CPABC

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NOVEMBER/DECEMBER 2022

Work in BC

Latest report looks at emerging employment trends amid economic turmoil



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Cherry Creek along Kootenay River, BC. Photo by Graham Osborne

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Photo by Neighbourly by Adi Schlaak

CPABC INFOCUS

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CPABC in Focus is the flagship magazine of BC's chartered professional accountants.

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About

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Connecting and Contributing



Sheila Nelson, CPA, CA, MBA
CPABC Chair

At CPABC, we're always seeking ways to improve engagement with members. That's why we're currently reimagining the annual Member Engagement Tour (MET), with the idea of shifting our focus to networking and celebratory events overseen by CPABC's various chapters.

At the same time, we recognize the importance of continuing to host events where we can provide you with the kinds of critical updates previously presented during the MET. Accordingly, we recently launched "Leadership Update," a virtual presentation that enables CPABC's leadership to reach as many members as possible. As we learned during the pandemic, online get-togethers are the most efficient way for us to connect with you, share information, and hear your concerns.

We held four Leadership Update sessions in October, during which we discussed the current challenges for the profession as well as the critical changes being made to both the CPA Competency Map (CM 2.0) and the Professional Education Program to ensure the ongoing attractiveness of the CPA profession (look for more on this concept in the January/February 2023 issue of *CPABC in Focus*). We also summarized the findings of the Cullen Commission and described what CPABC is doing to address the recommendations for the accounting profession (see pages 24-27). We concluded each session by sharing an update on accounting standards and addressing the importance of proactive regulation and lifelong learning.

Overall, Leadership Update 2022 enabled us to connect with more than 2,100 members. Each of the four sessions was well attended, and I appreciated how many of you joined us.

As a long-time volunteer within the profession, I've enjoyed learning about how CPABC provides member services, protects the public, and fulfils its mission as a regulatory body. I encourage everyone to gain this insider's view, including through service on CPABC's regulatory committees (page 8). You can also share your expertise by volunteering with the CPA Financial Literacy Program (page 7). November is National Financial Literacy Month in Canada, and it's a great time to consider getting involved and giving back. ■

Providing Insight During Turbulent Times



Lori Mathison, FCPA, FCGA, LLB
CPABC President & CEO

We undertake our public policy work to deepen our understanding of the current challenges and opportunities in BC's economic landscape, including the demand for and supply of CPAs in this province. To that end, we recently produced our 2022 *BC Check-Up: Work* report and survey (summarized in this issue of the magazine) and updated our labour market study (last conducted in 2019).*

As you'll read on pages 14-23, the ability to attract and retain skilled labour is considered one of the top challenges to business success, along with labour compensation. Many CPAs have seen their organizations' employment levels grow over the past year, and they expect to see this trend continue in 2023.

For many businesses, the challenge of meeting this growing demand is compounded by an increase in staff turnover, an increase in remote work—which has become a priority and expectation for many employees—and declining affordability in all regions of the province.

Overall, our members have told us they believe all levels of government could be doing more to create a healthy business climate and make life more affordable for British Columbians. In particular, they continue to identify business taxes and the regulatory environment as areas where government action is needed.

BC's economy has also faced a growing number of challenges as rising inflationary pressures have forced the Bank of Canada to rapidly increase interest rates. While these rate increases have gradually lowered inflation, they have also worsened our economic growth outlook. Fortunately, however, the downturn is expected to be short lived.

Since March 2020, we have seen many unprecedented events unfold. Throughout this period of turbulence, our *BC Check-Up* reports and surveys have helped us continue to gauge how BC is faring as a place in which to invest, live, and work. Up next is *BC Check-Up: Invest*, which will capture expectations for 2023. At the time of this writing, the invest survey is underway, and I'd like to thank everyone who has provided their feedback to date. ■

**A recap of the* Labour Market Study *will be featured in our January/February 2023 issue.*

CPA AMBASSADORS

CPABC Ambassador Appreciation Event Celebrates Outstanding Volunteers

Every year, CPABC hosts its Ambassador Appreciation Event to thank the hundreds of volunteers who dedicate their time and energy to the profession through the CPABC Ambassador Program. This year's event, held on August 29 at Steamworks Brewpub in Vancouver, was the first to be held in person since 2019. Guests enjoyed icebreaker activities, a networking reception, and an awards presentation.

In her welcoming remarks, Sharon Hummel, CPABC's student recruitment manager, noted that there are currently 362 ambassadors on the program's roster:

- 22 high school ambassadors;
- 16 campus ambassadors; and
- 324 member ambassadors.

After thanking all of the ambassadors for their contributions, Hummel invited members of CPABC's student recruitment team to present the annual "Ambassador of the Year" awards, which recognize the high school, campus, and member ambassadors who participated in the most CPABC recruitment activities during the school year. The 2022 award recipients are:

- **Sarah,** high school student – High School Ambassador of the Year (last name omitted for privacy purposes);
- **Edven Poon**, post-secondary student – Campus Ambassador of the Year; and
- **Johnson Ng, CPA, CGA** – Member Ambassador of the Year.

Interested in being a member ambassador?

CPABC's student recruitment team hosts over 500 information sessions and events each year, and our member volunteers help make these recruitment activities a success. If you're interested in joining the CPABC Ambassador Program, check out our latest volunteer opportunities on page 11 or email us at **ambassadors@bccpa.ca**.





Above (l to r): Johnson Ng, CPA, CGA, Member Ambassador of the Year, and Edven Poon, Campus Ambassador of the Year. Not in attendance: Sarah,* High School Ambassador of the Year. Below: CPABC staff, ambassadors, and guests pose for a group photo. Back row (l to r): Angela Kaiser, CPA, CGA (member ambassador); Rosi Gill (campus ambassador); Jennifer Wang (guest of high school ambassador); Johnson Ng, CPA, CGA (member ambassador); Edven Poon (campus ambassador); Gail Thiessen, CPA, CMA (member ambassador); Natalie Williams (CPABC student recruitment officer); Sharon Hummel (CPABC student recruitment manager); Nadine Haddad, CPA (member ambassador); and Isabel* (high school ambassador). Front row (l to r): Christine Woodington, CPA, CGA (member ambassador); June Lee, CPA, CMA (member ambassador); Sheila Cheung (CPABC student recruitment officer); Louisa Hsu (CPABC student recruitment and events assistant); Rebecca Dirnfeld (CPABC senior student recruitment officer); and Larry Jung (CPABC student recruitment officer). *Last names omitted for privacy purposes.

FINANCIAL LITERACY

CPA Financial Literacy Program: New Partnerships for 2022

To broaden the accessibility of the CPA Financial Literacy Program and reach new audiences, CPABC expanded the delivery of its financial literacy sessions in 2022 by partnering with the following organizations:

Métis Nation of BC

CPABC partnered with the Métis Nation of BC to host two events earlier this year.

On June 14, CPABC hosted a financial literacy workshop as part of the Métis Nation of BC's Career Exploration Week. The workshop featured two financial literacy sessions: "Know Your Money," presented by Lori Ann Smith, CPA, CGA, and "Savings Strategies: Easy Concept, Difficult Reality," presented by Angela Kaiser, CPA, CGA. It also included a group discussion on attitudes toward money that was facilitated by Tierra Pawluk, CPABC's financial literacy specialist.

A similar workshop was held on August 23 and 24 for the Métis Nation of BC's Youth Employment and Training Initiative. Participants attended four financial literacy sessions: "Know Your Money" and "Journey out of Debt," presented by Dominique Marren, CPA, CGA; "Make Tax Your Hero," presented by Kelly McAulay, CPA, CGA; and "The Top 5 Mistakes Startups Make," presented by Angela Kaiser, CPA, CGA. On both days, Métis Elder Sandi Henry provided opening and closing prayers and shared her perspective on the core values and beliefs held by the Métis regarding money, including traditional ways of earning and sharing. The final day of the workshop concluded with a fireside chat that gave participants a chance to connect with Métis entrepreneur Keenan Beavis, founder of Longhouse Media. It was moderated by Danielle Levine, CPABC's director of interdepartmental initiatives.

Dyslexia Canada

CPABC recently partnered with Dyslexia Canada to develop a new financial literacy webinar for parents and caregivers of children with learning differences entitled "Disability: Accessing Your Benefits." The webinar, launched on August 30 with presenter Stefanie Ricchio, describes how to apply for a Registered Disability Savings Plan and provides an overview of the Disability Tax Credit and other related tax deductions. Ricchio is the founder of Stephanie Ricchio Business Consulting Inc. in Toronto and a consultant and author for CPA Canada. She is a CPA, CGA, in Ontario.

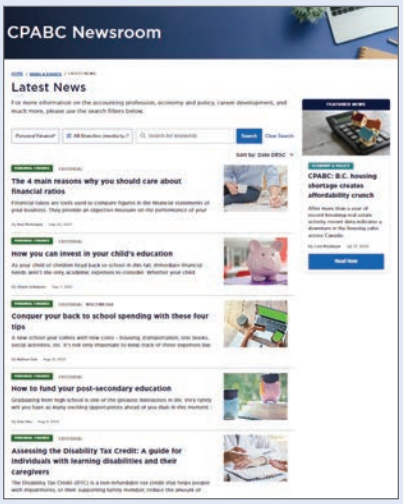
National Association of Friendship Centres

On September 14, CPABC partnered with the National Association of Friendship Centres (NAFC) to offer a nationwide financial literacy session entitled "Know Your Money" through NAFC's CreateAction initiative. The webinar was presented by Isabelle Raiche in English, and a French translation was provided for francophone participants. Raiche is a CPA, CA, in Ontario.

Want to get involved?

The CPA Financial Literacy Program delivers free financial literacy sessions, presented by CPA volunteers, to a variety of audiences to help all British Columbians make more informed financial decisions. The program offers 55 sessions on a range of topics.

If you're interested in sharing your financial knowledge to help promote financial literacy, consider becoming a presenter with the CPA Financial Literacy Program. This is a great opportunity to use your expertise to make a difference in your community! Visit **bccpa.ca/finlit** for more information, or email our financial literacy team at **finlit@bccpa.ca**.



Personal finance articles to share with your networks

Did you know that you can find a variety of articles on personal finance and other financial literacy topics in CPABC's online Newsroom? Here are just a few of the articles you can share with your clients, friends, family, and personal networks in November to support National Financial Literacy Month:

- "Assessing the Disability Tax Credit: A Guide for Individuals with Learning Disabilities and their Caregivers" by Stefanie Ricchio (CPA, CGA, in Ontario)
- "Building an Investment Portfolio to Match Life Goals" by Kurt Rosentreter (CPA in Ontario)
- "Busting 7 Common Money Myths" by Nelson Soh, CPA, CA
- "How You Can Invest in Your Child's Education" by Shane Schepens, CPA, CA
- "How to Fund Your Post-Secondary Education" by Han Shu, CPA, CA

Visit **bccpa.ca/newsroom** for more financial literacy content.

CALL FOR REGULATORY VOLUNTEERS

Calling for Volunteers: 2023-2024 Regulatory Committees

CPABC is looking for expressions of interest from CPAs who want to serve on our regulatory committees for the 2023-2024 committee year. Service on a regulatory committee is a tremendous learning experience that provides an opportunity for you to contribute to the profession in a meaningful way, extend your peer network, and gain insights into the profession's operations.

Effective regulation of the profession speaks to the very essence of the CPA brand. Regulatory committees are central to CPABC's regulatory processes, and these committees rely on the participation of suitably qualified volunteers. The CPABC Board of Directors appoints regulatory committee members annually, and committee members are generally expected to serve six consecutive one-year terms.

CPABC has five committees with regulatory mandates ranging from proactive and educational to reactive and adjudicative. In addition to overseeing relevant regulatory processes, regulatory committee members are called on to advise the board and make recommendations on governance and policy changes.

The five regulatory committees are as follows:

Membership Committee

The Membership Committee's mandate is to allow only suitably qualified and competent persons of good character to be admitted to membership and ensure that CPAs maintain their membership in accordance with requirements. This committee also advises the CPABC board on student and membership policies and establishes processes pertaining to annual dues and CPD requirements.

Public Practice Committee

The Public Practice Committee endeavours to ensure that members engaged in public practice are meeting the standards of the profession by promoting and maintaining their knowledge, skills, and proficiency levels. This is achieved through the issuance of public practice licences to appropriately qualified members who have met the education, examination, and practical experience requirements for licensure in a particular category; the assessment and approval of practice review results; and the approval of organizations that wish to train students in pre-approved pathways.*

Investigation Committee

In the event that a complaint is approved for investigation, the Investigation Committee will investigate the conduct of members, firms, and students to determine whether grounds exist for disciplinary action. The outcome of this process will be either a dismissal, a settlement agreement requiring the agreement of both the Investigation Committee and the member/firm/student, or a "Statement of Complaint," which refers the matter to the Disciplinary Committee.



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Disciplinary Committee

The Disciplinary Committee works independently of CPABC and its board. On receipt of a Statement of Complaint, the Disciplinary Committee conducts hearings into the conduct of members, firms, and students to determine whether disciplinary action is required. If the committee determines that disciplinary action is required, it will determine appropriate sanctions. Disciplinary hearings are formal, quasi-judicial processes, and are used only for the most serious of matters.

The Disciplinary Committee strikes Disciplinary Panels of three or five members to preside over each matter referred to the committee. Disciplinary Panel members are supported by legal counsel.

Bylaws Committee

The Bylaws Committee reviews the bylaws, bylaw regulations, and *CPABC Code of Professional Conduct* to ensure that the governing documentation remains appropriate. When policy amendments are proposed, the committee ensures that the revised governing documentation properly captures the intent of the change. This committee also initiates changes for board approvals in the event of redundancies or refinements.

How to volunteer

To learn more about CPABC's various regulatory committees, including suitability criteria and time commitments, and complete the volunteer form, visit **bccpa.ca/protecting-the-public** and click on "Volunteer Regulatory Committees" in the right-hand menu. If you're interested in more than one regulatory committee, please rank your preferences in order of interest as you complete the form.

If you have questions regarding any of our regulatory committees, please contact Nicolette Kirkpatrick, executive assistant to CPABC's executive VP of regulation and registrar, at **nkirkpatrick@bccpa.ca**. We very much look forward to hearing from you!

* In this notice, "student" refers only to candidates enrolled in the CPA Professional Education Program.

REMINDER: CPD REPORTING

2022 CPD Reporting Deadline: January 31, 2023

The deadline for members to report their 2022 continuing professional development (CPD) is January 31, 2023. To report your CPD activities, visit CPABC's Online Services site at **services.bccpa.ca**.

For more details about CPD requirements, visit **bccpa.ca/cpd** or email our CPD administrator at **cpd@bccpa.ca**.



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MENTORSHIP

Five Ways to Bring Your Mentoring Relationship Back on Course

Maintaining strong relationships is a lifelong practice. All valuable connections require consistent effort, and the relationship between mentees and their mentors is no different.

