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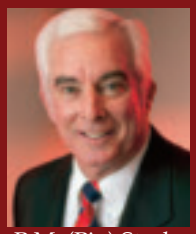
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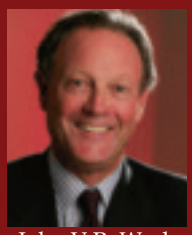
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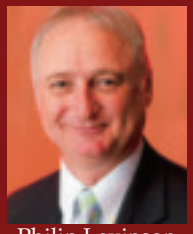
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Dru Narwani, CPA, CMA, FEA
Board Member, Business Consultant, Adventurer



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CPABC INFOCUS

June/Summer 2014, Vol. 2, No. 4

British Columbia's CA, CGA, and CMA bodies are currently working to unite under the CPA designation. *CPABC in Focus* is their flagship magazine.

Transitional Steering Committee

President/Chair	Karen Christiansen, CPA, FCA
	David Sale, CPA, FCGA
	Tammy Towill, CPA, FCMA
First VP/VC	Dan Little, CPA, FCA
	Simon Philp, CPA, FCMA
	Brian Friedrich, CPA, FCGA
Second VC/VP	Heather Banham, CPA, CGA
	David Hallinan, CPA, CMA
	Barry Macdonald, CPA, FCA
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Transitional Management Committee

CMABC President & CEO	Vinetta Peek, CPA, CMA, CMA (Hon.)
CPABC and ICABC CEO	Richard Rees, CPA, FCA
CGA-BC CEO	Gordon Ruth, CPA, FCGA
ICABC COO	Jan Sampson, CPA, FCA

CPABC in Focus

Communications Leadership Team	Diane Chung, CMA, Edward Downing, Kerri Wilcox
Magazine Editorial Team	James Eisner, Michelle McRae, Patrick Schryburt
Magazine Design	Blindfolio Design

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Inquiries and Letters

Contact us at **info@bccpa.ca**.

About

CPABC in Focus is published in British Columbia six times a year, and is sent to more than 34,000 CA, CGA, and CMA members, candidates, and students. Opinions expressed are not necessarily endorsed by the ICABC, CGA-BC, or CMABC.
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Notes from the Leadership

By Karen Christiansen, CPA, FCA, David Sale, CPA, FCGA, and Tammy Towill, CPA, FCMA

At the time of this writing, we're just in the process of wrapping up the first combined annual report for CPABC, which will be posted on the bccpa.ca website for members to access by the end of May. As we work toward this significant milestone, now seems a fitting opportunity to look back at some of the milestones reached at the leadership level over the past year.

Among the goals reached nationally: The three bodies approved the Collaboration Accord; the bodies representing over 185,000 designated accountants—every member in Canada—are now actively working to unite under CPA; the national CPA Council of Chief Executives is now active, and permanent member engagement, regulatory, branding, and education committees have been struck; legislation was passed in Saskatchewan and New Brunswick; and integration of CPA Canada with CGA-Canada is scheduled for October 2014.

Here in the West, we've been working hard with our colleagues in Alberta, Saskatchewan, and Manitoba to establish a regional CPA School of Business that will deliver the CPA programs. There has already been tremendous progress on the education front; for example, BC saw the highest enrolment in the first offering of CPA PEP, with students achieving excellent results. We also successfully launched the CPA PREP program, with more registrants than expected, and interest continues to grow.

Our branding is fully unified, highly visible, and effective, with 90% of members and students able to recall the campaign with unaided awareness. Additionally, in a recent telephone survey of managers, business owners, professionals, and entrepreneurs, this highly influential demographic continued to express high esteem for the accounting profession. Moreover, awareness of the CPA designation continues to increase.

Over the summer, we anticipate working with provincial government staff to develop CPA legislation in BC, potentially for introduction this fall. In the meantime, we are continuing to integrate operations and develop organizational processes for CPABC, and we're consulting with members regarding regulatory recommendations. The BC Transitional Steering Committee (TSC) is working very closely with staff and our council and boards to ensure a smooth transition and to help determine best practices for the new entity. We are confident that CPABC will reflect the traditions we're most proud of from our legacies, while also moving us forward in innovative ways.

Speaking of the future of the profession in BC, we recently celebrated with the 385 graduates who attended the CA convocation event in Vancouver on May 20 (see pages 42-43). Our congratulations to them and to the other 197 graduates who also made the grade! Welcome to the profession!



Karen Christiansen, CPA, FCA



David Sale, CPA, FCGA



Tammy Towill, CPA, FCMA

A final note from Karen and Tammy:

As this is the last issue of CPABC in Focus *before September, it will be the last issue in which we'll be addressing the membership through the magazine. From July onwards, David Sale will be joined by Dan Little, CPA, FCA, and Simon Philp, CPA, FCMA, who will assume the roles of ICABC president and CMABC chair, respectively. Both Dan and Simon have been instrumental throughout the unification process, and we wish them the best as they begin their new roles on the legacy council and board, and on the TSC. We would also like to take this opportunity to thank all of our colleagues at the board and executive level who have supported our efforts over the last year as we began the transition to CPABC. It was truly an honour to represent the membership at such a pivotal time in our profession's history.*

Sponsorships & Events

The ICABC, CGA-BC, and CMABC sponsored or attended a variety of on-campus events this spring to promote the CPA profession to students. Among these events were the CPA Connect Gala with the Fraser Valley Post-Secondary Schools (March 20), the Camosun College Innovation Awards (March 26), the UBC DAP Networking Night in Industry (March 27), the Vancouver Island University (VIU) Accounting Dinner (April 2), and a career fair at VIU (April 10). For more information on CPABC-sponsored events, visit the News & Events section of **bccpa.ca**.

Business Council of BC Forum – Putting BC to Work

Don Drummond, the former senior vice-president and chief economist of TD Bank Financial Group, gave an upbeat assessment of BC's economy and the labour market at the "Putting BC To Work" forum co-hosted by the Business Council of British Columbia (BCBC) and CKNW on April 24.

In a comprehensive review of BC's economic indices, Drummond said he is content with current economic growth, low taxes, and low unemployment. He added that the biggest issue facing the province is that it has the country's worst youth labour participation rate.

