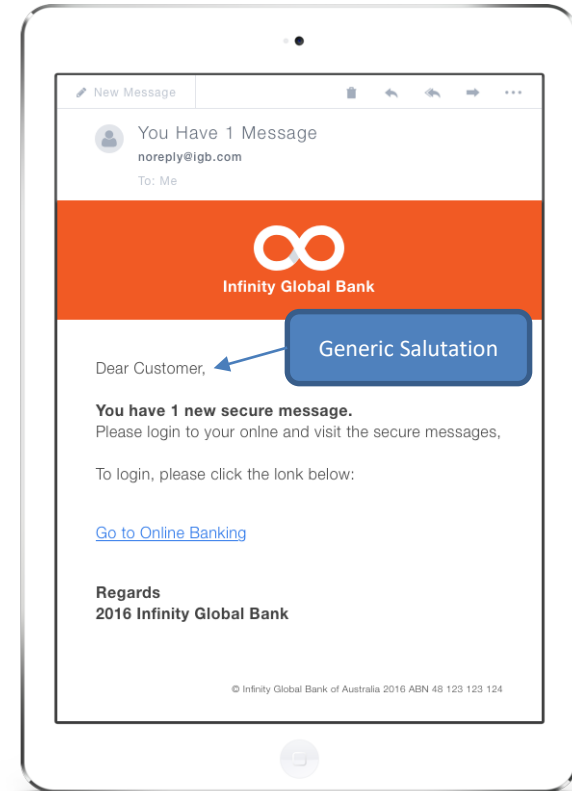
1. Just doesn't look right



Ten Tell-Tale Signs of Phishing

1. Just doesn't look right

2. Generic salutations



Ten Tell-Tale Signs of Phishing

1. Just doesn't look right

2. Generic salutations

3. Official-looking site asking you to enter sensitive data



Wed 02/26/2020 8:11 AM

MICROSOFT ACCOUNT TEAM <pom67@msn.com>

MICROSOFT ACCOUNT UPGRADE!!

To CPABC_infocusmag

[EXTERNAL EMAIL]



Microsoft Account

Dear user ID (infocusmag@bccpa.ca)

Request to disable your email has been received, and this request will be processed shortly. if you fail to upgrade to our new latest version within 24 hrs of receiving this automated mail, Please kindly take a minute and click the upgrade at your left to upgrade your E-mail....

Upgrade

<http://nimbus-shopping.com/XXX/home-office-updated/index.html?email=infocusmag@bccpa.ca>

Note: This upgrade is required immediately after receiving this message.....

Thanks .