We know from anecdotal experience that the pandemic has challenged CPABC's mentees and mentors to stay connected. Some have experienced lapsed communication, decreased momentum, or imbalanced effort. Whatever the circumstances, here are a few ideas to help bring your mentorship relationship back on track:

1. Extend empathy

Sharing how the pandemic has affected you can help strengthen understanding and connection.

2. Establish (or revisit) your purpose

If you haven't already done so, work with your mentor/mentee to define what a successful partnership looks like and what you hope to learn from each other. Establishing this kind of clarity can set the direction for the relationship.

3. Try something new

Have your meetings gone flat? Consider ways to re-energize your interactions. You might try journaling before or after your meetings; changing your meeting structure, location, or topics; or even chatting with other mentor/mentee partnerships to get a fresh perspective.

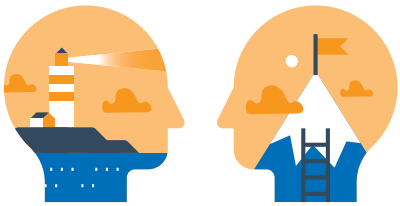
4. Take ownership

Making the commitment to self-reflect and hold yourself accountable for your actions can help you move forward in any relationship. Ask yourself what behaviours you'd need to change to become a better mentor or mentee.

5. Provide updates

Staying connected between meetings can be the glue that strengthens a mentorship relationship. By encouraging your mentor/mentee to stay in touch, you're not just communicating to stay on task—you're also inviting them to celebrate the progress you make (together) along the way.

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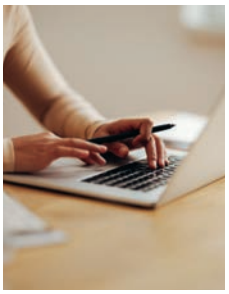
MORE RESOURCES FOR MENTORS AND MENTEES

Resources for mentors and mentees are provided on the CPABC website at **bccpa.ca**. Click on "Become a CPA" and choose About the Program > Experience > Mentees & Mentors. You can also check out the following resources:

- Becoming a Better Mentor: **mentoring.org**
- Zest in Positive Psychology: **positivepsychology.com**
- Mentoring "Slumps"—How to Get Back on Track: **get.mentoringcomplete.com**
- How to Use Self-Reflection to Move Beyond Ego by Cy Wakeman: **youtube.com**
- How Your Mind Works and Leads You to Drama by Cy Wakeman: **youtube.com**
- How to Give Back to Your Mentor: **hbr.com**

RESOURCES FOR EMPLOYERS AND JOB SEEKERS

Looking to Hire CPAs? Join CPABC's Employer Network to Find Accounting Talent



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In today's competitive labour market, it's important to access all of the tools available to find the talent you need to drive your business forward. The CPABC Employer Network helps hiring managers connect with CPABC's 38,000+ members and the 6,000+ candidates in the CPA Professional Education Program.

By joining the network, you can enjoy the following benefits:

- A 25% discount on all job postings on the CPABC Careers Site;
- Free, unlimited access to the site's database of more than 4,000 resumés; and
- Early invitations to hiring events.

To learn more and sign up, email CPABC's employer relations team at **careers@bccpa.ca** or visit **bccpa.ca/employernetwork** today!

CPABC Career Week Offers One-Stop Hiring Shop for Employers and Job Seekers

More than 600 participants and nearly 40 exhibitors took part in CPABC's most recent hybrid Career Week event, held on September 6-8, 2022. The first two days featured a variety of virtual presentations to help jobseekers hone their interview skills and learn more about the participating employer organizations. Recruitment experts shared their insights at four informative career workshops:

- *Career Development in the Hybrid Business Environment* – presented by Robert Half
- *The Important Intel on Interviews* – presented by Impact Recruitment
- *Navigating the Job Search Process* – presented by Strive Recruitment
- *Upskilling? What Is It and How Do I Do It?* – presented by CPABC

Jobseekers also had the opportunity to put their skills into practice and engage with hiring managers, recruiters, and HR professionals through the Hopin virtual event platform. More than 500 virtual speed networking sessions took place during the event.

On the third day, participants could attend an in-person career expo at the Vancouver Convention Centre, where organizations from industry, government, and public practice showcased their diverse workplaces and hiring opportunities.

CPABC thanks everyone who participated in this event. Visit **bccpa.ca/news-events/upcoming-events** to stay up to date on the latest career development events.

Did you miss the event?

Select recordings, including recordings of the four career workshops presented on September 6 and 7, are available online at **bccpa.ca/news-events/past-events**.



CPABC would like to thank the following organizations for participating in Career Week:

- Andrea Brace, CPA
- Anthem Properties
- BDO Canada LLP
- Canaccord Genuity
- Canada Revenue Agency
- Clearline CPA
- Crowe MacKay LLP
- D&H Group LLP
- Davidson & Company LLP
- Deloitte LLP
- DMCL LLP
- EY LLP
- Fiscal Talent
- Galloway Botteselle & Company
- Grant Thornton LLP
- Hays
- Horizon CPAs Ltd.
- Impact Recruitment
- KPMG LLP
- KTL CPA
- Manning Elliott LLP
- Martin Henry CPA
- MNP LLP
- MOSAIC
- Office of the Auditor General of BC
- Office of the Auditor General of Canada
- PWC LLP
- RHN CPA
- Robert Half
- Rolfe Benson LLP
- Strive Recruitment
- Telus
- The Mason Group
- Treewalk
- Walsh King LLP
- Well Health Technologies

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VOLUNTEER OPPORTUNITIES

Help Shape the Next Generation of CPAs: Share Your CPA Story at CPABC's Recruitment Events!



izusek/iStock/Getty Images

Student recruitment activities will be picking up again in the New Year, and CPABC's student recruitment team is looking for keen CPA members and candidates to join our volunteer roster. Sharing your time and experience with prospective students is a great way to stay engaged with the profession and help shape the next generation of CPAs. Here are a few current opportunities:

Join the CPA Ambassador Program

Volunteer opportunities for member ambassadors include attending networking events, representing CPABC at career fairs, speaking about your CPA career path at high school information sessions, being a panellist or keynote speaker at gala dinners and other events, and judging CPABC's annual Business Case Competition for post-secondary students.

Be a guest speaker for high school presentations

Members and candidates can also share their CPA stories with high school students. CPABC's student recruitment team visits high schools throughout the school year to give presentations about the CPA profession, and we're looking for enthusiastic volunteers to join us at these events. Email Larry Jung, student recruitment officer, at **ljung@bccpa.ca** for more information.

Be a panellist or guest speaker for a webinar series

CPABC hosts two webinar series ("How to" and "CPA's Journey") for candidates in the CPA Professional Education Program and prospective students who want to learn more about becoming a CPA.

We're currently looking for members to share their expertise on the following topics:

- *How to:* Determining if an employer is the right fit;
- *How to:* Negotiating salaries and compensation packages.
- *CPA's Journey:* Working in a Pre-Approved Program position;
- *CPA's Journey:* Working in an Experience Verification position; and
- *CPA's Journey:* Life after obtaining the designation. (This topic is only open to CPA members who have earned their designation within the last one to two years.)

If you're interested in serving as a panellist for CPABC's "How to" webinar series, email Sheila Cheung, student recruitment officer, at **scheung@bccpa.ca**. If you'd like to be featured as a guest speaker in the "CPA's Journey" webinar series, email Natalie Williams, student recruitment officer, at **nwilliams@bccpa.ca**.

CPABC ONLINE

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Linkedin.com/company/cpabritishcolumbia

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Twitter.com/cpa_bc

Instagram.com/cpabc

Access Resources on the CPABC Website

Newsroom



bccpa.ca/newsroom

Anti-Money Laundering



bccpa.ca/aml

Financial Literacy



bccpa.ca/finlit

Public Practice Knowledge Base



bccpa.ca/kbase

Chapters



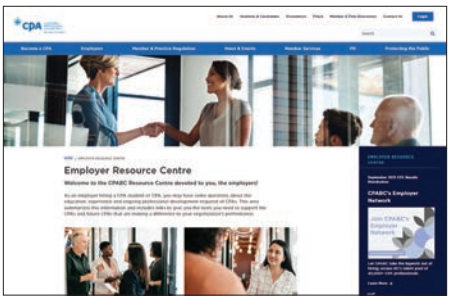
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Protecting the Public



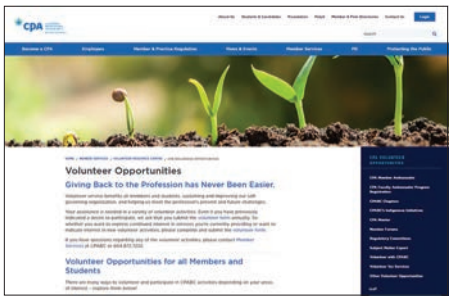
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Employer Resource Centre



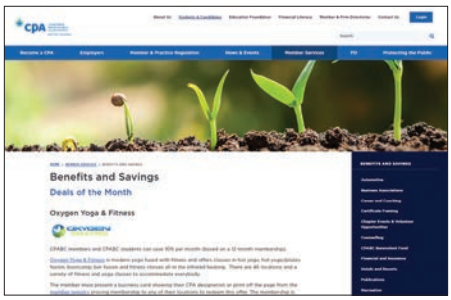
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Volunteer Resource Centre



bccpa.ca/volunteer

Benefits and Savings



bccpa.ca/benefits



Do you need financial assistance?

Support is available

The Benevolent Fund of the
Chartered Professional Accountants of British Columbia
provides short-term financial assistance
to members in need.

Visit **bccpa.ca/benefits** and
select "CPABC Benevolent Fund" for details.

CPA CHARTERED PROFESSIONAL ACCOUNTANTS' BENEVOLENT FUND OF BRITISH COLUMBIA



YinYang/E+/Getty Images

Work in BC

BC Check-Up: Work report looks at emerging employment trends amid economic turmoil

By Aaron Aerts

CPABC recently released *BC Check-Up: Work*, its third economic report of 2022.[1] The report examines the employment trends that emerged in the province over the past year and compares the data to pre-pandemic levels.

As was the case in 2021, the results in 2022 were mixed.[2] BC's labour market recovered quickly over the past two and a half years—in fact, more quickly than labour markets in most other Canadian regions—but its labour shortage has continued to grow. And while BC's unemployment rate fell to levels not seen since 2019, the job vacancy rate[3] reached record highs.

Adding to the complexity is the slowing of employment growth in recent months, as mounting challenges such as high inflation and rising interest rates put downward pressure on the provincial economy.

In creating the *BC Check-Up: Work* report, we also studied labour participation, employment recovery across sectors, and recent labour compensation trends.

[1] The first and second instalments—*BC Check-Up: Invest* and *BC Check-Up: Live*—were published in the March/April 2022 and July/August 2022 issues of the magazine, respectively.

[2] Aaron Aerts, "Work in British Columbia – *BC Check-Up: Work* Report Looks at Emerging Employment Trends Across the Province," *CPABC in Focus*, November/December 2021 (14).

[3] Defined as the number of open, unfilled positions.

BC led the country in employment gains over the past two and a half years, reaching a total of 2.75 million jobs in September 2022.

Employment growth strengthened then stalled

As described in past issues of *CPABC in Focus*, the 2020 recession triggered by the COVID-19 pandemic was BC's deepest economic contraction in nearly 40 years.[4] By the lowest point of the recession in April 2020, more than 400,000 jobs—nearly one in every six jobs across the province—had been displaced (see Table 1), and the unemployment rate had risen to 11.5%, more than twice the pre-pandemic rates.

Table 1: Changes in Population and Employment in BC, 2019-2022

	September 2019	April 2020	September 2021	September 2022	Change from April 2020	Change from September 2021
Unemployment rate	4.9%	11.5%	5.9%	4.3%	-7.2 ppts	-1.6 ppts
Participation rate	65.5%	58.8%	65.3%	64.8%	6.0 ppts	-0.5 ppts
Total employment (millions)	2.65	2.23	2.68	2.75	23.4%	2.6%

Source: Statistics Canada, Tables 14-10-0036-01 and 14-10-0287-01.

Thankfully, as restrictions eased and the global economy rebounded, BC experienced a rapid labour recovery—so rapid, in fact, that the province led the country in terms of employment gains over the past two and a half years.

BC's total employment reached 2.75 million in September 2022, surpassing its level of employment in April 2020 by more than 520,000 job positions and even surpassing its levels of employment before the pandemic. This increase helped lower BC's unemployment rate to 4.3% by September 2022, bringing it under the monthly average of 4.7% in 2019.

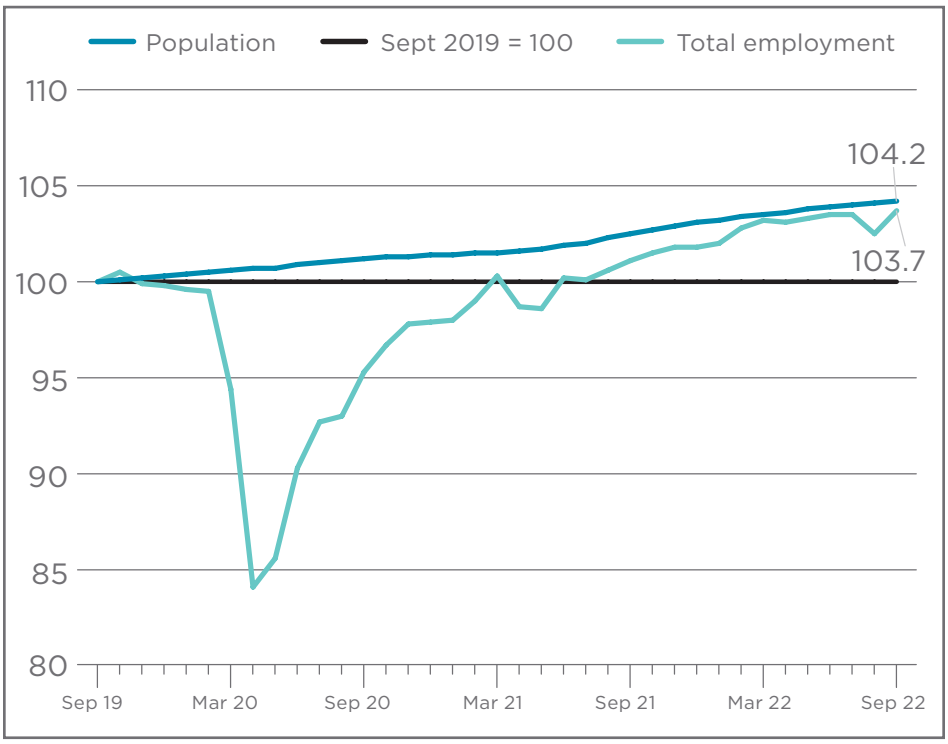
BC's workforce grew in 10 of the past 12 months, creating a net gain of 70,400 jobs. However, between April and September 2022, job growth slowed and became more uneven due to rising inflation, higher interest rates, and other economic challenges.[5] In fact, the province lost 28,100 jobs in August 2022—the largest job loss experienced by BC in a single month since early 2021—before recovering 32,900 positions in September.