In addition to analyzing BC's economic prospects, the state of the Canadian economy, and the global backdrop, Drummond told the group of 100+ business and education representatives that labour shortages and their negative economic effects have been exaggerated. He also put some of the onus back on businesses to open up more training, apprenticeship, and co-op positions to help build the next generation of skilled labour and to provide students with practical work experience. This view was echoed by a number of educators who served on a panel at the event; they called for "frictionless pathways" to make it easier for students to gain practical experience.

Looking at the federal landscape, Drummond said there is a great need to attract more immigrants to Canada. He stated that much of Canada's immigration policy is founded on a "passive" program of recruitment that enables people to approach a Canadian embassy or high commission to explore moving to Canada, and suggested that Canada should actively recruit skilled talent instead.



L to R: Dr. Ron Burnett, professor Jamie Cassels, and Rod Goy discuss issues affecting the provincial and national economies.



Don Drummond presents to an audience of business and education representatives.



L to R: Panellists Dr. Ron Burnett, president and vice-chancellor, Emily Carr University of Art and Design; professor Jamie Cassels, president and vice-chancellor, University of Victoria; Rod Goy, dean, School of Construction and the Environment, BCIT; and Sean Leslie, host of the World Today Weekend and legislative bureau chief for CKNW.

Photos courtesy of the Business Council of BC.





BCIT Connect

On April 3, the CPABC recruitment team hosted more than 130 BCIT finance and accounting students at CPABC's BCIT Connect event.

A large number of students took advantage of the opportunity to connect with BC's professional accounting community and learn what it is like to be a chartered professional accountant.

Connect events are all about networking and providing students with the opportunity to talk to senior members of the accounting profession. After arriving and participating in an opening session, students networked with accounting professionals seated at their tables.

Special guests included Vinetta Peek, CPA, CMA, CMA (Hon.), president & CEO of CMABC, who leads CPABC's marketing, communications, recruitment, and business development activities. Also in attendance were Tim Edwards, CPA, FCMA, associate dean, financial management at BCIT and a member of the CMABC board, and John Nagy, CPA, FCGA, a shareholder and director at Reid Hurst Nagy and a member of the CPA Canada board of directors.





1. BCIT student Kye Benjaminsen (left) collects a door prize from event emcee Jas Randhawa, CPA, CGA. 2. Maggie Yang, president of the BCIT Financial Management Association (FMA), and Ken Takagi, BCIT FMA project manager, address the audience. 3. Student Irene You (far right) networks with Anthony Johnson and Traci Chung, staffing managers with Accountemps, a division of Robert Half. 4. Pia Schindler, director of development for the Kidney Foundation of Canada, speaks to an attentive crowd.

Photos by Mike Bradley for Ron Sangha Productions. View more event photos on the CPABC Flickr page at **flickr.com/cpabc/sets**.

CPA Social Networking Group Hosts Wine + Networking Event

Perhaps the only two things needed to get a group of accountants together are wine and networking.... This was evidenced by the sold out Wine + Networking event hosted by the CPA Social Networking Group (CPA SNG) on May 8, 2014 at Cardero's Restaurant in Vancouver. With a beautiful view overlooking Coal Harbour, more than 100 members gathered on the covered patio to enjoy delicious wines and the opportunity to build their professional networks!





In contrast to last year's theme of "wines of the Mediterranean," the inspiration for this year's event was "old world versus new world." Six different wine pairings were offered, with each pair including one wine from North America and one from Europe. Selections ranged from intense Pinot Noirs to light rosés. Alana Burns, a professional sommelier with Fork and Grape, gave guests an overview of wine-tasting etiquette as well as information about each of the wines featured.



While sampling the wide variety of wines offered, guests were treated to gourmet appetizers, including smoked steelhead salmon, grilled scallops, beef brochettes, and delicious flatbreads. The exclusive patio setting combined with the great food and wine was the perfect way to celebrate the end of a busy tax season for many in attendance.

As always, it was great to have members from all three legacy bodies, across industry and public practice, attend our networking event. As this is the last event that will be hosted by the CPA SNG before the transition to CPA local chapters, we hope everyone had a fun time!

On behalf of my co-chair Allison Burton, CPA, CA, I would like to thank SNG members Joseph Bonvillain, CPA, CA; Kevin Burns, CPA, CA; Victoria Chan, CPA, CA; Irena Herbut, CPA, CA; Ankur Merwaha, CPA, CA; and Jessica Vandenakker, CPA, CA, as well as ICABC liaison David Chiang, CPA, CA, CIA, CMC, for their exceptional efforts over the course of the past year!

—Kayan Yu, CPA, CA, co-chair of the CPA SNG and manager, audit with KPMG in Burnaby



1. L to R: Kevin Earle Burns, CPA, CA, and John Mackenzie, CPA, CA. 2. L to R: Sommelier Alana Burns; Ruby Lu, CPA, CGA; Alexa Loo, CPA, CA; and Clayton Bolton, CPA, CA. 3. L to R: Han Shu, CPA, CA; Derek Johnson, CPA, CMA; Jessica Vandenakker, CPA, CA; Christine Franz, CPA, CGA; and Ivy Yu, CPA, CGA. 4. L to R: Grant Parker, CPA, CGA; Craig Sherneck, CPA, CA; David Chiang, CPA, CA, CIA, CMC; Sandeep Pranjivan, CPA, CGA; and Leigh Burbidge, CPA, CA. Photos by Kevin Earle Burns, CPA, CA, and Jan Sampson, CPA, FCA.

Upcoming Events

CMABC AGM
Wednesday, June 25, 2014
Registration & Breakfast – 7:30 a.m.
AGM – 8:00 a.m.
Vancouver Club, 915 West Hastings St.
Vancouver, BC

ICABC AGM
Wednesday, June 25, 2014
Registration – 3:00 - 3:30 p.m.
AGM – 3:30 p.m.
ICABC, Suite 500 – 505 Burrard St.
Vancouver, BC

CPAB Inspection Results Shared with Audit Committees

Audit committees play a critical role in creating the right environment for quality auditing. In response to audit committees indicating that they would like more transparency with respect to inspection findings conducted by the Canadian Public Accountability Board (CPAB), a voluntary protocol has been developed for audit firm communication of CPAB inspection findings. The objective of this protocol is to increase the amount of audit inspection information available to audit committees, recognizing that this will enhance their ability to evaluate the quality and effectiveness of the audit.