Your Maintenance team

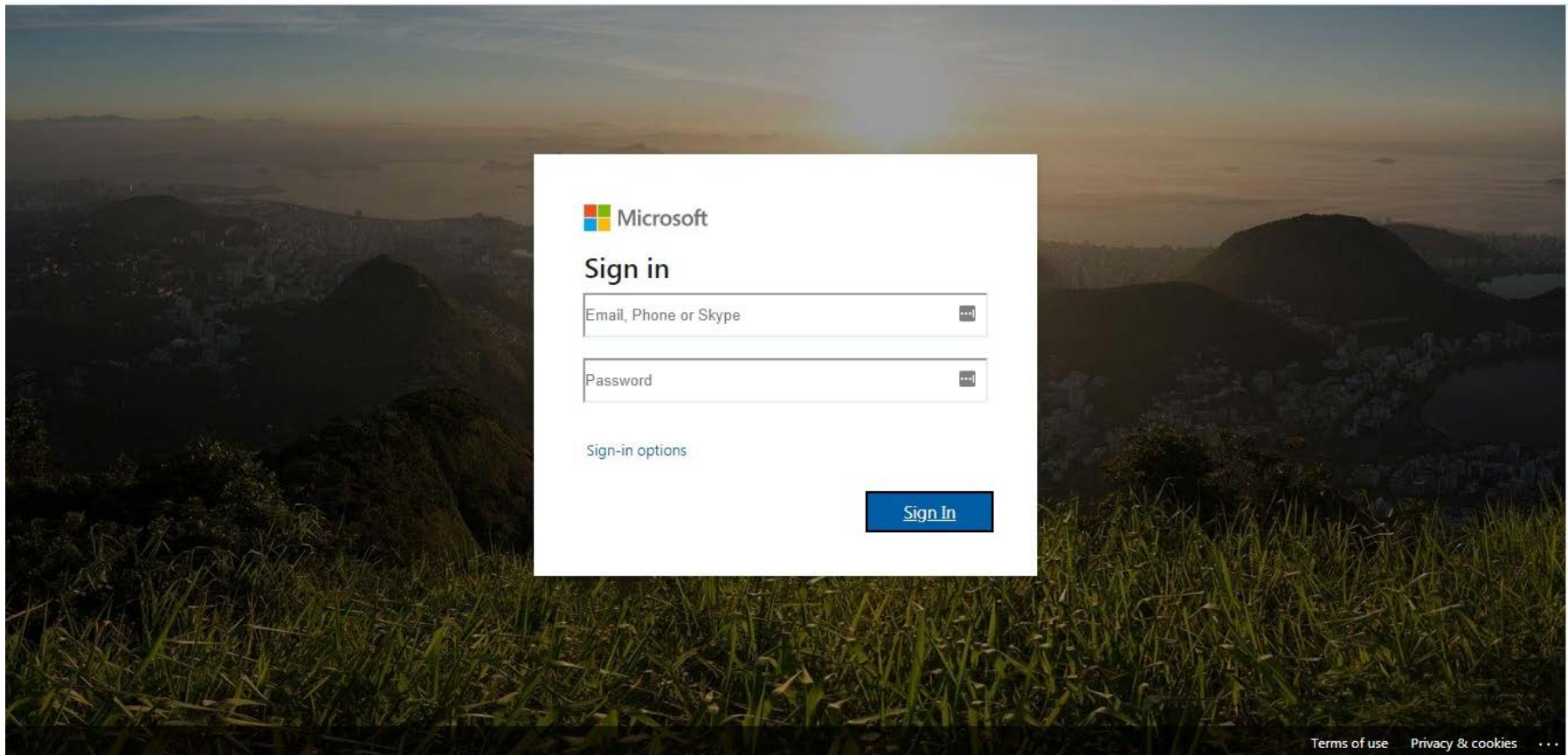
© Microsoft 2020.

Important- Account disconnection will take place on 26th February 12:00 Midnight if issue not resolved.

Message sent to this recipient: infocusmag@bccpa.ca



Trying to Add A Sense of Urgency



Microsoft

Sign in

Email, Phone or Skype

Password

Sign-in options

[Sign In](#)

[Terms of use](#) [Privacy & cookies](#) ...

Ten Tell-Tale Signs of Phishing

1. Just doesn't look right

2. Generic salutations

3. Official-looking site asking you to enter sensitive data

4. Unexpected email; specific information on YOU

-----Original Message-----

From: CFO <michael.jaxon@no-protect.net>

To: John in Finance <john.smith@noproduct.net>

Subject: Urgent request

Hi John

Specific on you

Please call our supplier about wire payment details:
1.702.234.4567.

I'll be on a flight for the next 10 hours and unable
to take calls.

This is urgent!

Unexpected, from
Senior Manager

Best regards,

Michael
Protect Inc

Sent from my iPhone



Tue 02/25/2020 6:35 AM

Lori A. Mathison <richardpearson11111@gmail.com>

FAST ONE!!!

To Anthony Green

[EXTERNAL EMAIL]

Hello Anthony,

Specific on you

Would it be possible for you to complete a task for me,
before I leave for a meeting?