Moreover, BC experienced an average monthly employment increase of 2,400 between April and September 2022, far below the monthly average of 9,400 seen between January 2021 and March 2022. It's important to note that this recent slowdown is explained not just by emerging economic challenges, but also by the gradual lessening of the employment rebound as recovery from the deep job losses in 2020 transitioned to more typical labour market trends.

[4] BC Stats, "BC Economic Accounts & Gross Domestic Product," accessed September 30, 2022. BC's 3.4% decline in real GDP in 2020 was the largest economic contraction in the province since the 1982 recession, when the province saw GDP drop by 6.4%.

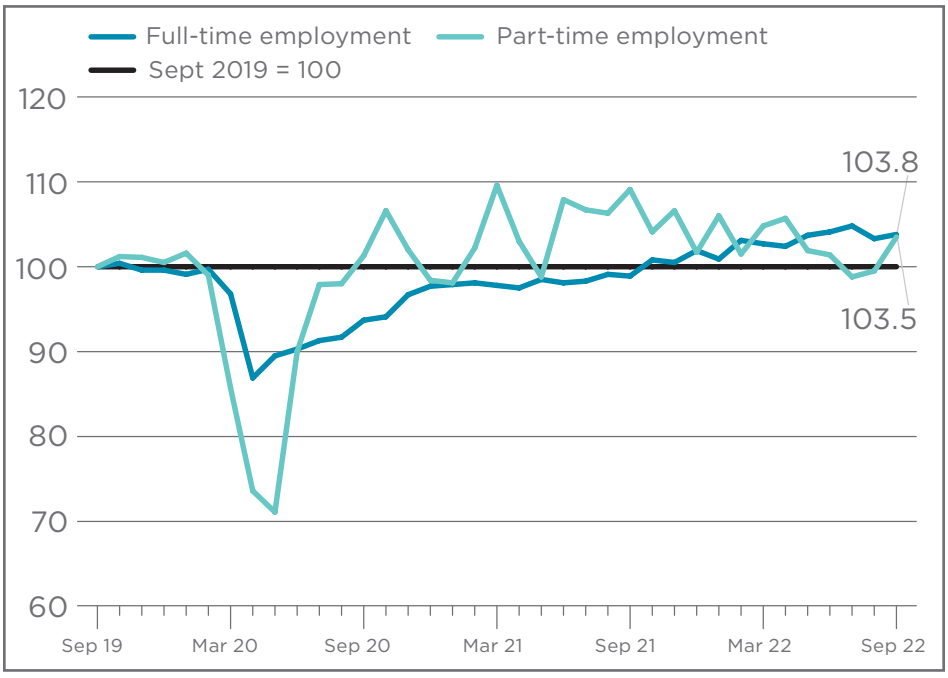
[5] "Bank of Canada Increases Policy Interest Rate by 75 Basis Points, Continues Quantitative Tightening," Bank of Canada (media release), September 7, 2022.

Figure 1: Population and Total Employment in BC, 2019-2022



Source: Statistics Canada, Table 14-10-0287-01.

Figure 2: Part-Time and Full-Time Employment in BC, 2019-2022



Source: Statistics Canada, Table 14-10-0287-01.

Employment and population grew at similar pace

When comparing the overall employment growth of the past three years with historical trends, there is reason for optimism. Despite the significant turbulence in BC's labour market between September 2019 and September 2022, employment growth nearly kept pace with population growth. As the *BC Check-Up: Work* report highlights, BC's population grew by 4.2% over this three-year period, while the province's total employment grew by 3.7% (see Figure 1). In turn, this job growth was critical to BC's economic growth. Notably, however, job growth was not consistent across the board.

Full-time job recovery outpaced part-time

BC's part-time workers were hit hardest by the pandemic in the early months of the crisis, as more than one in every four part-time positions had been lost by May 2020 (see Figure 2). And although part-time employment recovered more quickly than full-time employment in the latter half of 2020, full-time work is what has driven employment growth since early in 2021.

In total, there were 2.17 million full-time positions in BC in September 2022, signifying an increase of 3.8% and 4.9% from September 2019 and September 2021, respectively. In contrast, BC saw its part-time jobs decrease by 5.1% between September 2021 and September 2022. One reason for this decline is the fact that key industries with a high concentration of part-time positions, such as hospitality, struggled to recoup job losses over the past year (more on the service sector on page 18).

Despite the recent decline, however, there were 579,200 part-time positions in BC in September 2022—3.5% more than in September 2019. This was a result of the strong recovery seen in late 2020 and early 2021.

BC's job vacancy rate this summer was 6.1%, representing 153,060 open, unfilled positions.

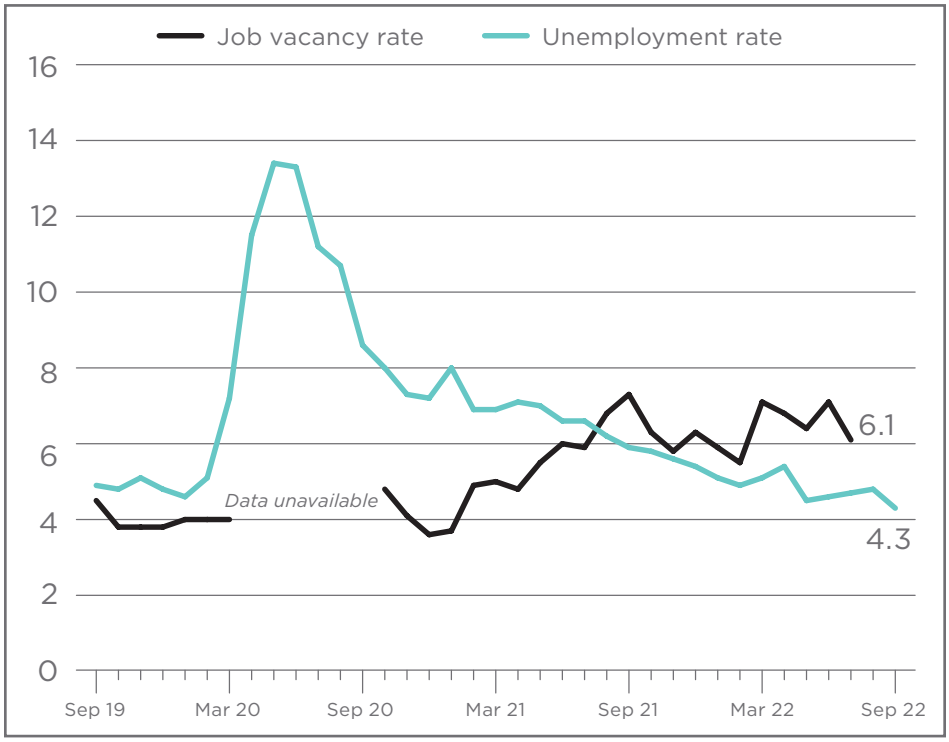
Recruitment challenges intensified

As employment recovery progressed over the past two years, both BC and Canada experienced record-level labour shortages.[6]

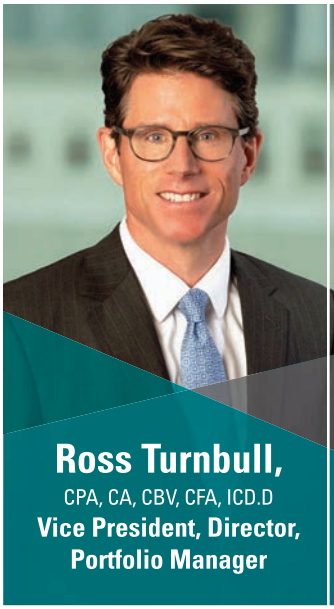
BC's unemployment rate was down to 4.3% by September 2022, but the job vacancy rate this summer was 6.1%, up from the percentages seen in 2021 and early 2022 (see Figure 3). The 6.1% job vacancy rate represented 153,060 open, unfilled positions—a significantly higher number than the 122,500 unemployed BC residents searching for work, which made it challenging for employers to attract enough staff to maximize their production of goods and services.

[6] Mark Wiseman and Hassan Yussuff, "Canada's Labour Shortage Is the Country's Greatest Economic Threat," *Globe and Mail*, July 19, 2022.

Figure 3: Unemployment and Job Vacancy Rate in BC, 2019-2022



Source: Statistics Canada, Tables 14-10-0287-01 and 14-10-0371-01.



Ross Turnbull,
CPA, CA, CBV, CFA, ICD.D
Vice President, Director, Portfolio Manager

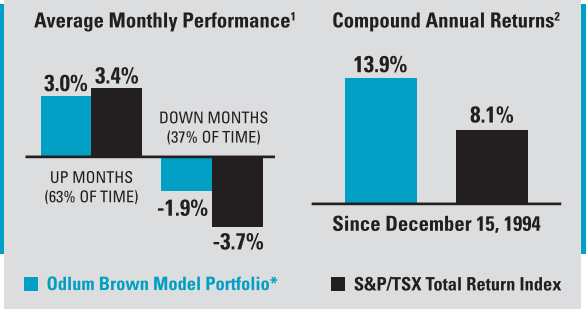
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Odlum Brown Model Portfolio: A Proven Track Record



¹Performance measured mid-month from December 1994 - October 2022. ²As of October 15, 2022. *The Odlum Brown Model Portfolio is an all-equity portfolio that was established by the Odlum Brown Equity Research Department on December 15, 1994 with a hypothetical investment of $250,000. It showcases how we believe individual security recommendations may be used within the context of a client portfolio. The Model also provides a basis with which to measure the quality of our advice and the effectiveness of our disciplined investment strategy. Trades are made using the closing price on the day a change is announced. Performance figures do not include any allowance for fees. Past performance is not indicative of future performance.

This labour shortage is partly due to a decline in the percentage of BC residents actively participating in the labour market. BC's labour participation rate[7] was 64.8% in September 2022, down from 65.5% in September 2019. This seemingly small percentage change actually had significant ramifications, because if BC's participation rate had been 65.5% in September 2022, we would now be seeing an additional 31,000 residents working or looking for work—a large pool to fill empty positions.

Another significant challenge for the labour market, both in BC and across Canada, has been a rapidly increasing rate of retirement.[8] Between 2012 and 2021, BC saw its annual retirement numbers jump from 23,300 to 36,000, signifying an increase of 54.5% in less than a decade (see Figure 4). This growth trend is only expected to accelerate as BC's population continues to age[9]—in fact, the provincial government projects that BC will see an average annual retirement rate of 63,000 between 2021 and 2031.[10]



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Service sector led job recovery, but some subsectors struggled

Although BC's service sector initially saw more job losses than its goods sector, the former led employment recovery between June 2020 and September 2022. However, employment performance varied significantly between service subsectors during that period.

BC's service sector workforce reached 2.25 million jobs in September 2022, up by 2.7% from the previous year (see Table 2). The strongest job growth happened in the information, culture and recreation (+17.8%), educational services (+7.5%), and professional, scientific and technical services (+6.8%) subsectors. Conversely, the following subsectors saw employment drop: business, building, and other support services (-13.6%), public administration (-4.5%), and finance, insurance, real estate, rental and leasing (-2.2%).

Between September 2019 and September 2022, BC's service sector workforce increased by 4.7%. Over this period, employment grew fastest in the professional, scientific and technical services (+18.3%), information, culture and recreation (+17.3%), and public administration (+13.2%) subsectors. At the same time, however, several service industries continued to struggle to return to pre-pandemic levels; these include the following subsectors: business building and other support services (-16.9%), other services such as personal and household (-9.1%), and accommodation and food services (-8.8%). These changes were consistent with those seen in service subsectors across Canada.

7 Defined as the percentage of adults aged 15 and older who are employed or actively searching for work.

8 Josh Rubin, "New Data Shows 50% Jump in Retirements—A Trend that's Making the Labour Shortage Even Worse," *Toronto Star*, September 13, 2022.

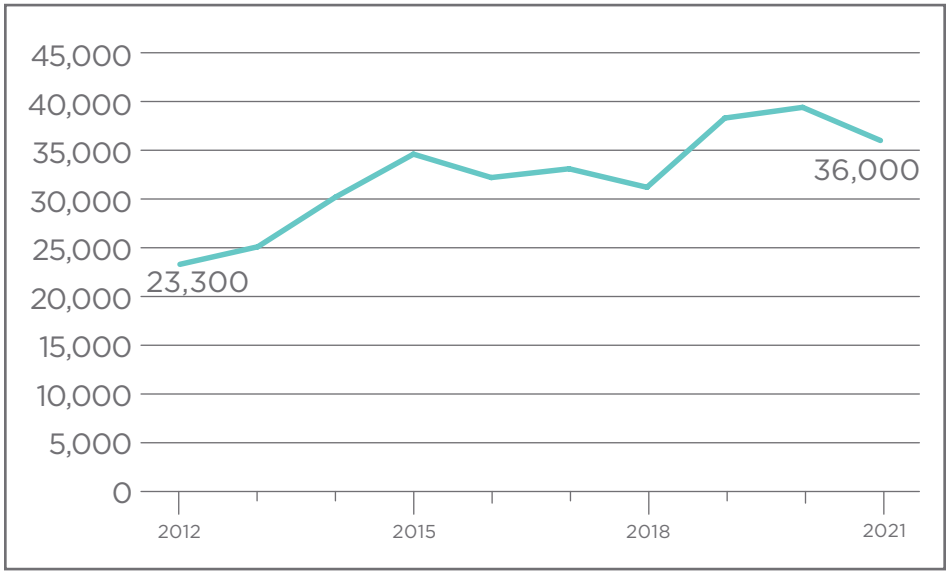
9 BC's average age was 42.8 in 2021, up from 40.8 in 2011. For more details on demographic trends in BC, see "The High Cost of Living in BC," *CPABC in Focus*, July/August 2022 (14-25).

10 WorkBC, *BC's Labour Market Outlook: 2021 Edition*, **workbc.ca/labour-market-industry**, accessed October 5, 2022

The downturn experienced in various service subsectors over the past two years was partly attributable to the number of Canadian workers who changed careers, with many leaving the industries hardest hit in the early days of the pandemic (such as hospitality and personal services) to enter those perceived as more stable (such as professional, scientific and technical services; and public administration). Collectively, this migration put significant pressure on subsectors such as food services, where many businesses struggled to find and retain talent.

[11] Graeme Bruce and Benjamin Shingler, "In a Tight Labour Market, This Is Where Canadian Workers Are Going," *CBC News*, August 23, 2022

Figure 4: Annual Retirements in BC, 2012-2021



Source: Statistics Canada, Table 14-10-0126-01.