Audit firms may opt into the protocol. Once it has opted in, an audit firm will provide its client's audit committee with CPAB's annual public report, which highlights systemic issues across inspections of audit firms, and provides examples of mandatory recommendations that audit firms must implement to improve audit quality. It is important to note that these recommendations are *systemic*, and not specific to individual firms; however, audit committees may wish to discuss these issues with their external auditors to better understand how they are responding to these broader issues.

Further, if CPAB has inspected a reporting issuer's audit file (same year), the audit firm will also provide the reporting issuer's audit committee with information specific to the inspection findings—information such as a description of the focus areas selected for inspection by CPAB, an indication of whether or not there are any significant findings, a description of any actions taken by the firm in response to the findings, and CPAB's disposition. The audit firm will concurrently provide a copy of its communication with the client's audit committee to CPAB.

Armed with this information, audit committee members may wish to discuss the nature and root cause of a significant inspection finding; the additional work performed by the audit firm to address the finding, along with related results; the impact on previously issued or future financial statements; and any changes the auditor will be making to the audit approach to address the finding.

It should be noted that audit firms are not permitted to share the entire confidential inspection report under CPAB Rule 413. Additionally, the management and audit committee members of reporting issuers should take steps to ensure that any significant inspection findings they receive are kept confidential except as required by law. Before sharing information with financial and legal advisers, they should ensure that the information will remain confidential.

CPAB's voluntary protocol applies to inspections that began on or after March 1, 2014. Additional information, including a list of audit firms that have already opted in this voluntary protocol, can be found on the CPAB website at **www.cpab-ccrc.ca**.

Did you know?

- CPAB was established in 2003 as Canada's independent audit regulator.
- There are 165 Canadian audit firms and 135 foreign audit firms currently participating in CPAB's audit regulatory program; these firms audit approximately 7,000 reporting issuers (including investment funds).
- CPAB currently inspects 14 firms that audit 100 or more reporting issuers; these 14 firms collectively audit 99.5% of reporting issuers in Canada by market capitalization.

FORE!!!

The 55th Annual CPABC Golf Tournament and Dinner will be held on Thursday, September 11, 2014 at the University Golf Club in Vancouver. There will be two fun formats to choose from: Play your own ball for the more "serious" golfer or scramble team play. Download a registration form from the CPABC Events page under the Members tab at **bccpa.ca**. If you have any questions, please contact David Chiang, CPA, CA, CIA, CMC, the ICABC's senior director of member services, at 604.681.3264 or tournament organizer Ben Moxon, CPA, CA, at 604.688.5100.



iSailorr/iStock/Thinkstock (golf ball)
MikhailMishchenko/iStock/Thinkstock (grass)

CPABC Fall Leadership Conference

CPA Canada President and CEO Kevin Dancey, FCPA, FCA, headlines the first ever *CPABC Fall Leadership Conference*, which will be held at the Fairmont Empress Hotel and the Victoria Conference Centre from September 17-19, 2014 (note date change).

In addition to a stimulating program of professional development seminars covering diverse topics such as tax, ethics, leadership, management, and social media, the opening plenary will feature outstanding keynote presentations by the *Globe and Mail*'s former chief political correspondent, John Ibbitson, and Twitter Canada's Kirstine Stewart. The Conference will also include social and networking events and Western Canada's leading trade show for accountants.

For details, please visit **bccpa.ca**.

For more information and updates on upcoming events, click on the Members tab at **bccpa.ca**.



Use of CPA Designation by Members

As per the bylaws passed at special and annual general meetings of the ICABC, CGA-BC, and CMABC in 2013, if you wish to use the Chartered Professional Accountant (CPA) designation, it must be accompanied by your legacy designation. This means your credential would be listed as "CPA, CA," "CPA, CGA," or "CPA, CMA."

In addition, firms are not able to use the CPA designation in the firm name or descriptive style until new legislation has been enacted. We have prepared an FAQ on the use of the CPA designation for your reference. Visit **www.bccpa.ca** and click on the Members tab.

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CPABC in Focus



Industry Update

Digital editions of *CPABC in Focus*, *BC Check-Up*, *Industry Update*, *CPABC eNews*, and *CPA Today* are available at **bccpa.ca** under the Publications tab.

Student & Candidate Resources



CPA Prerequisite Education Program (PREP)
Summer 2013 intake:
Module 9: Intermediate and Adv. Mgmt Accounting
- *Final evaluation – July 5*

Module 10: Strategy and Governance
- *Classes begin – July 7*
- *Final evaluation – August 9*

Winter 2014 intake:
Module 6: Corporate Finance
- *Final evaluation – June 14*

Module 7: Audit and Assurance
- *Classes begin – June 16*
- *Final evaluation – August 16*

CPA Professional Education Program (PEP)
Spring 2014 term – key dates:
Core Module 1
- *Exam date – July 7*

Core Module 2
- *Module workshop – June 14-15*
- *Exam date – July 7*

Summer 2014 term – key dates:
Core Module 2; Tax and Performance Mgmt electives
- *Module start – July 26*
- *Withdrawal deadline – August 22*
- *Exam date – September 27*

Summary schedule at **www.cpasb.ca**.

Legacy info:
CASB: **www.casb.com**
CGA Program of Studies: **www.cga-bc.org/students-home.aspx**
CMA Strategic Leadership Program: **www.cmabc.com**

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Certified General Accountants Association of British Columbia

CALL FOR NOMINATIONS
CGA-BC BOARD OF GOVERNORS

Nomination forms for candidates for the 2015 Board must be received at the CGA-BC office by 4:30 p.m. on Friday, August 1, 2014.