Please give me your personal number

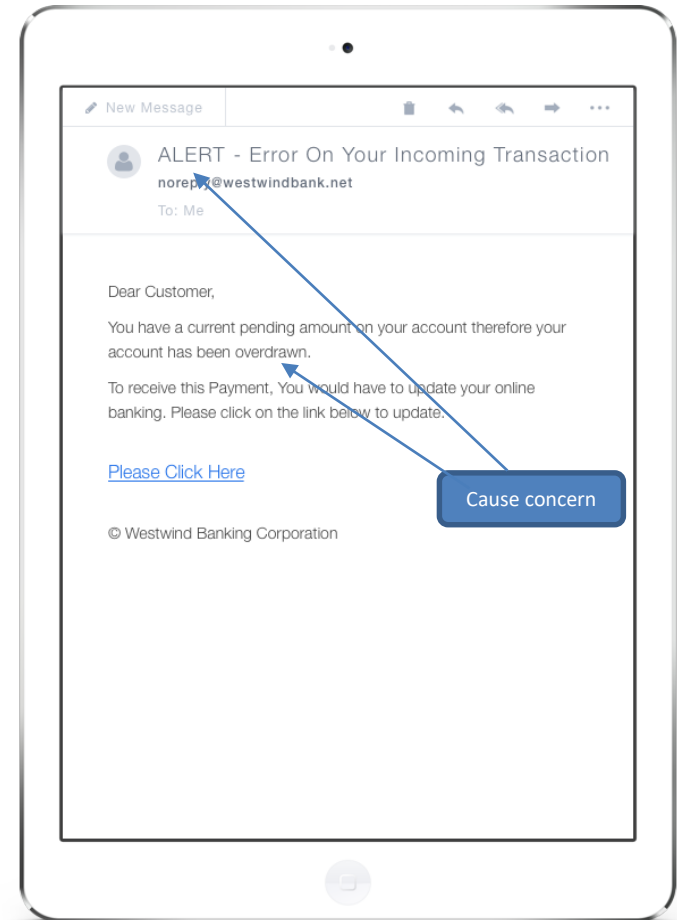
Thanks,
Lori A. Mathison

Unexpected from Senior Manager

Sent from my Iphone

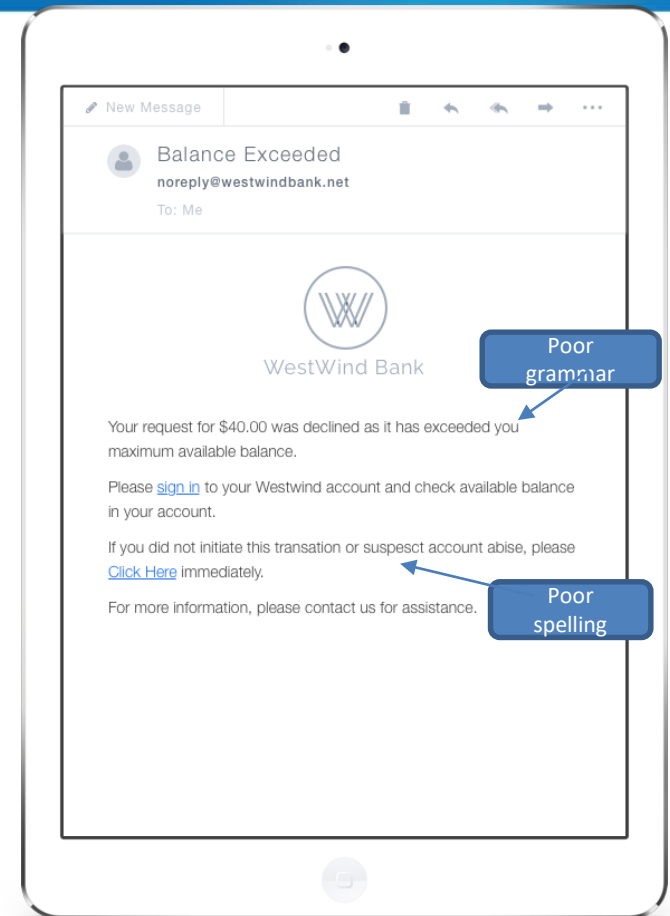
Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording



Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording
6. Poor grammar or spelling (or both)



Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording
6. Poor grammar or spelling (or both)
7. Sense of urgency



CPABC Support <support@bccpa.ca>

Important: pubprac@bccpa.ca You have 5 Pending incoming emails.