Table 2: Service Sector Employment by Subsector in BC, September 2022*

	September 2022 employment	% change since 2019	% change since 2021
Services-producing sector	**2,254,600**	**4.7%**	**2.7%**
Professional, scientific and technical services	272,700	18.3%	6.8%
Information, culture and recreation	151,700	17.3%	17.8%
Public administration	136,000	13.2%	-4.5%
Health care and social assistance	378,800	12.9%	4.5%
Educational services	208,900	10.1%	7.5%
Wholesale and retail trade	415,200	3.1%	3.7%
Finance, insurance, real estate, rental and leasing	167,700	0.2%	-2.2%
Transportation and warehousing	137,000	-5.3%	-2.0%
Accommodation and food services	181,200	-8.8%	-0.8%
Other services (except public administration)	110,300	-9.1%	1.1%
Business, building and other support services	95,000	-16.9%	-13.6%

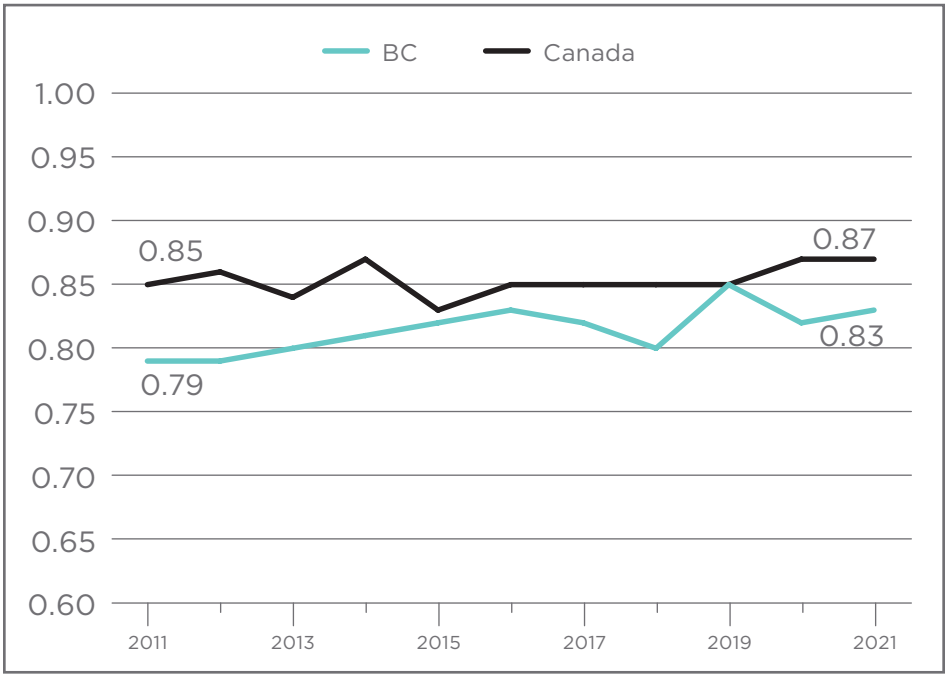
Source: Statistics Canada, Table 14-10-0355-01.
*Subsectors have been sorted from best to worst, per percentage change since 2019.

Table 3: Goods Sector Employment by Subsector, September 2022*

	September 2022 employment	% change since 2019	% change since 2021
Goods-producing sector	**497,700**	**-0.3%**	**2.5%**
Utilities	16,700	35.8%	12.8%
Forestry, fishing, mining, quarrying, oil and gas	47,800	6.7%	-7.4%
Agriculture	28,500	-1.0%	38.3%
Manufacturing	166,000	-1.9%	-9.0%
Construction	238,500	-2.4%	10.3%

Source: Statistics Canada, Table 14-10-0355-01.
*Subsectors have been sorted from best to worst, per percentage change since 2019.

Figure 5: Gender Pay Gap in BC and Canada, 2011-2021



Source: Statistics Canada, Table 14-10-0340-01.

Goods sector employment rebounded slowly

Employment in BC's goods sector grew to 497,000 jobs in September 2022, an increase of 2.5% compared to September 2021 (see Table 3). This increase was driven by growth in three of five subsectors: construction (+10.3%), utilities (+12.8%), and agriculture (+38.3%). The remaining two subsectors (forestry, fishing, mining, quarrying, oil and gas; and manufacturing) experienced declines in their workforces.

Overall, the goods-producing sector failed to reach pre-pandemic levels by September 2022, with employment still down by 0.3% compared to September 2019. This failure to recover was primarily due to the fact that employment growth in the construction industry—the sector's largest employer—remained 2.4% lower than its rate before the pandemic.

Labour compensation improved, but gender pay gap persists

To help address rising prices and the tightening labour market, employers raised wages significantly over the past year. The average weekly wage in the service sector increased to $1,123, up by 5.3% compared to the weekly average in 2021. Over the same period, the average weekly wage in the goods sector increased by 8.9%, reaching $1,413.

However, there was still a significant gender gap with regard to compensation, as the average female worker in BC continued to make considerably less than their male counterpart in 2021.[12] The hourly wage for a female worker in BC was $25.00 in 2021 compared to $30.00 for a male worker, translating to a gender pay gap of 0.83. BC's gender pay gap was notably wider (worse) than the gap of 0.87 for Canada as a whole, although it's worth noting that both have narrowed slightly over the past decade (see Figure 5).

[12] At the time of this writing, the most recent data available was from 2021.

Federal *Pay Equity Act* introduces new requirements to drive greater pay equity.

Both the federal and BC governments have started to focus on policies to make pay more equitable. For example, the federal government recently enacted the *Pay Equity Act*, which introduces new requirements to drive greater pay equity for federally regulated private- and public-sector organizations.[13] And in the summer of 2022, the BC government held consultations for feedback on the design of new provincial pay transparency legislation.[14] CPABC participated in these consultations, meeting with BC government staff in September 2022 (see sidebar at right for details).

Employment downturn not expected despite forecasts of a recession

There was renewed economic turmoil across the world this past year, with high inflation, rising interest rates, supply chain issues, and armed conflict casting considerable doubt on the future of the global economy. With neither Canada nor BC immune to these challenges, we're seeing far less optimistic forecasts now than earlier in 2022. In an October 2022 update, for example, BMO Capital Markets predicts that BC's real GDP will contract by 0.3% in 2023[15]—a far cry from its projection of 3.7% growth in February 2022.[16] Moreover, several prominent organizations, including the Royal Bank of Canada, say they believe the country will enter a recession at the start of 2023.[17]

However, this recession is not expected to result in a significant employment downturn. In the same October 2022 update, BMO predicts that unemployment will increase but remain relatively low—with a forecast of 6.0% for 2023 as a whole—and that employment will grow by 0.6%. The economic picture is also expected to improve over the course of 2023 as inflationary pressures ease up and interest rates decline.

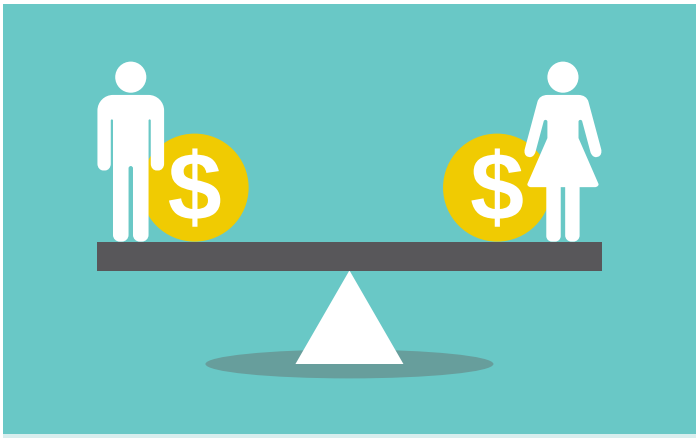
[13] Employment and Social Development Canada, "Overview of the Pay Equity Act," **canada.ca**, accessed October 5, 2022.

[14] Ministry of Finance and Ministry of Labour, *Developing Pay Transparency Legislation* (discussion paper), June 2022. (**gov.bc.ca**)

[15] BMO Capital Markets, "Cold in the Forecast," *Provincial Monitor*, October 5, 2022.

[16] BMO Capital Markets, *Provincial Economic Outlook for Feb 4, 2022*, February 4, 2022.

[17] Claire Fan and Nathan Janzen for RBC, "Proof Point: Canada's Economy Is Headed for a Recession," July 7, 2022, **thoughtleadership.rbc.com**.



masterSergeant/iStock/Getty Images

CPABC participates in government consultations on pay transparency legislation

To inform its development of legislation for provincial pay transparency, the BC Government held consultations for feedback this summer. CPABC, represented by President and CEO Lori Mathison, FCPA, FCGA, LLB, participated in this consultation process. Speaking to the government on September 6, Mathison said CPABC believes achieving pay equity—equal pay for work of equal value—is an important societal and economic objective and supports policies that help advance this goal, including pay transparency.

At the same time, however, Mathison shared CPABC's recommendation that any new pay transparency legislation be carefully implemented to ensure that requirements are manageable for employers and to minimize any unintended consequences. She also shared CPABC's recommendations that the new legislation should:

- Ensure new regulations are not onerous and do not reduce our competitiveness;
- Maintain flexibility so that employers can set pay based on value;
- Include a small business exemption to accommodate the unique challenges faced by small businesses; and
- Ensure employee privacy.

Augmenting BC's workforce has to be a top priority.

Labour shortage needs to be addressed

BC is expected to face some economic headwinds over the next year, and labour shortages are expected to continue. Given the significance of this challenge for our economy, it is critical that we make augmenting the provincial workforce a top priority. This means finding ways to both encourage greater labour participation by current BC residents and to attract more new residents.

Fortunately, the province is expected to benefit from a continued resurgence of international immigration to Canada over the next two years. The federal government has set a target of welcoming 1.33 million new residents from other countries between 2022 and 2024—the largest immigration influx over a three-year period in Canada's history.[18] This influx of new residents will be a critical part of the solution.

There is also a need to further implement initiatives such as skills training programs to help British Columbians pivot to new careers, with a particular focus on those industries facing the greatest scarcity of labour. CPABC will continue to study, monitor, and report on these important policy issues, and continue to bring ideas and recommendations forward to the provincial government. ■

Aaron Aerts is CPABC's economist.



To access the full *BC Check-Up: Work* report, visit us at **bccheckup.com**.

[18] Immigration, Refugees and Citizenship Canada, "Notice – Supplementary Information for the 2022-2024 Immigration Levels Plan," February 14, 2022, **canada.ca**.

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Highlights from CPABC's BC Check-Up: Work Survey

CPABC's *BC Check-Up* survey is conducted three times a year to measure members' perception of BC as a place in which to work, invest, and live. Over 650 CPABC members responded to the most recent survey, *BC Check-Up: Work*, which was conducted in August 2022. We asked them for their thoughts on the economy and the labour market, and here's what they told us:

ON BC'S ECONOMIC OUTLOOK



- **80%** of respondents rated BC's economic performance as "average" or "good" in 2022, a decline of four percentage points from the survey conducted in August 2021. One in five rated BC's economy as "bad" in 2022.
- Similarly, **78%** rated Canada's economic performance as "average" or "good" in 2022.
- **24%** indicated that their organization's prospects worsened in 2022. Almost the same number (**22%**) said their prospects improved, while **54%** said they saw no change.

ON EMPLOYMENT TRENDS IN BC



- **87%** of respondents cited the ability to attract and retain skilled labour as a major constraint on business success in 2022, up nine percentage points from the August 2021 survey.
- **83%** identified labour compensation as a challenge, up 13 percentage points from 2021.
- **43%** of senior CPAs said they expect their organization's workforce to grow over the next year, despite these labour challenges; just **14%** said they expect their workforce to contract.
- **47%** of senior CPAs said their organization's turnover rate increased in 2022; **6%** reported a decrease.

SURVEY DEMOGRAPHICS

Who are they?
655 CPABC members

Where are they from?*
Mainland/Southwest BC: 67%
Vancouver Island/Coast: 18%
Thompson-Okanagan: 7%
Rest of BC: 6%
Outside BC: 1%

*percentages do not sum to 100 due to rounding.

CPABC commissioned Leger Marketing to conduct a web-based survey of CPA members about their impressions of the economy and the labour market. A total of 655 surveys were completed between August 5 and 26, 2022, representing an overall response rate of 9%. Note: *All "don't know" responses have been excluded from the data in this infographic. As a result, there may be small discrepancies when comparing this infographic to those published in previous years.*

The Cullen Commission: What's Next?

By Jessica McKeachie



nadia_bormotova/iStock/Getty Images

As CPABC's senior advisor, public interest, Jessica McKeachie leads the development of public interest policy. This includes overseeing anti-money laundering and anti-corruption initiatives. Here she shares some of the findings of the Cullen Commission and describes the implications for the accounting profession.

Canada has an AAA credit rating, is a G7 country, and has a modernized system of trade—all of which make it very attractive to, and potentially lucrative for, money launderers from around the world. Here in BC, news outlets began reporting on suspected money laundering in local casinos several years ago, and this media coverage helped catalyze various government anti-money laundering (AML) initiatives, including the establishment of the Commission of Inquiry into Money Laundering in British Columbia (the Cullen Commission), headed by BC Supreme Court Justice Austin F. Cullen, in 2019.[1]

When I first wrote about the Cullen Commission in February 2020,[2] public hearings were imminent. By the time I was working on my second article in late November 2020,[3] the hearings were in progress and CPABC and CPA Canada were poised to speak on behalf of the accounting profession.[4]

After over three years of work, which including hearing from 199 witnesses, analyzing more than 1,000 exhibits, and reviewing written submissions and commissioned research, the Cullen Commission released its final report on June 15, 2022. At over 1,800 pages and featuring 101 recommendations, the *Commission of Inquiry into Money Laundering in British Columbia – Final Report* (Cullen report) is both thorough and complex.

1 See **cullencommission.ca**.

2 Jessica McKeachie, "The Fight Against Money Laundering," *CPABC in Focus*, March/April 2020 (34-36).

3 McKeachie, "The Fight Continues: An update on anti-money-laundering initiatives," *CPABC in Focus*, January/February 2021 (36-38).

4 CPABC representatives appeared before the Cullen Commission on January 12, 2021. Representatives of CPA Canada appeared before the commission the following day.

While the report focuses to a great extent on the gaming and real estate sectors, it also provides information and findings related to the international AML regime, financial institutions, law enforcement, and professional services.

Ultimately, Cullen concludes that the federal AML regime is not sufficiently effective at detecting, combatting, or prosecuting money laundering in BC. Accordingly, he recommends that the province take a significantly more direct role in combatting the problem. In particular, he recommends the creation of an independent legislative office focused exclusively on anti-money laundering, headed by a provincial AML Commissioner. The AML Commissioner's overarching mandate would be to "oversee the provincial response to money laundering and report to the Legislature regularly."[5]

The office would be expected to produce reports; conduct and support research; issue policy advice and recommendations; monitor and audit the performance of relevant provincial bodies; and lead co-operative efforts to address money laundering issues in British Columbia.[6] It would be the first office of its kind in Canada as, until now, AML initiatives have been driven by the federal government.