CGA-BC is in transition as we deliver on the opportunities resulting from unification of the profession. The Association is seeking candidates whose professional experience and personal attributes qualify them to serve as governors on the CGA-BC Board until new CPA legislation is enacted in our province. The BC Merger Proposal, the report to the BC government, and the Merger Agreement all propose that the initial positions on the new CPABC Board would be filled by members sitting on the unifying bodies' Council/Board(s) at the time the legislation is enacted.

It is not known when the provincial government will enact CPA legislation. Until then, the Association's current Act is in force and, as such, requires that the Board of Governors continues to manage and control the business and affairs of the Association. The Bylaws trigger at least five vacancies per year. In 2015, there will be seven vacancies as follows:

Four in the **Lower Mainland** Region (District 1)	For terms of three years each.
One in the **Upper Vancouver Island** Region (District 3)	For a term of one year.
One in the **East/West Kootenays** Region (District 5)	For a term of three years.
One in the **Northern Central** Region (District 6)	For a term of one year.

Each candidate MUST reside in the electoral district for which he or she is nominated. Terms stated may be shorter, depending on the timing of CPA legislation and the establishment of a new CPABC Board.

Further information and **Board nomination forms** will be available on the CGA-BC website after June 20, 2014. Email reminders will be sent to members whose email addresses are registered with the Association.

Member inquiries may be directed to:
Juliana Laing
Director of Executive and Corporate Affairs for CGA-BC
Tel: 604.730.6213
Email: **jlaing@cga-bc.org**

Accounting Software Trends

Transitioning from the desktop to the cloud

By Alan Salmon

Alan Salmon is a leading authority on accounting technology and the managing director of K2E Canada Inc., a member of a worldwide consulting firm that provides technology training to accountants. In addition to his work with consultants, accountants, and software companies in both Canada and the United States, Alan chairs an accounting technology seminar series for public accountants and bookkeepers. He has taught numerous courses for the ICABC professional development program, published more than 14 books on accounting technology, and authored an annual accounting software review for CGA-BC's Outlook *magazine for four years. To read Alan's more extensive list of the latest accounting software on the market, visit the CPABC website at* **bccpa.ca**.

The move to "cloud computing" continues to accelerate in the accounting world. Doing accounting in the cloud means that everyone in the organization can access the same information and the same set of applications at the same time. This involves a major shift in the way organizations deal with data. When accounting moves online it does not stay in its own space—once you have online accounting, it naturally wants to link to everything else, such as payroll, customer-relationship management, your website, and your line of business applications. When accounting is locked in a desktop application, only a few people use it in the back office. Online accounting is multi-user, has different user roles that allow front-office staff in, and links to all the other business systems.

Cloud-based or hosted applications are a win-win for the client and the vendor in terms of both cost and revenue. On the client side, users have minimal start-up expenses or capital outlay, and fairly fixed monthly costs. Unlike a licensed in-house product, all support and upgrade costs for cloud computing are included in the fee, and the client has no worries about performing upgrades or backups. New features and functionality are automatically rolled into the software, so users know they always have the latest and greatest product available.

On the vendor's side of the transaction is a fairly reliable revenue flow. There's no guarantee that a customer will be with the vendor forever, but assuming that the vendor provides a high level of service, they have a good chance of keeping many clients on an ongoing basis. Moreover, the vendor doesn't have to resell the client every year on maintenance and upgrades.



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Another significant change in the accounting world is the impact of "Generation Y." This generation has grown up with technology and is accustomed to its rapid changes. They expect everything to be accessible anywhere via any device—including company systems. They are used to working on the go and don't want to be chained to their desks. They expect to use laptops, tablets, and smartphones, and to be connected at all times. To meet these needs, accounting solutions have to be integrated with tablet computers, smartphones, and other mobile devices. Accordingly, mobile accessibility is now becoming an integral and expected part of the cloud computing package.

Accounting remains rooted in the interpretation of the numbers, but the manual entry and coding of transactions will be reduced significantly over the next few years due to accounting programs such as Accounting by Wave, Kashoo, and Xero, which import bank data automatically from over 10,000 financial institutions, thereby eliminating the need for manual data entry.

Online systems also facilitate automated clearing house transactions between banks and electronic data interchange between suppliers and customers. Having the application hosted centrally allows the vendors to continuously link to more systems and reduce manual coding. In theory, only brand new transactions ever have to be coded, which means that even the smallest business gains a near real-time view of their financials.

So, does this signal the end of traditional server-based accounting programs? From my perspective: No! These will certainly be around for the foreseeable future. However, the move to the cloud is real, and it's happening in many organizations.

Other trends in accounting software

Among other trends in 2014 is the move to integration. Businesses today no longer want stand-alone systems. CFOs are realizing that integration provides transparency across multiple aspects of the organization, and that having one system to cover multiple departments is a great way to achieve that visibility. It is also simpler and usually more cost-effective.[1] For example, there is a desire to have standardized databases and tight integration with products such as Microsoft Office for reporting in Excel, and integration with Exchange and Outlook calendars.

Increasingly, buyers are seeking systems tailored to their specific needs, as opposed to generic accounting applications. Because stand-alone accounting systems are inherently generic, buyers seeking specialty-specific solutions are tending to opt for complete packages instead.[2]

Another trend sees buyers opting for systems that support new technologies. As described on **softwareadvice.com**, "The consumerization of the enterprise… is 'the process by which consumer technologies become prevalent in the workplace, disrupting the status quo of outdated enterprise technology and practices.' Decision-makers are opting for systems that support modern technologies and trends (remote access with mobile devices, integration with social media, open, standard-based systems, etc.)."[3]

Software vendors are reacting to these various trends by offering additional modules and customizations built for specific needs and narrow vertical markets. Their customers then implement these packages, which enhance their generic, stand-alone accounting software and usually integrate to other applications. This trend is evident in the software accounting solutions summarized in this article.

From what I've observed, the push to integration seems to vary with company size. Start-ups typically opt for cloud-based solutions such as Accounting by Wave, FreshBooks for invoicing, Kashoo, Sage One, and Xero.

[1] Austin Merritt, "Is 'Horizontal' Accounting Software Dead?" *The Software Advice Blog*, June 23, 2010.