To BCCPA Public Practice

If there are problems with how this message is displayed, click here to view it in a web browser.

bccpa.ca Cloud Service

You have {5} undelivered mails clustered on your cloud due to mail storage capacity is full and awaiting approval from you to deliver messages and restore cloud storage. :

Be notified, this will make messages bounce back.:

Follow the instruction to resolve issue and release pending messages to inbox.

Release Messages

Thanks.

This email was sent to pubprac@bccpa.ca.

Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording
6. Poor grammar or spelling (or both)
7. Sense of urgency
8. "You've won the grand prize" or take survey

Survey with incentive

TESCO

Heres your chance to receive a
£300 TESCO CLUBCARD VOUCHER

Just simply answer our survey below to qualify:

Which dishwashing liquid do you use often?

Tesco Wash Up Liquid

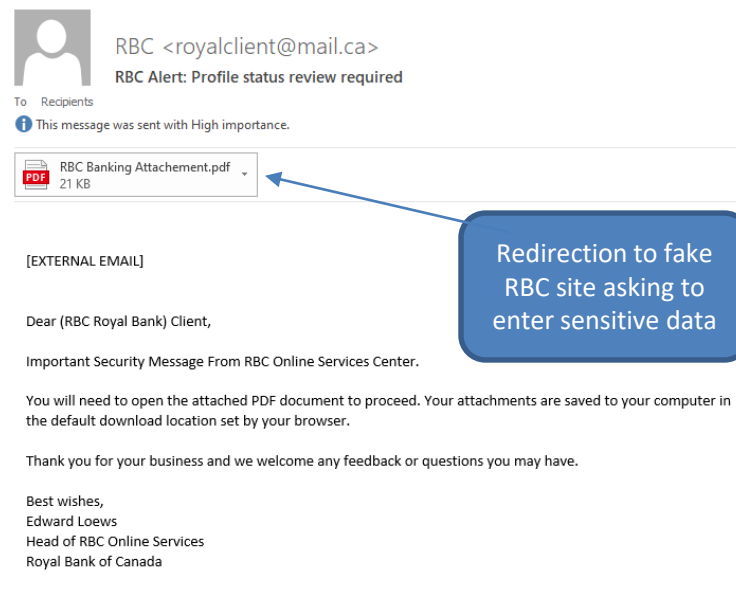
Fairy Washing Up Liquid

Finish Diswasher Cleaner

Tesco is a British multinational grocery and general merchandise retailer with headquarters in Welwyn Garden City, Hertfordshire, England, United Kingdom. It is the third largest retailer in the world measured by profits and fifth-largest retailer in the world measured by revenues.

Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording
6. Poor grammar or spelling (or both)
7. Sense of urgency
8. "You've won the grand prize"
9. "Verify your account"



Ten Tell-Tale Signs of Phishing

1. Just doesn't look right
2. Generic salutations
3. Official-looking site asking you to enter sensitive data
4. Unexpected email; specific information on YOU
5. Unnerving wording
6. Poor grammar or spelling (or both)
7. Sense of urgency
8. "You've won the grand prize"
9. "Verify your account"
10. Cybersquatting

www.bccpa.ca

vs.

www.cpabc.ca

Anti-Money Laundering: Your Obligations as a CPA

2020 Member Engagement Tour

Laura Friedrich, MSc, CIA, FCPA, FCGA

Agenda

- I. Ethical obligations for CPAs
- II. PCMLTFA requirements: A primer
- III. Beneficial Ownership Registries
- IV. Resources



Context for the session

- The enclosed material is prepared and presented at a high level.
- Legal requirements are changing.
- You are responsible for doing your own research as to your specific obligations, based on your roles.



Context for the session

Poll 1

Do you work in an industry (or have clients in an industry) that would be considered at high risk for money-laundering?