In addition, Cullen recommends creating a dedicated provincial anti-money laundering unit within the Combined Forces Special Enforcement Unit of British Columbia (BC's integrated anti-gang police agency).[7] The purpose of this intelligence and investigation unit would be to attempt to fill the gaps identified in the report and develop the expertise needed to investigate and prosecute money laundering activities.

Identifying the risks for the accounting profession

Cullen finds that while specific evidence as to the precise nature and extent of accountants' involvement in money laundering is lacking, accountants—both regulated (CPAs) and unregulated—risk being used to facilitate money laundering because of the nature of their work.

Due to the limited evidence regarding accountants' involvement in money laundering activities, Cullen relies heavily on the Financial Action Task Force's 2019 report, *Risk-Based Approach for the Accounting Profession,*[8] to identify areas of potential risk for the accounting profession. Here are three of the risk areas identified in the Cullen report:

1. Providing financial and tax advice

Cullen notes that those seeking to launder money work very hard to minimize potential scrutiny and will often seek the advice of professionals, including accountants, to minimize their risk of incurring an audit or other reviews by tax and other financial authorities. Therefore, there is a risk of money laundering when providing advice, even though the federal AML regime focuses primarily on transactions. As stated in the report: "In providing advice, accountants clearly gain knowledge about a client's financial affairs and are well placed to observe suspicious circumstances."[9]

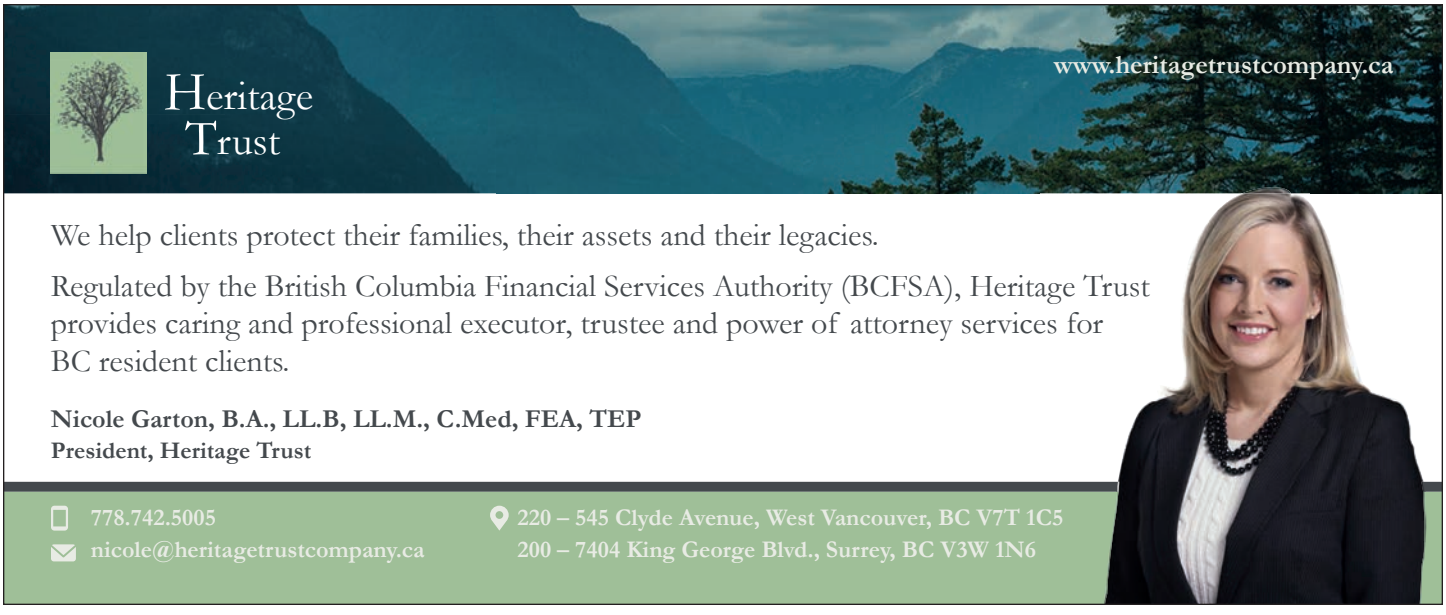
5 Province of British Columbia, *Commission of Inquiry into Money Laundering in British Columbia – Final Report*, 2022, **cullencommission.ca** (4).

6 Ibid (5).

7 Ibid (7).

8 Financial Action Task Force (2019), *Risk-Based Approach for the Accounting Profession*, **fatf-gafi.org**, Paris, France, 2019. The FATF is a global money laundering and terrorist financing watchdog.

9 Cullen report (1,263).



"Money laundering is a significant problem deserving serious attention from government, law enforcement, and regulators. An enormous volume of illicit funds is laundered through the British Columbia economy every year, and that activity has a significant impact on the citizens of this province."
— Cullen report (page 2)

2. Providing bookkeeping services

Noting that criminals seeking to launder money are attracted to the legitimacy of accounting professionals, Cullen shares several international examples in the report, as provided by expert witnesses during the hearings.

Among them is the case of a bookkeeper who regularly deposited large amounts of money in the bank on behalf of two garage owners: "The bank reported the activity to the financial intelligence unit. It turned out that the garage owners were involved in a wholesale cocaine business and mixed their illegitimate funds with the garage's profits. The bookkeeper maintained that it was not his job to notice discrepancies in the books, one of which was the fact that the garage would have had to be open six days a week and operating at full capacity to even approach the profits it was reporting."[10]

3. Performing financial transactions

Another area of risk identified in the report is the performance of financial transactions. The risk in this area is already well known—it's the primary area of focus for the Canadian AML regime.

Specifically, the triggering activities for accountants under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* include performing or providing instructions with respect to the receipt or payment of funds or virtual currency or with respect to the transfer of funds, virtual currency, or securities by any means.[11]

Addressing the risks

The provincial government has indicated that it is reviewing the report, but it has not provided a timeline for action on any of the recommendations. We understand the federal government is also reviewing the report. Although it was beyond the purview of the Cullen Commission to make direct recommendations regarding federal policies, programs, or legislation, Cullen does recommend that the provincial government work with its federal counterpart to address the identified risks and deficiencies.

When looking at the accounting sector, Cullen acknowledges that CPAs in BC are extensively regulated. He also points out that two-thirds of accountants in BC are *not* regulated and says this lack of regulation poses a risk to British Columbians. Further, and as noted earlier, he also finds the federal AML regime to be lacking and says provincial regulators, including CPABC, need to enhance their AML efforts accordingly.

In addition, Cullen makes 13 recommendations related to the accounting sector, 10 of which are directed at CPABC. We're currently looking to these recommendations for direction as we continue in our efforts to mitigate money laundering risks in this province and protect the public.

[10] Cullen report (1,266).

[11] Minister of Justice, *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* (SOR/2002-184), Section 47(1).



CPAs will continue to have an important role to play in combatting money laundering

Next steps

CPABC has established a working group to carefully review, assess, and, where appropriate, respond to and act on the recommendations in the Cullen report. This working group will also focus on ways to minimize the risks identified in the report. We'll keep you posted on developments.

In the meantime, you can take action on an individual level by referring to CPA Canada's *Guide to Comply with Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Legislation*, which was released in March 2022.[12] In addition to providing more information on risk areas, the guide will help you minimize your personal risks regarding money laundering and ensure that you meet any potential AML requirements. You can also find courses at **pd.bccpa.ca** and a variety of AML resources at **bccpa.ca/aml** and **cpacanada.ca**.

It's vital to stay informed, because CPAs will continue to have an important role to play in combatting money laundering as the AML landscape evolves over the coming months and years. ■

[12] The guide can be downloaded from **cpacanada.ca**.

For a more detailed summary of Cullen's findings, read "How the Cullen Report Is Attempting to Clean House," written by John Lorinc for *Pivot* magazine. You'll find it online at **cpacanada.ca/en/news/pivot-magazine/aml-cullen-report**.



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Your Duty to Report Conduct Matters and Other Events to CPABC

From CPABC's Professional Conduct Department



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The March/April 2017 issue of *CPABC in Focus* featured an article on a professional's responsibility to report various events to CPABC.[1] Given both the ongoing importance of this topic and the continued growth of our membership, CPABC's Professional Conduct department decided it was time for an update.

During our professional lives, most of us will become aware of at least one ethical dilemma or external event that may need to be reported to CPABC. This article outlines the reporting requirements for CPAs and candidates in the CPA Professional Education Program (collectively referred to as "registrants" in this article) and describes the actions that should be taken.[2]

The requirements to self-report your own conduct, report the conduct of other professionals, and report other events to CPABC stem from two principle sources: the *CPABC Code of Professional Conduct* (the CPA Code) and the *CPABC Bylaws*.

As stated in the preamble to the CPA Code: "Registrants have a fundamental responsibility to act in the public interest. The public's trust and reliance on sound and fair financial and management reporting and competent advice on business affairs—and the economic importance of that reporting and advice—impose these special obligations on the profession."[3]

The preamble further stipulates that "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…. In doing so, registrants are expected to avoid any action that would discredit the profession."[4]

The conduct reporting requirements are found primarily in the following three rules of the CPA Code: Rule 101 (Compliance with governing legislation, bylaws, regulations and the Code); Rule 102 (Matters to be reported to CPABC); and Rule 211 (Duty to report breach of the CPA Code).

Additional instruction is provided in the *CPABC Bylaws*: Bylaw 408 (Obligation to Report) describes the matters that CPA candidates[5] must report to CPABC, and Bylaw 511 (Obligation to Report) outlines the matters that must be reported by members.

This article summarizes these requirements for all CPABC registrants and provides important information for you to consider.

1 "Your Duty to Report Conduct to CPABC – Including Your Own," *CPABC in Focus*, March/April 2017 (32-35).

2 In this article, "registrant" does not refer to students taking CPA preparatory courses.

3 *CPABC Code of Professional Conduct* (5).

4 Ibid.

5 Candidates are referred to as "students" in both the CPA Code and the *CPABC Bylaws*.

Self-reporting – what you need to know

Rule 101.2 of the CPA Code outlines the conduct that must be self-reported to CPABC. It states: "Registrants who identify that they have breached the CPA Code shall: a) take whatever action might be appropriate or required by law, as soon as possible, to satisfactorily address the consequences of any such breach; and b) evaluate whether the breach is such that it needs to be reported to CPABC, and if so, report it promptly."[6]

As noted in the guidance to Rule 101, "[appropriate action] may include notifying those who may have been affected by the breach and *when the breach is such that it diminishes the reputation of the profession or fails to serve the public interest, registrants are also required to notify CPABC of the breach*" (our emphasis).[7]

Criminal matters

You must self-report all criminal *convictions*, including guilty pleas, to CPABC, regardless of the nature of the offence and regardless of the jurisdiction in which the offence occurred. You must report the matter to CPABC even if you receive an absolute or conditional discharge from the court. However, you do not need to report the *laying* of criminal charges against you.

Tax and securities offences

You must self-report if you are found guilty of a violation of any tax legislation that involves dishonesty on your part, or if you enter into a settlement with tax authorities in this regard.

Similarly, you must report convictions for any securities offences, regardless of whether you've been found guilty by a court or by an administrative tribunal of a securities commission. Additionally, you must report any settlement agreements reached with securities regulators.

As in the case of criminal matters, you do not need to report the *laying* of charges against you.

Matters with other regulatory bodies

Conduct that results in a breach of the requirements of another professional regulatory body is likely to diminish the good reputation of the CPA profession in British Columbia. Accordingly, you must notify CPABC if you fail to comply with the requirements of another professional regulatory body, including another Canadian CPA body, so CPABC can evaluate the breach against the requirements of the CPA Code.

You must also report any settlement agreements reached with other professional regulatory bodies and/or notify CPABC if you voluntarily de-register or resign from another body's membership to resolve a disciplinary matter.

Convictions for other offences

Rule 213 (Unlawful activity) of the CPA Code stipulates that "A registrant shall not associate with any activity that the registrant knows, or should know, to be unlawful."[8] It's important to note that this rule is not limited to Canadian criminal law, as convictions under statutes other than Canada's *Criminal Code* may also diminish the reputation of the profession or fail to serve the public interest; these convictions must, therefore, be reported to CPABC. They include convictions under the statutes of any jurisdiction for:

- Misconduct in financial reporting or transactions. For example, breaches of Canada's *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* must be self-reported;
- Convictions under customs or immigration laws;
- Improper financial operations of a corporation;
- Misconduct in insolvency matters; and
- Other financial or ethical misconduct that reflects negatively on the CPA profession as a whole.

Not every legal breach diminishes the reputation of the profession or fails to serve the public interest. For example, the following events would not normally constitute events that need to be reported to CPABC:

- Administrative matters, such as late filing penalties from tax assessments and securities regulators;
- Tax reassessments;
- Administrative cease-trade orders from a securities regulator;
- The administrative actions of a customs and excise official;
- Routine traffic matters under a provincial statute, including roadside suspensions; and
- Municipal bylaw infractions.

Personal bankruptcy and financial matters

CPABC bylaws 408 and 511 require you to self-report when you undergo bankruptcy. This includes the filing or commencement of an insolvency proceeding, such as when a receiving order is granted against you. You must also report to CPABC if you file a proposal under the statutory provisions for insolvent debtors.

Civil disputes and other negative events

Other negative events may still need to be reported to CPABC, even if these events are not specifically listed in the CPA Code or the *CPABC Bylaws*. Here again, the applicable guidance is in Rule 101 of the CPA Code, which states that the determining factor is whether an event diminishes the reputation of the profession or fails to serve the public interest. While your mere involvement in a legal dispute is unlikely to meet this test, it is possible that the ultimate resolution of the dispute may diminish the reputation of the profession. In such cases, you need to self-report.

[6] CPA Code (13).

[7] Ibid.

[8] CPA Code (146).

Reporting others: What are your obligations?

Rule 211 requires you to report any information concerning an apparent breach of the CPA Code or any information raising doubt as to the competence, reputation, or integrity of another CPABC registrant. While you are not required to carry out an investigation or reach a decision as to whether the CPA Code has been breached by another registrant, you must report the facts as known to you, along with any supporting documentation.

What if you're not sure?

The guidance to Rule 211 makes it clear that the rule is not intended to require the reporting of minor, perceived faults, and states that it is not enough to simply suspect another registrant of professional misconduct. Each mistake is not necessarily a breach of the CPA Code—sometimes a mistake is an isolated incident that doesn't require further inquiry. In deciding when to report, you should report only if you believe the matter raises doubts as to the competence, reputation, or integrity of the registrant(s) in question.