[2] Ibid.

[3] Ibid.

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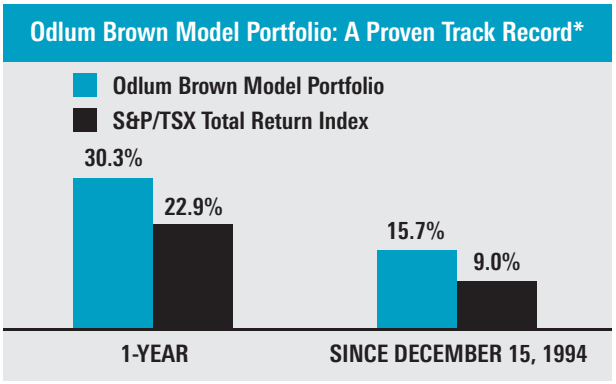
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* Compound annual growth rates are from inception December 15, 1994 to April 15, 2014. The Odlum Brown Model Portfolio is a hypothetical, all-equity portfolio that was established by the Odlum Brown Research Department in December 1994. Trades are made using the closing price on the day a change is announced. These are gross figures before fees. Past performance is not indicative of future performance. Member-Canadian Investor Protection Fund.

Small companies (with a handful of employees and less than $1 million in annual revenue) looking for a $200-$500 accounting system, tend to opt for generic packages such as QuickBooks or Sage 50. However, once buyers get above the $1-million to $2-million annual revenue range, they tend to seek out industry-specific or integrated solutions.

Again, I believe many businesses will continue to use their existing server-based systems, but more and more businesses are moving their accounting to the cloud, and it's a trend that will continue.

A summary of today's accounting software

Here's a short synopsis of the directions in which some of the major accounting software vendors in the Canadian market are moving (please note that the following descriptions are for information purposes only and are not personal endorsements):

AccountEdge 2014 by Acclivity

AccountEdge 2014 has added features designed to simplify a number of accounting tasks, including the management of retainers, escrows, and trust accounts. This feature comes with time-saving usability features, including those designed to enable users to link bank accounts, write cheques directly from these accounts, and transfer funds into and out of these accounts. The updated document manager allows users to attach files to records in AccountEdge, including documents, images, and scans. Other enhancements specific to the Canadian market enable users to make direct deposit and electronic vendor payments, print prior-year T4s and RL-1s in the new year, and include basic TD-1 exemptions on cards and in the Record of Employment report.

AccountEdge Mobile has seen significant updates. For example, users can now process credit card payments on their iOS devices with an AccountEdge "merchant account." Quick Sale lets users process transactions quickly—they can select an amount, type a note, and accept payment. Or they can choose from a list of favourite sale items and add their customers as new contacts. Sales, payments, and any new customers then sync back to users' merchant accounts.

Accounting by Wave

Formerly called Wave Accounting, the rebrand reflects the Toronto-based company's intention to highlight the growing number of tools in its arsenal more clearly, including Invoicing by Wave, Payments by Wave, Payroll by Wave, and Personal Finance by Wave. The independent modules are designed to operate together seamlessly.

The company continues to lead the charge for small/micro businesses with up to nine employees. Its flagship program, Accounting by Wave, is a true double-entry accounting application, with journal entries, balance sheets, and other core accounting features. Small business owners with no accounting experience can import transaction data from their bank via a secure data connection or statement upload; categorizing transactions is designed to be a non-technical, intuitive process that makes it easy for the business owner to stay organized and informed about their finances. When professional assistance is needed (for example, for tax prep), online collaboration with an accountant is meant to be seamless and secure.

Accounting by Wave has remained 100% free since its launch in 2010. With almost two million people in its ecosystem, the company derives revenue from small advertising units in the application and from its paid components.



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Adagio by Softrak

Softrak intends to finalize Adagio's cloud implementation in 2014, making a hosted environment possible. Adagio Purchase Orders 8.1C will ship with the same Adagio interface, providing a purchase-order tracking module for both product and service companies. Adagio ePrint will automate the creation and filing of all reports, including accounting copies of forms, without compromising the audit trail.

Users can now add validation to their optional fields and force the entry of valid values to eliminate data entry errors. Personalization options, such as implied decimal entry for amounts, have been added to enhance a system already designed for high-speed data entry. Not-for-profit organizations will likely appreciate a streamlined budget-entry process, improved departmental security, and the ability to email complete sets of financial statements as an Excel Workbook with a single click off the general ledger.

Blue Link ERP

New directions include the addition of electronic document management functionality and mobile wireless barcode scanning. Document management gives hosted customers the ability to quickly store, index, and retrieve documents related to a variety of fields within Blue Link, helping businesses to operate in a paperless environment. Mobile wireless barcode scanning gives customers the option of using iOS devices such as an iPhone or iPod touch to automate the selection, packing, and shipping process as an alternative to more expensive scanners.

Blue Link now helps customers achieve PCI compliance by providing a fully encrypted separate database for storing customer's sensitive credit card information. This feature can be used in conjunction with Blue Link's Credit Card Processing Gateway, which enables users to record a credit card payment against accounts receivable or as a deposit on a sales order; it also facilitates processing that credit card payment without re-keying the credit card information into a different system.

Blue Link offers a hosted solution as an alternative to on-premises storage, which is priced per user per month; it includes a private virtual server environment with substantial data storage in addition to the ERP data, and (optionally) Microsoft Office Standard Edition.

Connected Enterprise Accounting & ERP by Accountek

Accountek is currently focused on data exchange, usability, and mobility interface. The Connected "Data Exchange," which automates and schedules jobs for data import/export, tightens the integration to company websites and other external applications. New search and look-up options are designed to help users build multi-tiered queries when searching for inventory and/or customer information.

Additionally, a continued focus on automation has enabled Accountek to refine and enhance document delivery options for customer invoices, statements, and payment notices. The new integration with the Authorize.net™ payment gateway allows Connected Enterprise customers to remain with their existing merchant providers, while gaining the ability to do live card authorizations from within the application.