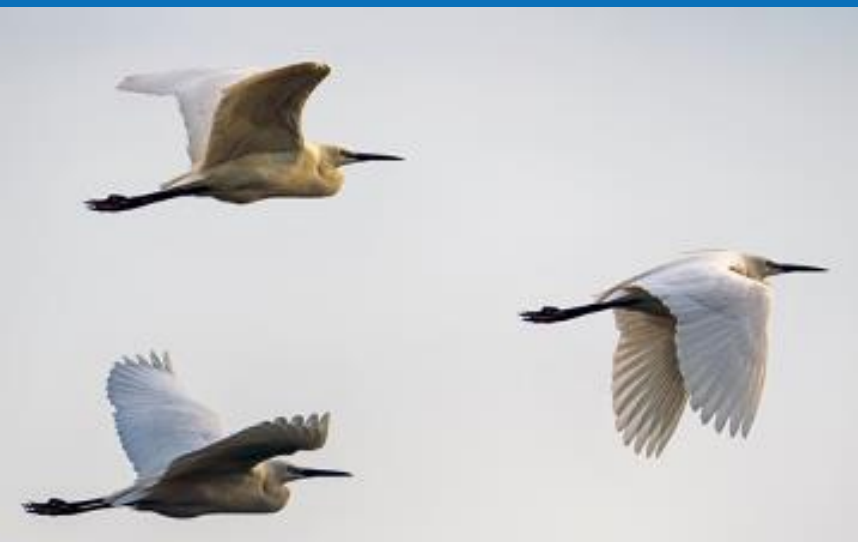
1. Yes
2. No
3. I don't know



The big picture

- \$Trillions are laundered each year (\$50 billion in Canada? Much more?)
- Estimated that (potentially much) less than 1% of laundered funds are seized globally.
- Western countries are attractive, especially if regulations and enforcement are lax.
- COVID-19 has raised risks.





I. Ethical Obligations for CPAs

Obligations under the CPA Code of Professional Conduct

Poll 2

When was the last time you used the CPABC Code of Professional Conduct as a reference source?

1. Within the last 6 months
2. Within the last year
3. Within the last 5 years
4. I don't remember

<https://www.bccpa.ca/member-practice-regulation/act-bylaws-rules/>



Act, Bylaws and Rules

- CPABC Act
- CPABC Bylaws ^{PDF} (Updated October 2020)
- CPABC Bylaw Regulations ^{PDF} (Updated October 2020)
- CPABC Code of Professional Conduct ^{PDF} (Updated October 2020)

See 2019-2020 Amendments →

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Professional Behaviour

Chartered Professional Accountants conduct themselves at all times in a manner which will maintain the good reputation of the profession and serve the public interest.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct

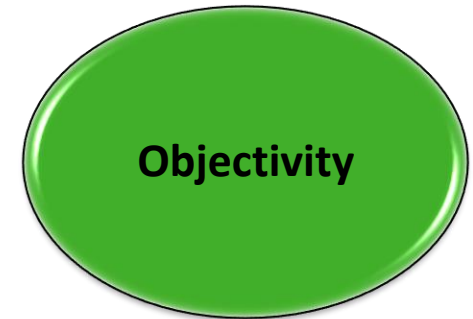


Integrity and Due Care

Chartered Professional Accountants perform professional services with integrity and due care.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Objectivity

Chartered Professional Accountants do not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Professional Competence

Chartered Professional Accountants maintain their professional skills and competence by keeping informed of, and complying with, developments in their area of professional service.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Confidentiality

Confidentiality

Chartered Professional Accountants protect confidential information ... and do not disclose it without proper and specific authority, nor do they exploit such information for their personal advantage or the advantage of a third party.

Rule 208.1

A registrant shall not disclose any confidential information ...except when:

(a) properly acting in the course of carrying out professional duties; ...

Obligations under the CPA Code of Professional Conduct

Within the Rules

201 Maintenance of the good reputation of the profession

202 Integrity and due care and Objectivity

203 Professional competence

206 Compliance with professional standards

208 Confidentiality of information

213 Unlawful activity

If in doubt...