Exceptions to Reporting

While there are few exceptions to Rule 211, you do *not* have to report breaches of the CPA Code if:

- Reporting would result in the loss of solicitor-client privilege;
- The matter has already been reported to CPABC;*
- The matter is trivial;
- You are specifically exempted from reporting by the Board of Directors of CPABC (as is the case for CPABC's practice reviewers and professional standards advisors, for example); or
- You have a statutory duty of confidentiality, such as the statutory requirement of confidentiality contained in the *Income Tax Act*, the *Securities Act*, or the *Financial Institutions Act*.

*Although you do not have a duty to report matters that you know have already come to CPABC's attention, the guidance to Rule 211 makes it clear that you must report if you know that certain facts have been concealed, distorted, or otherwise not reported to CPABC.

Rule 211 also contains exceptions for those involved in litigation support engagements of a civil or criminal nature. If you are engaged in a civil or criminal investigation, you do not need to report the matter to CPABC until:

- Your client or your employer consents to the release of the information;
- You become aware of the fact that third parties (other than legal advisors) are aware of the information; or
- It becomes apparent to you that the information will not become known to third parties, other than legal advisors.

When you cannot keep matters confidential

The exceptions regarding statutory confidentiality do *not* include civil non-disclosure agreements. For example, subject to the discussion that follows, even if you've entered into an employment agreement or commercial/professional agreement that requires confidentiality, you must still report to CPABC any suspected breaches of the CPA Code, regardless of the terms of the agreement.

We recognize that the CPA Code requirements may put you in an ethical bind, as—in the absence of an exemption—employers or clients may assume that you will not disclose information without their consent and that you will, therefore, resist your obligation to report. As a result, reporting to CPABC without an employer's knowledge or consent could result in a claim against you; we recommend, therefore, that you carefully examine the terms of any employment agreement before signing on the dotted line.

In client situations, you should inform the client that while you *will* seek their consent to report the information, your obligation to the public and the profession must prevail even if their consent is not forthcoming, as you are obliged to report under the CPA Code. We also recommend that you consider seeking legal advice in such situations.

Do you know someone who hasn't self-reported?

Under Rule 211, if you know a registrant who has not self-reported to CPABC when required to do so, you must report the matter. Failure to do so may put *you* in breach of the CPA Code.

How to report to CPABC

If you need to self-report or report an event or breach of the CPA Code or CPABC Bylaws to CPABC, you should email your disclosure to **professionalconduct@bccpa.ca**. We will confirm receipt of your report and contact you for further details.

Do you need guidance?

The guidance in the CPA Code is designed to help you understand how the rules should be applied. CPABC's professional standards advisors are also here to help. You can consult them for confidential guidance to ensure that you stay compliant with the CPA Code and the *CPABC Bylaws* when navigating difficult situations. Contact our advisors by email at **professionaladvisory@bccpa.ca**. ■

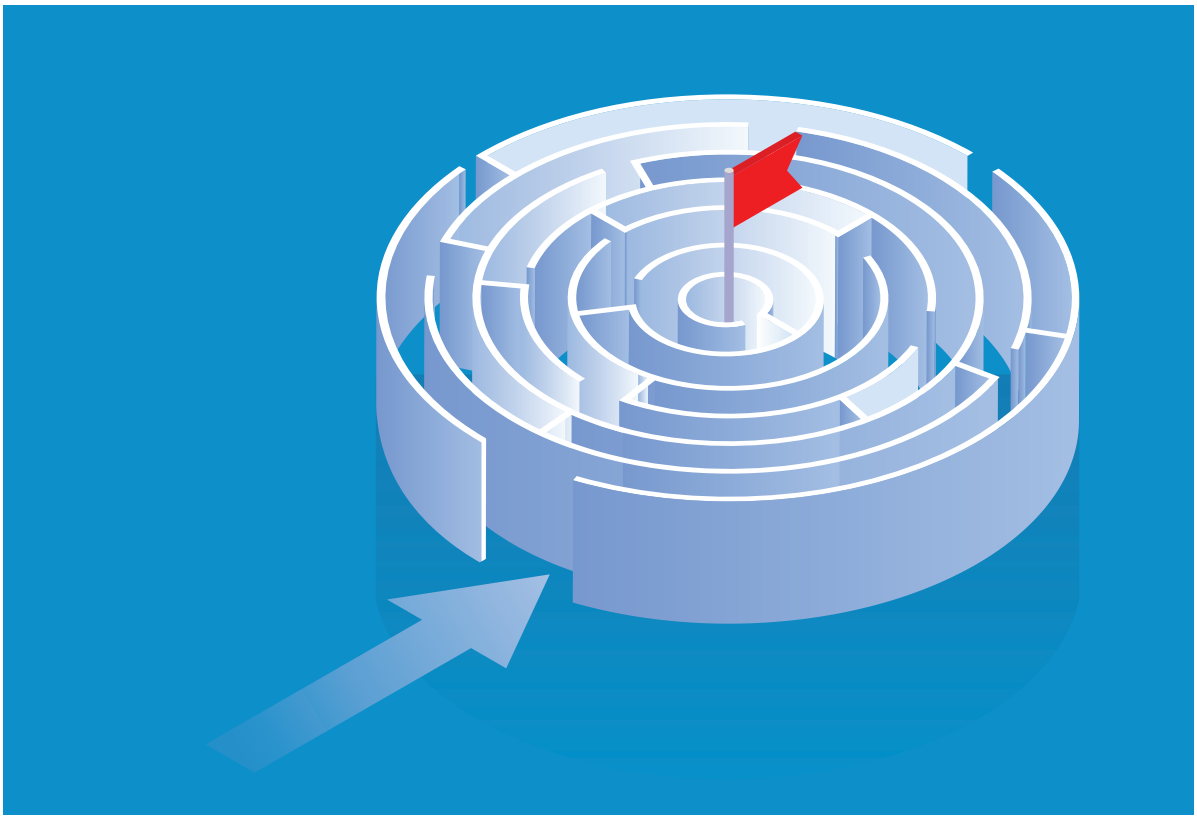

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Claiming the Lifetime Capital Gains Exemption on Holding Company Shares

By Justine Alder, CPA



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Over the last year and a half, we've seen a large volume of transactions involving the acquisition of privately owned BC corporations, especially in the technology sector. In transactions such as these, it's common for qualifying vendors to try to claim their lifetime capital gains exemption (LCGE)[1] against capital gains from the disposition of qualifying small business corporation (QSBC) shares.[2] To claim the LCGE, an individual (or a related person) generally needs to have held the shares that are being disposed of for two years, and the corporation in which the shares are held needs to be both a small business corporation (SBC)[3] and a Canadian-controlled private corporation (CCPC),[4,5] and needs to hold certain Canadian assets over a two-year period.[6]

The purpose of this article is to illustrate the complexity of the rules at the corporate level—particularly the complexity of the modified test that applies to holding corporations.

1 The lifetime limit is $913,630 (for 2022, indexed annually).

2 Subsection 110.6(1) of Canada's *Income Tax Act* (ITA).

3 Subsection 248(1) of the ITA.

4 Subsection 125(7) of the ITA.

5 Note that a series of changes with respect to substantive CCPC was announced in the 2022 federal budget. The analysis and implications of these rules is beyond the scope of this article. Taxpayers are encouraged to consult with their advisors to assess the implications of these rules for particular transactions.

6 QSBC shares are defined in subsection 110.6(1) of the ITA.

SBC test (the SBC 90% test at closing)

At the time of the disposition, the corporation must be an SBC,[7] which is defined to include the following requirements:

1. It must be a CCPC;[8] and
2. It must have at least 90% of the fair market value (FMV) of its assets attributable to:[9]
   a. Assets that are used principally (more than 50%) in an active business carried on primarily (more than 50%) in Canada (by the corporation or by a related corporation)[10]—referred to in this article as "*50% Canadian operating assets*";
   b. Shares of the capital stock or indebtedness of one or more SBC that are connected to the particular corporation;[11] or
   c. Assets described in (a) and (b).[12]

FMV asset test (the 50% over two years test)

In addition to the requirement that it be an SBC at disposition, the corporation being tested for QSBC purposes must also meet certain conditions throughout the 24 months preceding the disposition (meaning at any given point in time during the preceding two years). Specifically, throughout that period, at least 50% of the FMV of its assets must be attributable to:[13]

1. 50% Canadian operating assets;[14] or
2. Shares or indebtedness of a connected corporation:
   a. Held by the corporation being tested for QSBC purposes for at least two years;[15] and
   b. Where 50% of the FMV of the assets of the corporation are attributable to assets described in points 1 or 2 directly above.[16]

The modified FMV asset test (the modified 90% test)

When the sellers are selling shares of a personal holding company, the FMV asset test can be modified. If, throughout the 24 months preceding and including the disposition of holding company shares, at least 90% of the FMV of the assets of the holding company (or a connected corporation) are not attributable to points 1 or 2 of the FMV asset test above, the 50% Canadian operating asset test (point 2(b) of the FMV asset test) should be modified to a 90% Canadian operating asset test for any connected corporations.[17]

The illustration on page 34 provides an example where the opportunity to claim the LCGE on the disposition of "Holdco" shares could be at risk and requires analysis.

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7 Paragraph (a) of the definition of QSBC shares in subsection 110.6(1) of the ITA.

8 Subsection 248(1) of the ITA.

9 Preamble of the definition of SBC in subsection 248(1) of the ITA.

10 Paragraph (a) of the definition of SBC in subsection 248(1) of the ITA.

11 Paragraph (b) of the definition of SBC in subsection 248(1) of the ITA.

12 Paragraph (c) of the definition of SBC in subsection 248(1) of the ITA.

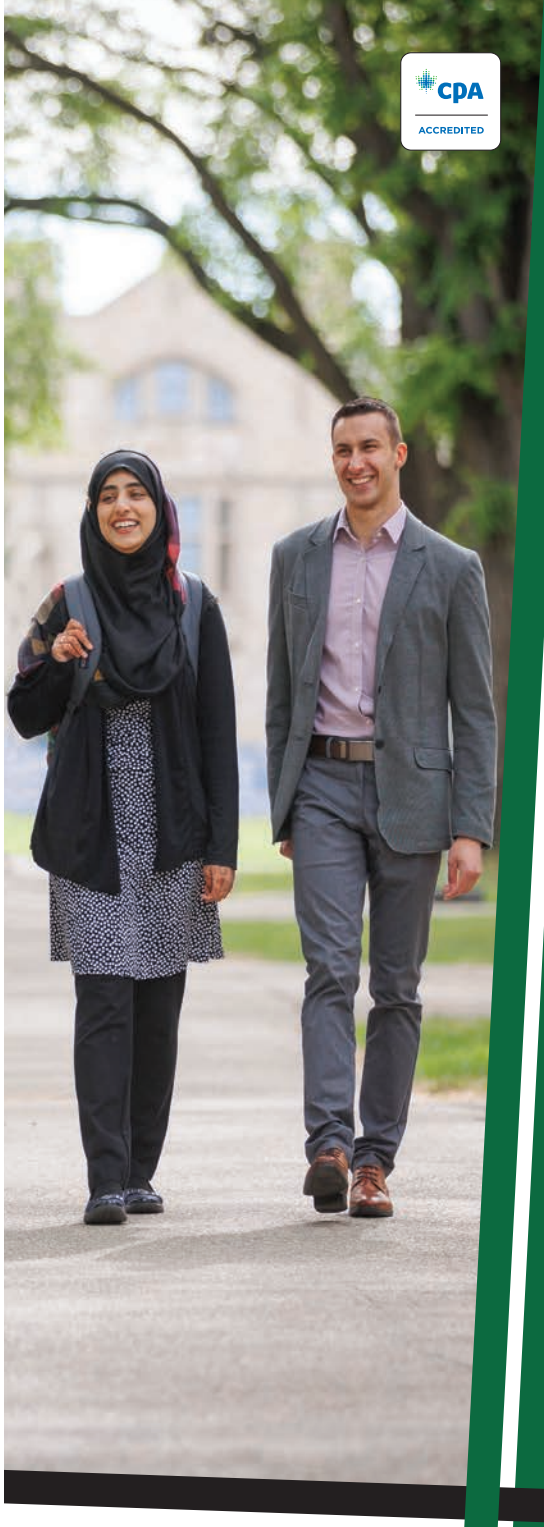
13 Preamble of paragraph (c) of the definition of QSBC shares in subsection 110.6(1).

14 Subparagraph (c)(i) of the definition of QSBC shares in subsection 110.6(1) of the ITA.

15 Clause A of subparagraph (c)(i) of the definition of QSBC shares in subsection 110.6(1) of the ITA.

16 Paragraph (c)(ii) of the definition of QSBC shares in subsection 110.6(1) of the ITA.

17 Paragraph (d) of the definition of QSBC shares in subsection 110.6(1) of the ITA. Note that one must not confuse which of the 50% tests is modified, as paragraph (c) of the definition of QSBC shares in subsection 110.6(1) of the ITA includes more than one 50% test: one in the preamble that does not get modified and one in clause B that gets modified for connected corporations. Refer to the illustration on page 34.



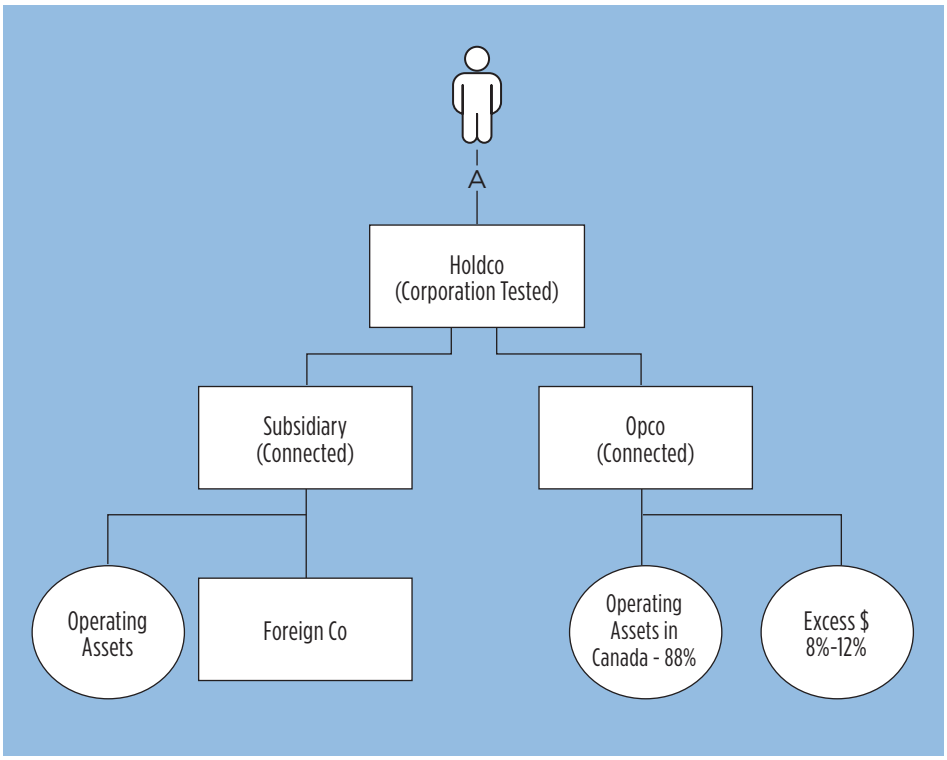
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In this example, the value of the shares of Holdco is attributable to shares of "Subsidiary" and "Opco." A number of facts and assumptions are missing—for example, we don't know the value of the assets or the relative values of Subsidiary and Opco.