The company plans to continue implementing interface changes designed to enhance "touch" access for tablet users so that Connected's option of private cloud hosting can reach further into the mobile sphere.

FreshBooks

FreshBooks is a simple-to-use, cloud-based invoicing solution designed for small business owners. Since its launch in May 2004, more than five million people have used FreshBooks to send and receive, print, and pay invoices.

Last year, the company focused on delivering product features designed to help small businesses enter their transactions; these included a new mobile Android application, an updated iPhone and iPad application, payroll integration, and automatic expense imports.

In 2014, FreshBooks is working to improve the collaboration process between small business owners and their accounting professionals. To this end, the company has already launched a new reporting tool that enables users to send journal entries in QuickBooks Desktop .IIF and .CSV file formats to their accountant or bookkeeper with one click.



Kashoo

Kashoo offers cloud accounting for small businesses, both on the web and via the Apple App Store's iPad accounting app. The software allows for true double-entry accounting, but is meant to be simple to use. As a cloud-based application, Kashoo gives small business owners and their advisers (i.e., accountants and bookkeepers) the ability to access financial data from any location, at any time. Moreover, the Dashboard feature gives users a bird's-eye view of their finances and allows for quick data entry—even for multiple businesses. The product support includes email, phone, social media, and a comprehensive video library. It also features bank-level security, automatic backups, encryption, and unlimited data storage.

Headquartered in Vancouver and founded in 2008, Kashoo recently entered into a partnership with Paychex, a provider of payroll, HR, retirement, and other services to over 570,000 small businesses in the United States. Through this partnership, Canadian payroll integration is also available.



UBC Diploma in Accounting

Have a university degree but lack the prerequisites to enter a professional accounting program?

The UBC Diploma in Accounting program (UBC DAP) bridges the gap by equipping graduates with the foundation for success in a professional accounting designation. Widely recognized by the accounting industry, the program can be completed in as little as 10 or as long as 24 months while candidates continue to work.

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Microsoft Dynamics

Microsoft Dynamics continues to move to the cloud, adding new cloud deployment options and capabilities to both NAV 2013 and GP 2013, as well as enhancing the core functionality of these programs.

This gives businesses the option to host their business management software in their own data centres or in Microsoft's facilities, and gives customers the choice to license the software through an upfront payment or a monthly subscription fee. Microsoft Dynamics GP remains a viable option for companies that are outgrowing their entry-level accounting solutions, and Microsoft continues to enhance the migration experience for customers coming off solutions like QuickBooks. With over 200 certified add-on solutions, the NAV program should be considered by small- and mid-sized businesses looking for deep vertical functionality for their specific industries.

QuickBooks Accountant 2014 by Intuit

While QuickBooks 2014 offers a series of new and long-awaited features, the major changes this year can be found in QuickBooks Online, which is Intuit's cloud solution. Intuit's new user interface is meant to make for a faster, more user-friendly experience.

The home page now offers a unique and instant view into a client's current financial status and health. A common design motif throughout all screens, functions, and menus has been added to help users learn workflows and apply them throughout the program.

In terms of functionality, QuickBooks Online Accountant (QBOA) offers new synching features that enable users to download transactions from bank and credit card accounts and to import customer and supplier data from Outlook, Gmail, and Excel. QBOA also automatically syncs data across devices and learns common behaviours, allowing the program to classify subsequent transactions automatically.

Sage Software

Sage Software Inc. offers a range of accounting products, including Sage 100 ERP, Sage 300 ERP (formerly Sage ERP Accpac), Sage ERP X3, Sage BusinessVision Accounting 2014, Sage 50 Accounting 2014 (Canadian Edition), and Sage One Standard (Canadian Edition).

Sage 100 ERP and **Sage 300 ERP** both enable users to connect their businesses to the cloud, giving them mobile capabilities and real-time information. In addition, sales and services staff have access to customer information and can collect payments in the field; executives can get analytics on all aspects of the business; and procurement has improved visibility into inventory to properly manage stock levels.

Sage ERP X3 is designed to provide visibility across finance, sales management, customer service, purchasing management, and inventory management, as well as supporting manufacturing operations and industry-specific processes. The program aims to make it easier for users to manage finances on a global scale by providing multi-currency, multi-language, multi-site, and multi-legislation capabilities.

Sage BusinessVision Accounting 2014 aims to facilitate better data management and maintenance by giving users the ability to: lock future fiscal periods in the general ledger, protect sensitive employee information, ensure that sales are allocated properly, and ensure that the correct salesperson is attached to orders. Simplified processing and data entry were also a focus in the release of the 2014 edition. This iteration of the program also provides expanded look-up capabilities in inventory control, order entry, and accounts payable through various data entry and search screens.

Sage 50 Accounting 2014 (Cdn Edition) continues to build on its more than 25-year history, by adding new features designed to help users remain accurate and compliant with reporting payroll. For example, Sage 50 records, tracks, and enters the total insurable vacation hours directly onto the Record of Employment form that is created within the solution. In addition, a smaller file size means product downloads and installation should now be much faster. New technology added to the program includes Sage Advisor Messenger, a tool that provides users with quick tips and often links to additional content that can help users do tasks they haven't tried before.

Lastly, **Sage One Standard (Canadian Edition)** is a new cloud-based accounting, invoicing, and project management program launched by Sage Software in February 2014. This program is targeted at small businesses owners and entrepreneurs—sole proprietors, contractors, service-based businesses, and both new and established businesses. Like Sage 50, Sage One is a fully English-French bilingual program.

SYSPRO

New directions for SYSPRO include its Assets Register tool, which allows for a variety of depreciation methods, models, and basis and start dates, and enables users to temporarily suspend depreciation of an asset, if required. The program's Capex system allows for the capitalization of all the costs incurred in the creation/dismantling or refurbishing of an asset through integration to purchase orders, jobs, and the cashbook.

SYSPRO's general ledger query enables users to drill down from the ledger to original source transactions. In addition, other features, such as the revaluation of outstanding accounts payable and accounts receivable foreign invoices at appropriate exchange rates, contribute to compliance with international accounting standards.