To discuss confidential ethics matters:

- Talk to a CPABC Professional Advisor
 - i. Email professionaladvisory@bccpa.ca
 - ii. Indicate that you'd like to speak with someone about a confidential ethics matter
 - iii. A Professional Standards Advisor will contact you
- Get legal counsel





II. PCMLTFA Requirements: A Primer

Anti-Money Laundering Basics

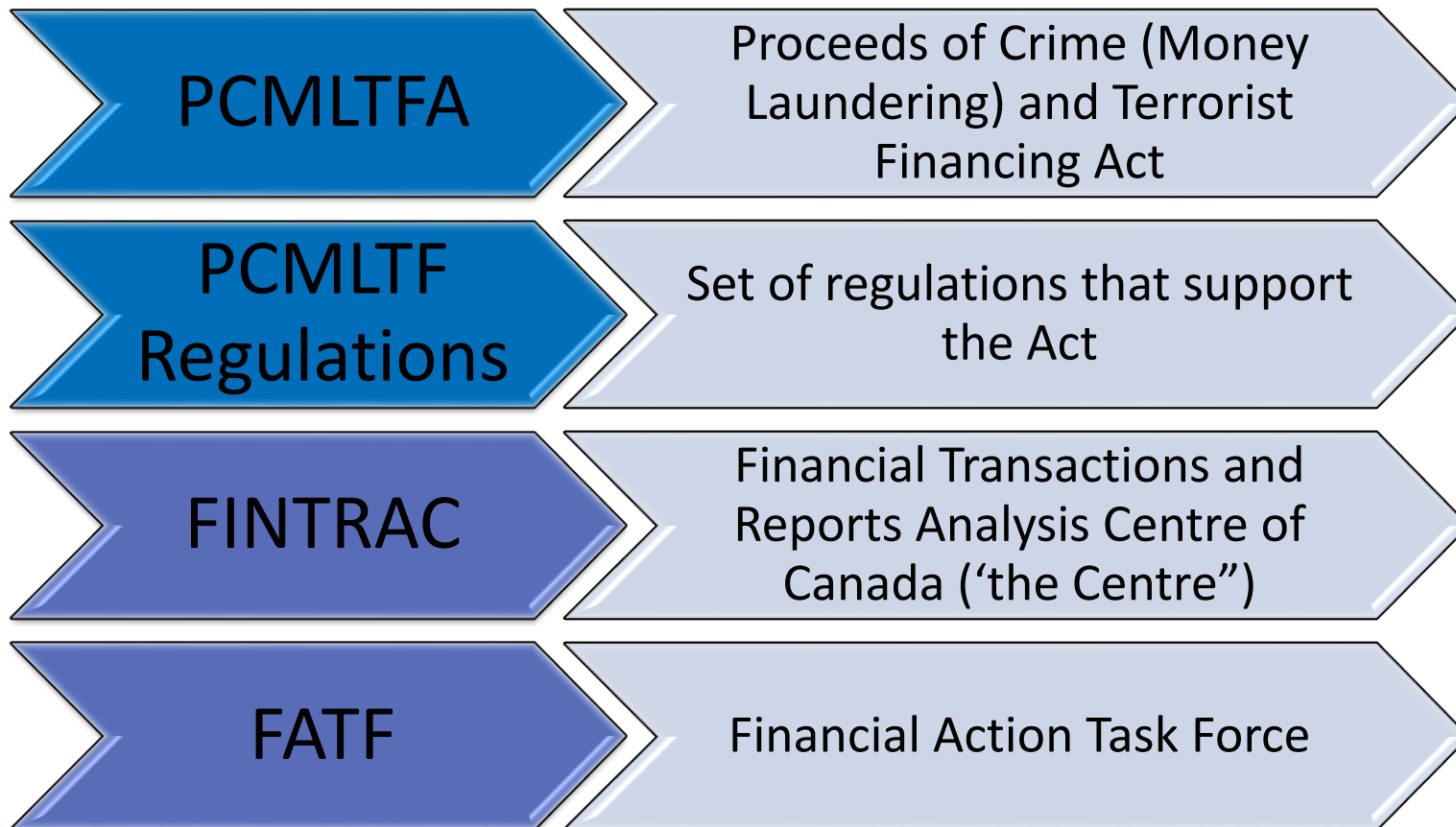
Poll 3

How familiar are you with the legal responsibilities of CPAs under the PCMLTFA and Regulations?