Since the value of Subsidiary is 100% attributable to assets other than Canadian operating assets, the shares of Subsidiary do not constitute a good asset for the purposes of the FMV asset test in Holdco. And although it appears that the assets of Opco would meet the base 50% Canadian operating asset test and that only some minor purification may be required to meet the SBC test at closing, the rules require that the modified FMV asset test be considered.

Additionally, if at any point during the preceding two years, Subsidiary represented more than 10% of the FMV of Holdco's assets, less than 90% of Holdco's assets (shares of Subsidiary and Opco) would meet the FMV asset test. As a result, the modified FMV asset test would be applied. This means that 50% of the value of Holdco's assets (per the 50% over two years test) would need to be good assets.[18]

Given that Subsidiary would fail the test, we can now focus on Opco. We need to ensure that the value of Opco's assets is at least 90% attributable to Canadian operating assets.

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In this example, we know that 8% to 12% of the FMV of Opco's assets are represented by excess cash. Whether cash is considered to be incidental and pertaining to an active business that is primarily carried out in Canada (and therefore a "good asset") is a question of fact (see "Other considerations" on facing page).

If at any point in time during the preceding two years, 12% of Opco's value was attributable to cash that could not be considered a good asset, the modified FMV asset test would not be met and the shares of Holdco would not qualify as QSBC shares. Therefore, the seller would not be able to claim their LCGE.

However, if no more than 10% of that cash was considered a "bad asset," Opco's assets *would* meet the modified FMV asset test. Note that this would not be sufficient to conclude that the shares of Holdco are QSBC shares and that the seller would be able to claim their LCGE. As indicated in the FMV asset test earlier, 50% of the FMV of Holdco's assets need to be attributable to "good" assets (considering the modified 90% test). Therefore, if the value of Subsidiary's shares exceeds 50% of the FMV of Holdco's assets, Holdco would be disqualified from being a QSBC even if Opco meets the modified 90% test. However, if the FMV of Subsidiary's shares represented no more than 50% of the FMV of Holdco throughout the preceding two years, the modified test would apply. This would not necessarily prevent Holdco's shares from qualifying as QSBC shares.

Finally, even if Holdco were to meet the FMV asset test (considering the 90% modified test discussed earlier), it would still be required to meet the 90% SBC test at closing.

Clearly, these tests can be daunting and complex—both to read and apply. In practice, it may also be difficult to demonstrate the

[18] The modified 90% test modifies the testing inside the connected corporations of Holdco, meaning the assets of Subsidiary and Opco. Note that this example is very simplified and does not illustrate what could happen in a chain of holding corporations. Prudence is required when reading the rules.

FMV of each asset at any given point in time in a two-year look-back period. In instances where normal purification techniques (see "Other considerations" on facing page) could be used to meet the SBC requirements before closing, these techniques would not permit purification on a two-year look-back.

Ultimately, the illustrated example does not provide sufficient facts to be able to conclude whether the shares of Holdco are QSBC shares and, therefore, whether the seller would be able to claim their LCGE on the disposition of the Holdco shares.

Other considerations

Valuation

Given the complexity of these tests, it is critical to have an understanding of the valuation of shares, indebtedness, and other assets held by the target corporation. Sellers should carefully discuss these matters with their tax advisors and consider the possibility of obtaining an independent valuation of all relevant assets—particularly as it may be difficult to do a valuation for the past two-year period.

Signing and closing at different times

Although this topic is outside the scope of this article, it's important to note that signing and closing at different times on the sale of shares to a non-resident or public corporation should not prevent shareholders from applying the LCGE against capital gains incurred as part of the sale transaction. For the purposes of QSBC share testing, the rights to acquire a corporation's shares pursuant to a share purchase agreement do not have to be considered.[19]

Purification

As shown in the illustrated example, determining whether assets are good or bad for the purpose of QSBC share testing is not always a straightforward exercise. Sellers should consult their tax advisors to determine if a purification strategy is needed.[20] Note that purchasers may also be interested in considering purification steps and the associated risks from a tax due-diligence perspective.

For example, sellers must consider if cash is excess or incidental and if it pertains to the active business otherwise carried out by a target corporation. The Canada Revenue Agency[21] and the courts[22] have provided commentary that can assist sellers in assessing whether or not purification is required.

As previously mentioned, in circumstances where a target corporation's shares are held via a personal holding company, it may be impossible to undertake any purification transactions.

Closing thoughts

As described in this article, LCGE rules are complex. Taxpayers should consider isolating bad assets, such as marketable securities or foreign assets, in a separate holding corporation and managing excess cash. Moreover, because a transaction is not always foreseeable when implementing a holding company structure, taxpayers should consult with their advisors when considering holding the shares of an operating CCPC in a holding corporation or in a chain of holding corporations. ■

[19] Paragraph 110.6(14)(b) of the ITA. As indicated in footnote 5, taxpayers should consult with their tax advisors to consider whether the substantive CCPC rules could otherwise apply and affect their planning for the disposition of shares in any manner whatsoever.

[20] A detailed review of purification strategies is beyond the scope of this article. There are numerous papers and articles on this topic that can be accessed online, including: John Oakey, "Company Purification—Don't Take the Short-Cut," June 22, 2021 (**allaboutestates.ca**).

[21] CRA document no. 2009-0330071C6F.

[22] For example, see *Skidmore v. R.*, [2000] 2 C.T.C. 325 (FCA) and *R. v. Ensite Ltd.*, [1986] 2 C.T.C. 459 at paragraphs 14 and 15.



Given the complexity of the LCGE rules, taxpayers should consider consulting with their advisors before taking action

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PD EXPERTS

Quality Management – Implementation Advice for Smaller Firms

By Bridget Noonan, CPA, CA



Bridget Noonan is an assurance partner with Clearline CPA and co-founder of Clearline Consulting. She assists small and mid-size firms across the country with professional compliance requirements, cyclical monitoring, training, practice management, succession planning, and automation. She is also a consultant for CPABC, a member of various CPA Canada task forces and committees, and a recurring PD instructor for both CPABC and CPASK.

For all firms that conduct assurance engagements, the new quality management standards came into effect on December 15, 2022. By this date, the new standards must be incorporated into the firm's system of quality management (SOQM). All non-assurance firms have an additional year, with December 15, 2023, set as the deadline to incorporate the new standards.

About the new standards

The new quality management standards are, in short, good. They encourage all firms to consider their specifics, their clients, and their engagements when designing and implementing quality control procedures. This flexibility allows smaller firms to scale back their processes and procedures to address only those areas that are applicable.

However, the "blank canvas" approach that needs to be taken to document the risk assessment process and design the related responses is very time consuming. And time is the one thing most firms are short on right now, especially at the senior staff levels. Fortunately, there is a new resource available to assist you, as CPA Canada has released a new online guide for subscription: the *Quality Management Guide* (QMG).[1]

The QMG, which replaces the *Quality Assurance Manual*, provides guidance on how to implement the requirements, core practice aids to meet documentation requirements, and supplementary practice aids (including sample letters, forms, checklists, and sample policies and procedures) to assess your firm's quality risks.

Don't be fooled, however. This is not a "plug and play" resource—this is a tool designed to assist you in implementing your firm's SOQM, in direct response to the risks identified and the engagements performed. And while the time savings provided by the QMG make it well worth the subscription, the volume of material it contains is likely to be overwhelming, so I recommend that you put time aside to walk through the application guidance, which outlines how this resource is meant to be used.

Some common questions

Firms often ask me the following when starting implementation:

Is this all just for compliance purposes, or will it actually improve file quality?

I agree that compliance with the *Canadian Standard on Quality Management* (CSQM1) for compliance's sake does not add value to a firm. And using a generic quality control manual that offers little integration into your firm's engagement performance is much like using generic checklists to perform assurance engagements—it may get you to compliance, but it won't get you there efficiently.

Value is derived from identifying true quality risks for your firm and then tailoring and implementing firm- and engagement-specific policies and procedures. The procedures that will be effective are those that take into account the firm's structure and staffing, the types of clients and engagements performed, the remuneration structure, and the engagement performance tools. Although the risks and responses in a case-study example may provide some inspiration, using this kind of template as the basis for your own risk assessment is not recommended for most firms.

[1] Visit **cpastore.ca** to purchase an annual subscription to the 2022 *Quality Management Guide*.

For example, using a case-study template for an engagement quality control review (EQCR) policy may require a firm to conduct EQCRs on engagements that aren't posing any actual quality risk. A better-directed policy would have the firm focus on engagements with complex accounting issues or completed by newer partners, rather than, say, focusing on revenue thresholds. As you reassess your firm's quality risks, this is one area I recommend considering.

Is it really going to take 100+ hours to implement these new standards?

By now you will have heard from peers—especially those in national firms—that the new quality management standards are going to set you back by more than 100 administrative hours. If your firm is registered with the Canadian Public Accountability Board, that estimate is not hyperbolic—in fact, it's likely very low, as quality risks are magnified as you add complexity to regulatory and engagement requirements.

However, if you are a sole practitioner providing review and compilation services to non-complex private entities, with no professional staff, your firm's quality risk assessment profile will be much simpler, and documenting its SOQM will be less time intensive. It is precisely this scalability of the new quality management standards that will enable you to implement firm- or engagement-specific policies.

I have an assurance licence but do not currently sign off on assurance engagements. Do I have until 2023 to implement my firm's SOQM?

No—not likely, as firms are required to design and implement their SOQMs before they accept assurance engagement clients. Even if that were not the case, I'm not sure how a firm could meet the objectives under client acceptance and continuance, governance, and resources if it established its SOQM *after* it accepted assurance engagements.

How should I get started?

Reading CSQM1 and the application guidance is obviously the starting point. I also advise you to purchase CPA Canada's QMG and walk through all the forms before diving into a risk assessment. Additionally, I recommend that you complete the documentation related to firm- and engagement-specific circumstances and resources (human, technological, and intellectual) in the QMG before working your way through the risk-assessment workbook.

Final tip

Assessing your firm's quality risks and its policies and procedures to reduce these risks is an iterative, ongoing process. Therefore, I encourage you to consider how to document your SOQM in a manner that makes it easier to access, review, and update on a regular basis. ■

LEARN MORE ABOUT THE NEW QUALITY MANAGEMENT STANDARDS AND RELATED TOPICS

Bridget Noonan will be a featured speaker at CPABC's virtual PD Nexus: Public Practice Insights conference on November 22. In addition to participating in a panel discussion on firm risk management, she will be presenting a session on the new quality management standards. For details on the conference or Bridget's other upcoming (and archived) seminars, visit **pd.bccpa.ca**.



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Upcoming Executive Program

Controller's Operational Skills Program

December 7-10, 2022 (live webinar)

This interactive, four-day executive program will help you strengthen your role on the management team by honing your skills in risk management and controls, ethical leadership, planning, budgeting and forecasting, performance measurement, and financial reporting. You'll learn how to make your accounting department as effective as possible through information management, human resources management, process management, and quality control.

PD PROGRAM HIGHLIGHTS

Don't Miss the Final PD Nexus Days of 2022!

PUBLIC PRACTICE INSIGHTS

November 22 | Virtual event (live webinar)

Join your peers at this annual conference designed specifically for public practitioners. Themed "Strength Beyond Numbers," this year's virtual conference features two breakout streams (tax and standards; technology), plenary sessions (see below), and idea-sharing and networking opportunities.

Plenary sessions:

Panel Discussion: What Gets Accountants into Trouble

When it comes to public practice, ignorance is definitely *not* bliss. Thankfully, the issues that typically cause practitioners to stumble are often quite easy to prevent. This panel discussion will explore these common risk areas to help you protect yourself, your business, and your clients.

Think Better – How to Train Your Brain to Thrive and Cope with Stress

It can be difficult to preserve your mental health when things get tough, no matter how resilient you may be. During this session, Dr. Shahana Alibhai will weave her own experience with mental health issues together with lessons she has learned from working with thousands of patients to give practitioners a roadmap for mental wellness.

BUSINESS & INNOVATION INSIGHTS

December 7 | In-person event

Join us to learn how to foster an innovative culture within your company, manage change, and meet rising expectations at this in-person conference, themed "Moving Forward."

This fast-paced day offers two breakout streams (innovative tools; innovative strategies), plenary sessions (see below), and idea-sharing and networking opportunities.

Plenary sessions:

Ethical Leadership: Perspectives on Managing Innovation & Change*

Modern corporations need to be innovative to survive in today's complex business environment, and CPAs are well positioned to provide the ethical leadership needed to ensure that innovation is a force for positive change. This session will illustrate the value CPAs can bring as their organizations advance and innovate. **This session is eligible for 1.2 hours of ethics CPD.*

Sustainability: The Strategic Imperative (Paradigm Shift)

Sustainability is a key area of focus for institutional and retail investors, regulators, and standard setters. At this session, you'll learn about the environmental, social, and governance standards currently being developed for global use by the International Sustainability Standards Board.

Visit **pd.bccpa.ca/conferences** for PD Nexus Day registration details and more.

Ethics Resources

As part of our dedication to your lifelong learning, CPABC's PD team strives to bring you topical and interesting ethics seminars. Check out these four-hour, verified courses in our winter program to get a jump start on your ethics requirements for 2023. Visit **pd.bccpa.ca** for all registration details.

A Threats and Safeguards Approach to Ethical Decision-Making

Explores some of the ethical dilemmas CPAs face on the job and considers how these dilemmas could jeopardize adherence to the *CPABC Code of Professional Conduct*.

Shades of Grey: Ethics in the Workplace

Uses case studies to explore ethical principles, challenges, and solutions, and demonstrate how an organization's ethics affect its culture and environment.

Ethics in Professional Practice – What Canadian CPAs Need to Know

Provides a step-by-step method for dealing with the complicated and delicate issues that can occur in practices of any size.

Becoming an Ethical Leader

Examines the vital role ethical leadership plays in fostering an ethical organizational culture and the impact of character traits on ethical decision-making.