The program's reporting features are extensive; for example, users are able to output reports and documents in many different formats or standards, such as XML. Transaction history reporting is available throughout the system, along with online archiving of data and reports. With SYSPRO Reporting Services, users can produce financial and operational reports directly from their integrated data. In addition, SYSPRO Analytics provides real-time dashboard capability designed to help users make informed decisions and highlight inconsistencies.

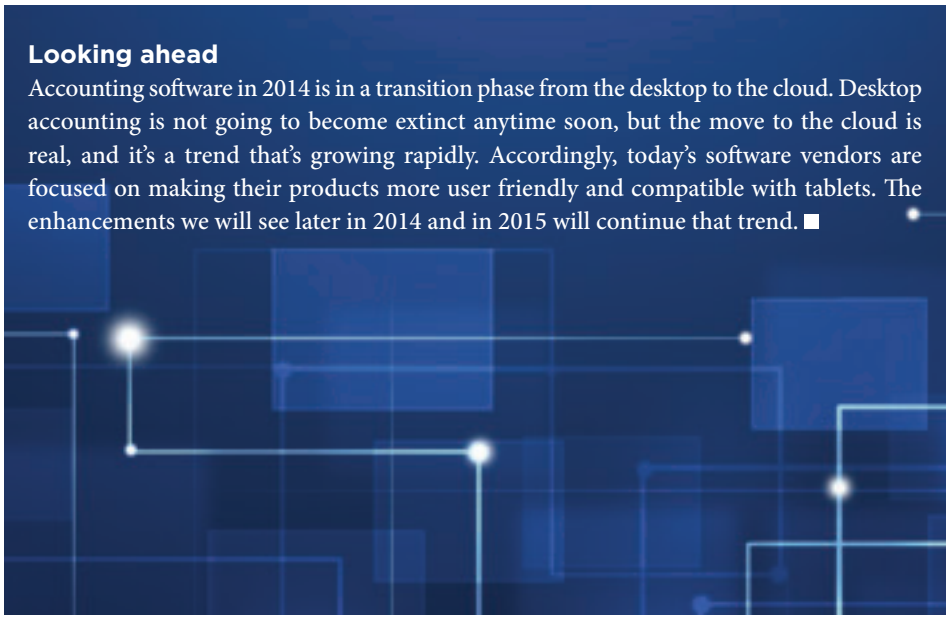
Xero

With over 250,000 paying small business customers in over 100 countries, Xero is now a major player in online accounting. Xero supports the approach of the modern accounting practice, where value pricing replaces traditional time-based billing, and its online accounting software is built around the idea of a single ledger. The company aims to make double-entry accounting quick and painless for small business owners; for example, bank transactions are automatically fed into users' accounting software, eliminating the need for manual data entry. In addition, invoices can be created, customized, and sent on the go, and all outstanding bills can be paid at once.

Moreover, Xero integrates with over 300 third-party applications (like Square, ADP, and PayPal, to name a few), making it possible for users to connect a wide range of tools. The company also provides free reporting and practice management software to its accounting professional "partners" (users can become partners for free).

Looking ahead

Accounting software in 2014 is in a transition phase from the desktop to the cloud. Desktop accounting is not going to become extinct anytime soon, but the move to the cloud is real, and it's a trend that's growing rapidly. Accordingly, today's software vendors are focused on making their products more user friendly and compatible with tablets. The enhancements we will see later in 2014 and in 2015 will continue that trend. ■



The Changing Role of Governance over Technology

By Brian Friedrich, CPA, FCGA, and Laura Friedrich, CPA, FCGA

Brian Friedrich and Laura Friedrich are principals with friedrich & friedrich corporation, a professional research, standards, and education consultancy firm in Surrey. Brian is the vice-chair of CGA-BC and serves on the CPABC Transitional Steering Committee. He also represents BC on the CPA Canada Public Trust Committee. Brian recently won the 2014 Gil Bennett Gold Standard Governance Award from the Directors College. Laura provides research and development of educational, assessment, and corporate training materials for numerous organizations and programs, including the CPA program. Together, they have facilitated a broad range of PD seminars, including CGA-BC's mandatory ethics program.

Big data. Cloud computing. Engaging customers through social networks. Mobile apps and location-based marketing. Data analytics. The scope, scale, and pace of IT change within organizations are intense to say the least. To call this wave of change a fad may be perilous: International Data Corporation (IDC), the large US-based technology research firm, has predicted that these "third-platform" technologies will drive about 90% of IT market growth between now and 2020.[1] Furthermore, IT is now being seen less as an internal toolset, and more as an external force—in IBM's 2012 Global CEO Study,[2] technology topped the list of external forces affecting organizations, for the first time since this study series began in 2004. Although IT was once thought of as primarily a support function, it has moved out of the server closet and into the mainstream of business and competitive strategy.

Since the passage of the *Sarbanes-Oxley Act* and the related CSA National Instruments, boards and senior management teams have revised their consideration of IT functions and processes to meet the heightened requirements of regulatory change. For many, the focus was on controls and compliance, but given the technical nature, boards frequently delegated security-related IT oversight to a small minority of tech-savvy individuals, whereas non-IT governance professionals concentrated largely on ensuring that the organization's IT strategy fell into general alignment with its overall business strategy.

Now, clearly controls and security have not lost their importance—and reliance on experts is still necessary—but another shift in technology governance is under way, to parallel the changing role of technology itself. IT oversight can no longer be directed principally at an operational level. The terms "IT risk" and "IT governance" are, in fact, criticized by some as being too narrow; terms like "technology risk" and "enterprise business technology governance" are finding their way into governance vocabulary and giving rise to broader-based discussions. As social media and mobile computing continue to change the way we engage with our business partners, customers, and suppliers, we've moved from an "IT risk = data security risk" mentality to what Deloitte refers to as a more "risk intelligent" approach, where we recognize risk as including not only threats, but also opportunities.[3] Having this maturity in perspective can significantly differentiate your organization's governance plan.