1. Very familiar
2. Somewhat familiar
3. Not at all familiar
4. What's the PCMLTFA?



Anti-Money Laundering Basics



When do obligations arise?

Accountants and accounting firms are subject to the PCMLTF Act and Regulations when they:

- (a)** receive or pay funds or virtual currency;
- (b)** purchase or sell securities, real property or immovables or business assets or entities;
- (c)** transfer funds, virtual currency or securities by any means; or
- (d)** give instructions in connection with an activity referred to in any of paragraphs (a) to (c).

When do obligations arise?

Providing advice is not “giving instructions”

Providing advice

For tax purposes, we recommend that you transfer your money into a certain investment vehicle.

Giving instructions

Based on my client's instructions, I request that you transfer \$15,000 from my client's account, account number XXX, to account number YYY at Bank X in Country Z.

When do obligations arise?

Exceptions to when reporting obligations arise:

- When activities are carried out in the course of an audit, a review or a compilation engagement
- When acting in the capacity of an employee
- When acting in the capacity of a person who either:
 - is authorized by law to carry on the business of - or to monitor the business or financial affairs of - an insolvent or bankrupt person or entity; or
 - is authorized to act under a security agreement.

Requirements under the PCMLTF Act/Regs

Four categories of requirements:



Requirements under the PCMLTF Act/Regs

Compliance program

- Appoint a compliance officer
- Develop and apply written compliance policies and procedures
- Apply and document a risk assessment, including mitigation measures and strategies
- Develop and maintain a written training program
- Review your compliance program every two years

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Know your client

- Must verify the identity of clients for certain activities and transactions
- Includes, for example, determining if client is a “politically exposed person” or a “head of an international organization”

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Reporting

- Suspicious transactions – if you have reasonable grounds to suspect that a transaction is related to a money laundering/terrorist activity financing offence
- Terrorist property – if property in your possession/control is owned/controlled by a terrorist organization
- Large cash transactions - when you receive \$10,000 CAD or more in cash (one or more transactions in 24 hours)

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Record keeping

- In relation to reporting requirements plus...
- Receipt of funds (\$3,000 or more in a single transaction)
- “Reasonable measures” taken but not successful

<https://www.fintrac-canafe.gc.ca/guidance-directives/recordkeeping-document/record/acc-eng>

Contacting FINTRAC

For policy/interpretation questions etc.

1-866-346-8722
or
email guidelines-lignesdirectrices@fintrac-canafe.gc.ca.

For technical support

email
tech@fintrac-canafe.gc.ca

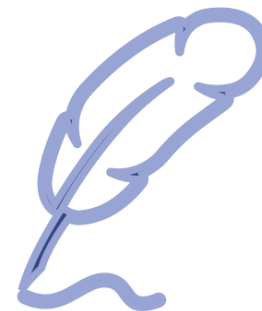
III. Beneficial Ownership Registries



Beyond the PCMLTFA

Beneficial Ownership Registries:

- Corporations are required to maintain register of information on individuals with significant control (or “significant individuals”)
 - As of June 13, 2019:
Canada Business Corporations Act
 - As of October 1, 2020:
BC Business Corporations Act
 - Similar requirements for trusts:
2021 taxation year



CPA Obligations re BO Registries

Those Charged with Governance
(Directors, Officers, Audit
Committee Members)

... make sure your
corporation is in
compliance

Public Practitioners

Can:

- inform your client of obligations
- provide factual information
(e.g., % ownership etc.)