Ethical Leadership in an Age of AI

Examines how the guiding principles of responsible AI technology align with the *CPABC Code of Professional Conduct* and how AI technology affects ethical leadership.

Ethical Decision-Making: Exploring the Hidden Influence of Unconscious Bias in the Conscious Mind

Explores the causes of unconscious bias and discusses strategies to identify and mitigate bias to create more inclusive and, ultimately, successful businesses.

New Certificate Program: Advanced Resilient Leadership



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The ever-evolving nature of organizational culture requires us all to continually adapt. This certificate program is designed for those who want to not only respond to change but also move the dial forward by creating environments in which individuals can flourish and produce their best work. It consists of four webinars (each of which can be taken as a stand-alone course) and provides a range of insights and practical suggestions that can be put into action right away. Visit **pd.bccpa.ca/executive-certificate-programs** for registration details.

From Toxic to Terrific: Change Your Team for the Better

In a workplace that is constantly changing, do you know how to release the full potential and power of your team? During this interactive session, you'll learn how to create a game plan that will help you get your team "all in."

Brave Spaces and a Curious Mindset: Amp Up the Learning

It's time to speed up the learning process and lead your team to new heights of creative freedom, involvement, and confidence. This workshop is packed with strategies you can use to ignite your team's interest in collaborative learning, idea-sharing, and ongoing improvement.

From Success to Significance: Make Work Meaningful

More than ever, workers want to work for companies that prioritize doing good in the world and give them the freedom to live out their ideals. In this session, you'll learn multiple techniques to help make your organization's environment, language, rituals, and structures as productive and engaging as possible.

From Languishing to Flourishing: How to Get Happy at Work

Happy memories created at work often involve situations in which we gain knowledge, accomplish a goal, or feel a connection with someone. This session will invite you to consider new ways to revitalize your work life.

SPECIAL BUNDLE PRICING: Register for all four modules and receive a special bundle price of $620. Contact the PD department at **pdreg@bccpa.ca** for details.

NOTE: Completion of the Resilient Leadership Certificate Program is beneficial but not a prerequisite to attend the Advanced Resilient Leadership Certificate Program.

ANNOUNCEMENTS AND ACCOLADES

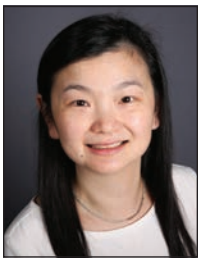
Kudos!



Gregory Blair, CPA, CA, has been appointed CFO of Platinum Group Metals Ltd. in Vancouver. Prior to this appointment, Gregory served as the company's financial controller from 2010 until July 2021, when he was appointed interim CFO.



Brianne Formosa, CPA, was recently appointed as the associate director of CPABC's practice review department. Brianne previously worked for Crowe MacKay LLP in Vancouver for eight years in progressively senior roles. She has also volunteered with the CPABC Ambassador Program for five years.



Jestina Simpson, CPA, CA, was recently promoted to associate director of CPABC's financial planning, reporting, and analysis department. Prior to this promotion, Jestina served as CPABC's manager of financial planning, reporting, and analysis for six years.

Note to readers: BC election results were announced during magazine production. Congratulations for all elected BC CPAs will appear in the January/February 2023 issue.



Have some news to share?

We'd love to hear from you! Email us at **infocusmag@bccpa.ca**.

Yevheniia Hordieieva/iStock/Getty Images

25 CPABC members named to 2022 BC500 list

Business in Vancouver's BC500 list recognizes the 500 most influential business leaders in British Columbia. We congratulate the 25 CPABC members who were recognized in the following categories for 2022:

Arts and Culture – Film and Television
Peter Leitch, FCPA, FCA

Banking and Finance – Private Equity, Venture Capital and Hedge Funds
Praveen Varshney, FCPA, FCA
Ray Walia, FCPA, FCMA

Banking and Finance – Wealth Management
Anne Meyer, CPA, CA

Business Leaders – Boards
Nancy McKenzie, FCPA, FCA

Food and Beverage – Food
George Paleologou, FCPA, FCA

Institutions and Non-profits – Health-Care Executives
Ken Sim, FCPA, FCA

Living Legends
Brandt Louie, FCPA, FCA

Professional Services – Accounting
Etienne Bruson, FCPA, FCA
Geoff Dodds, CPA, CA
Peter Guo, CPA, CA
Lori Mathison, FCPA, FCGA, LLB
Jim McGuigan, CPA, CA
Walter Pela, FCPA, FCA

Public Sector and Economy – Economic Development
Gregory Kazakoff, CPA, CA
Stephen Lee, FCPA, FCMA

Public Sector and Economy – Policy and Advocacy
Jill Tipping, FCPA, FCA

Real Estate – Commercial, Office and Industrial
John DeLucchi, FCPA, FCA
Sean Hodgins, CPA, CMA

Real Estate – Residential Development and Investment
Sukhinder Cheema, CPA, CA

Resources – Mining
David Garofalo, FCPA, FCA
Christian Milau, CPA, CA

Retail – Grocers and Drugstores
Daniel Bregg, CPA, CGA

Technology – Biotech and Life Sciences
Jennifer Cudlipp, CPA, CGA

Technology – Fintech
Catherine Dahl, CPA, CMA



smartboy10/DigitalVision Vectors/Getty Images

In Memoriam

We wish to send our condolences to the family, friends, and colleagues of **Hubert (Bert) Miles, FCPA, FCMA**. Bert passed away on July 28, 2022, at the age of 80.

Bert obtained his accounting designation in 1971 and went on to volunteer in the profession for over 40 years. He served on the board of the Certified Management Accountants Society of British Columbia (CMABC) from 1975 to 1981, including as chair from 1980-1981. He was chair of the Publicity and Public Relations Committee for the 1982 CMA national conference. He also served on CMABC's Conduct Review Committee, and CMABC's Vancouver chapter.

Outside of the profession, Bert held several volunteer positions on the boards of Surrey Metro Savings Credit Union and Credit Union Central of BC.

Bert was dedicated to strengthening BC's agricultural industry. He served as the controller and general manager for Burnaby Lake Greenhouses Ltd. for 30 years, and later started his own consulting firm, H.A. Miles Ag Consulting, specializing in farm business management. He also served as a board director for the BC Agricultural Research & Development Corporation and the Investment Agriculture Foundation of BC.

In recognition of his achievements during his career and within the accounting profession, Bert was awarded CMA Life Membership in 2010 and elected to CPABC Fellowship in 2015.



Photo published with permission from the Miles Family.

EVENTS

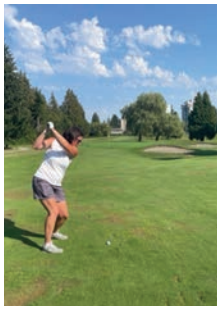
CPAs Reconnect at Annual Golf Tournament

CPABC held its 61st annual CPA golf tournament at the University Golf Club in Vancouver on Wednesday, August 31, after a two-year postponement. The sun was shining as more than 50 CPA members and guests hit the links, with teams playing in either a regular or scramble format.

After enjoying a round of golf, players had the chance to reconnect with peers over dinner. As in previous years, the evening featured a prize draw that ensured every participant left a winner, as well as a trophy presentation for those who achieved the lowest scores in the following categories:

- Men's Low Gross – **Andre Lemieux, CPA, CA**;
- Ladies' Low Gross – **Kyla Ryoo, CPA, CGA**;
- Men's Over-55 Low Gross – **Ron Osborne, CPA, CA**;
- Low Net – **Gary Wozny, CPA, CA**;
- Team Low Gross – **Chad Chang, CPA, CMA; Brian King, CPA, CGA; Justin Molander, CPA, CMA**; and **Darren Prins, CPA, CA**.
- Low Scramble – **Alex Crompton, CPA; Chris Hirano, CPA**; **Brad Vleeming, CPA**; and **Andrew Williams, CPA**.

CPABC would like to thank the volunteer organizers who helped make this year's tournament a success—in particular, **Ben Moxon, CPA, CA**, who has played a lead role in organizing the tournament since 1989! A big thanks also goes to the members, firms, and organizations who donated prizes to the draw and to the tournament's sponsors: Davidson & Company LLP, DLA Piper (Canada) LLP, Lindsay Kenney LLP, Lohn Caulder LLP, Moxon Personnel Ltd, and Tompkins Wozny LLP.





Top left: Play gets under way. Top right: Ladies' Low Gross winner Kyla Ryoo, CPA, CGA (left), with CPABC Board Chair Sheila Nelson, CPA, CA, MBA. Below (l to r): Low Scramble winners Andrew Williams, CPA; Brad Vleeming, CPA; Alex Crompton, CPA; and Chris Hirano, CPA, receive their trophy from Dylan Connelly, CPA, CA (representing Davidson & Company LLP).



CONVOCATION

CPABC Convocation: Graduates Celebrate Long-Awaited Walk Across the Stage at First In-Person Ceremonies Since 2019

With four in-person Convocation ceremonies, there was no shortage of celebration at the Vancouver Convention Centre West on September 20 and 21. While CPABC did hold virtual celebrations in 2020 and 2021, this year's Convocation marked the first in-person ceremonies since the COVID-19 pandemic put a hold on large gatherings. Accordingly, all passers from the 2019, 2020, 2021, and May 2022 Common Final Exam (CFE) writings were invited to attend.

More than 900 successful CFE writers from BC and Yukon were recognized for their years of commitment and hard work, cheered on by family members, friends, colleagues, and other special guests.

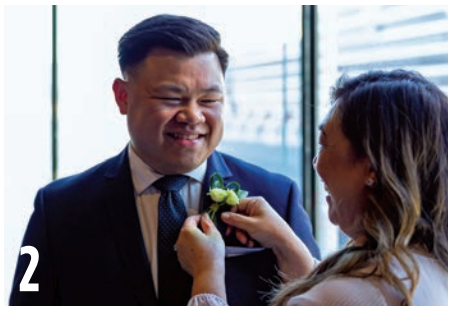
Hosting duties were provided by local entertainer Stefano Giulianetti for each of the four ceremonies, which opened with a traditional welcome performed by Dennis Thomas-Whonoak, an Indigenous leader and a member and elected councillor of the Tsleil-Waututh Nation in Deep Cove, North Vancouver. Following the traditional welcome, Sheila Nelson, CPA, CA, MBA, chair of the CPABC Board of Directors, took the podium to offer her congratulations to graduates. Her address included some words of advice: "As you go forward, put people first. The world has been transformed by the pandemic, but some things remain unchanged—and this includes valuing and investing in your family, friends, clients, and colleagues."

The Convocation program also featured special video messages from Pamela Steer, president and CEO of CPA Canada, Richard Olfert, chair of the CPA Canada Board of Directors, and past CPABC Member Recognition honourees.[1] The videotaped portion of the program concluded with a roundtable discussion moderated by CPABC President and CEO Lori Mathison, FCPA, FCGA, LLB, during which valedictorians Warren Rossing (class of 2022 – May CFE offering); Sammi Leung, CPA (class of 2021 – May CFE offering); Omar Dhanani, CPA (class of 2020); and Amber Arnold, CPA (class of 2019), reflected on their educational experiences, their careers, and the transformative power of the CPA designation.[2] The valedictorians also discussed the impact of the COVID-19 pandemic on their CPA journeys and offered advice to their peers.

It was then time for graduates to take their much anticipated walk across the stage, where Sheila Nelson, Lori Mathison, and past CPABC board chairs Geoff Dodds, CPA, CA, and Ben Sander, FCPA, FCA, offered their congratulations. Each of the four Convocation ceremonies closed with final remarks from Giulianetti.

CPABC would like to congratulate all the graduates—we are excited to follow your successes as you continue on in your careers!


1

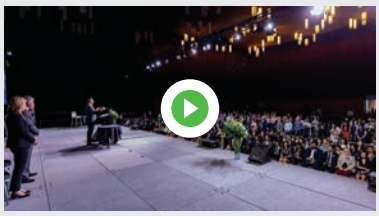

2


3

[1] Pamela Steer is an FCPA, FCA, in Ontario and Richard Olfert is an FCPA, FCA, in Manitoba.

[2] Sarah Wang, CPA, valedictorian for the class of 2021 – September CFE offering, was unable to attend the roundtable.

Unable to attend the celebration?
Recordings of the four 2022 ceremonies are available at **bccpa.ca/convocation**!

















1-3. Graduates mingle at the venue in preparation for the ceremony. 4. Special guests from CPABC get ready to join the procession (l to r): President & CEO Lori Mathison, FCPA, FCGA, LLB; Geoff Dodds, CPA, CA (board chair 2020-2021); Board Chair Sheila Nelson, CPA, CA, MBA; and Ben Sander, FCPA, FCA (board chair 2019-2020). 5. The procession gets underway at the Vancouver Convention Centre West, with Indigenous leader Dennis Thomas-Whonoak, a member and elected councillor of the Tsleil-Waututh Nation in Deep Cove, North Vancouver, and piper Mike Chisholm leading the way. 6. Dennis Thomas-Whonoak provides a traditional welcome. 7. Emcee Stefano Giulianetti introduces a proud graduate. 8-12. Graduates celebrate their big day by capturing the moment with friends and family. Photos by Cakewalk Media Inc.





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Management Opportunity in Burnaby

Long-established Burnaby CPA firm has a partner transitioning to retirement over the next 24 months. The firm is seeking a manager who is interested in a career in public practice with the opportunity for advancement to partnership. Salary and benefits commensurate with experience. Reply in confidence to **officetemp2011@gmail.com**.

Partnership Opportunity in Victoria

Long-established CPA firm has a partner transitioning to retirement over the next 12-36 months. The firm is seeking a US tax manager with public practice experience. There is a very good opportunity for advancement to partnership for the right candidate. Salary and benefits commensurate with experience. Reply in confidence to **CPAPartner2022@gmail.com** with salary expectations.



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SNAPSHOT:

Mitchal Derksen, CPA, CA

The job: Founder and CEO of Numu Technologies in Vernon.

The mission: Helping small and medium-sized businesses leverage finance and tech to drive profitability. “We give entrepreneurs the tools to help them become more effective and productive.”

Global reach: Numu's clients range from local startups to multinational organizations. “Being located in a smaller town doesn’t limit what we can accomplish. The only continents where we don't have clients yet are Australia and Antarctica.”

Global citizen: Mitchal was raised in Mexico and Egypt and has worked all over the world. He speaks four languages, including Arabic. “‘Numu’ is the Arabic word for growth.”

DIY mindset: Unable to find the nuanced software platforms he was looking for, Mitchal created his own. “I taught myself how to code, build business intelligence dashboards, and work with big data models.”

People-centered approach: “We’ve been a hybrid workplace from the start, and the pandemic only reinforced our belief in this approach. People are capable of even more amazing work if they love where they live and are happy with their work/life balance.”

Read more about Mitchal at **bccpa.ca/newsroom**.



Photo by Neighbourly by Adi Schlaak


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