Cannot:

- advise on who has significant
control or is a significant individual
- complete the registry

Beneficial Ownership Registries

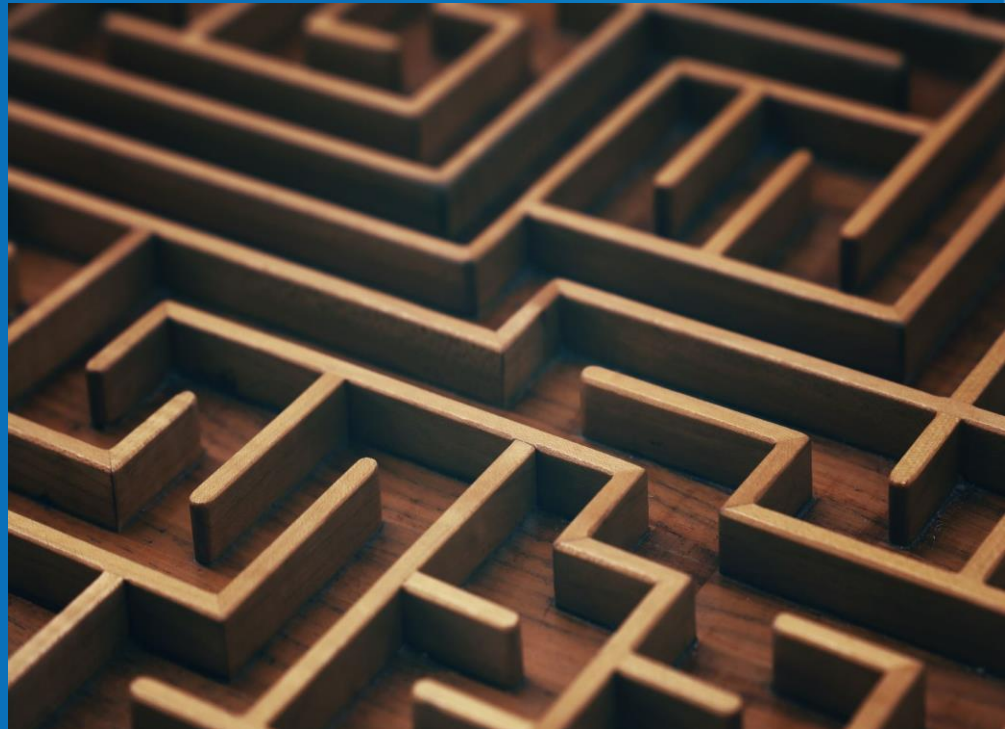
Poll 4

Which beneficial ownership registry requirements were you aware of before today's session?

1. Federal
2. Provincial
3. Both
4. Neither



IV. Resources



Resources

PCMLTF Act

<https://www.fintrac-canafe.gc.ca/act-loi/1-eng>

PCMLTF Regulations

<https://www.fintrac-canafe.gc.ca/reg/1-eng>

FINTRAC Accountants page

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Resources

CPABC

<https://www.bccpa.ca/member-services/resources-tools/>

Coming soon: <https://www.bccpa.ca/aml>

CPABC Beneficial ownership

<https://www.bccpa.ca/member-services/resources-tools/bc-corporate-beneficial-ownership-registry-general-information>

Resources

CPA Canada AML policy page

<https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/key-activities/public-policy-government-relations/policy-advocacy/other-policy-topics>

CPA Canada April 2020 Pivot Magazine

<https://www.cpacanada.ca/en/news/pivot-magazine/2020-04-28-canada-financial-crime>

Resources

FATF Risk-based Approach for accountants

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-accounting-profession.html>

IFAC/ICAEW 6-Part series

<https://www.ifac.org/system/files/publications/files/Anti-Money-Laundering-The-Basics-Installment-1.pdf>

<https://www.ifac.org/system/files/publications/files/IFAC-AML-Series-Risk-Based-Approach.pdf>

COVID-related Resources

FINTRAC

<https://www.fintrac-canafe.gc.ca/intel/operation/covid-trend-en.pdf>

FATF

<http://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-webinars.html>

Key takeaways

- **Be aware and be diligent**
- **Use professional judgment and skepticism**
- **Get advice**
- **Report when appropriate**



Thank You!

Questions? Comments?