In line with the risk intelligent approach, Australian researcher Elizabeth Valentine presents the concept of enterprise business technology governance (EBTG) as a set of three inter-related competencies (see the sidebar on page 19). Using this type of broad competency framework goes beyond the issues of control and compliance, and places high expectations on directors, including:

- Overseeing the strategic use of technology for competitive advantage and enterprise performance;
- Integrating, rather than merely aligning, technology strategy within the business strategy;
- Ensuring that the organization assesses the risks of technology breaches or failures and takes a proactive approach, rather than governing by exception or waiting for an issue to arise;
- Measuring and monitoring the return on investment generated by investment in technology, rather than delegating its oversight to management as a cost centre; and
- Recognizing that effectively harnessing the benefits of technology in an ever-changing business environment may be the key not only to success, but also to survival.

[1] Frank Gens, *Top 10 Predictions - IDC Predictions 2013: Competing on the 3rd Platform*, November 2012. (**www.idc.com/research**)

[2] IBM, *Leading Through Connections: Insights from the IBM Global CEO Study,* May 2012. (**www-935.ibm.com**)

[3] Deloitte, "IT Governance: Risk Intelligent Questions for Directors" (**www.deloitte.com**).

Enterprise Business Technology Governance

Australian researcher Elizabeth Valentine's concept of enterprise business technology governance consists of a set of three inter-related competencies:

EBTG Competency One: This competency highlights the skills, knowledge, and experience needed to "govern technology for competitive advantage and business performance." This competency is about understanding advantages and value creation (positive performance results) achievable through the strategic investment in, and smart business use of, technology as appropriate to the type and size of the organization—no matter how large or small.

EBTG Competency Two: Whether it's the risk of systems failures, cyber-attack, or loss of data, there are regular reports of the threats posed to organizations through computer and mobile networks and the Internet. Directors with this competency can demonstrate the skills, knowledge, and experience to make quality judgments and decisions in relation to business technology and data use, and to oversee technology risk.

EBTG Competency Three: The requirement to derive returns and build business value from technology investment is obvious. Directors with this competency can demonstrate the skills, knowledge, and experience to understand and provide oversight of technology-enabled product and service development, business process efficiency, and stakeholder engagement.

For more information, check out Valentine's blog at **www.enterprisegovernance.com.au**.

This perspective of technology governance may once again increase governance requirements overall, and if your board and/or senior management team has been having a hard enough time keeping up with its growing responsibilities, more change can seem daunting. However, this breadth of perspective allows for more governance professionals to find a place where they can make a meaningful difference. Rather than delegating IT governance to the "techies" and then hoping nothing happens (in the form of IT failures), frameworks such as Valentine's will allow those responsible for governance to take a more active role in an area that better aligns with their own competence—such as measuring ROI or debating strategies for competitive advantage. In this way, the increasing scope should be seen as empowering, rather than oppressive. And for today's governance teams, perspective is key. ■

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Tools for Effective Technology Governance

Define and frame the issue appropriately: Recognize that effective technology governance encapsulates the full spectrum of strategic management and risk mitigation. Each facet must be addressed, and the result must be the enterprise-wide integration of IT governance.

Attract, retain, and train: Ensure that the governance team has the competence needed to accurately assess risk and make sound decisions. Digitally savvy directors are needed to ensure that once the right questions are asked, the answers are understood and challenged as appropriate. All directors and senior management need to be versed in technology's role in compliance, risk management, and strategy. If your team doesn't have all of the skills needed, hire experts to assist. As with any external resource, ensure that your reliance on their opinions is well reasoned.

Divide and conquer: Assign responsibility for each facet of IT governance to a specific committee, team, or individual, recognizing that different levels—and perspectives—of technology knowledge and skill are needed to oversee the different facets. Make sure, though, that if an individual is solely tasked with a meaningful portion of accountability, they are given the support, authority, and resources to make it happen; otherwise, they may end up as a lone, and lonely, voice.

Ask the right questions: Use publications from the usual "go-to" resources (for example, the CPA Canada "20 Questions" series, the Institute of Internal Auditors' publications, and so on) to source out relevant questions for your organization. Bring these questions into the boardroom or senior management meetings and ensure that there's a plan to determine acceptable answers where there are current gaps.

Expect expertise: When you hire consultants, legal counsel, and external auditors, ensure that they have the necessary expertise in the technology that drives your business so that they can fulfil the roles for which you're paying them.

Resources:

Deloitte, "IT Governance: Risk Intelligent Questions for Directors." (**www.deloitte.com**)

Elizabeth Valentine, Enterprise Business Technology Governance blog: **www.enterprisegovernance.com.au**

CPA Canada, *20 Questions Directors Should Ask About IT, Second Edition*, December 2012. (**www.castore.ca**)

Paul Willmott (McKinsey & Company), "The Do-Or-Die Questions Boards Should Ask About Technology," June 2013. (**www.mckinsey.com**)

Catalysts for Change: How finance professionals can lead a cost-conscious culture in government

By Shirley Wolff, CPA, CA, Grant Abrams, a CPA, CA in Ontario, and Jonathan Watson



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Government has a mandate to continually and effectively provide and improve programs and services to and for citizens, as well as a responsibility to steer the economy towards growth. The execution of these activities is supported by the government's ability to raise taxes and accumulate debt, resulting in a safety net that is unavailable to private sector organizations. Over time, the availability of this safety net has shaped a public sector culture that often focuses on providing services to citizens at almost any cost. As a result, there is a need to engrain a cost-conscious culture in government, and finance professionals are well positioned to be the catalysts for this change.

All levels of government are facing increased pressure to attract and retain new investment and strengthen the economy while meeting citizens' rising expectations for improved service delivery. To meet these needs, governments are being challenged to find a more sustainable method to fund social programming in today's fiscally constrained environment. They have had to examine and conduct disruptive cost-reduction exercises to aid in reducing and stabilizing budgets. These factors, along with the recent cost-reduction upheaval in governments globally, have created an opportunity to transition to new and sustainable cost-management practices in the public sector.

To capitalize on this opportunity, key operational and structural issues that reinforce inefficient behaviours and the current budget-growth-oriented culture must be addressed first. Next, significant change management driven by a unified leadership team across both program areas and internal services is required. Finance professionals must play a critical role in leading by example and by demonstrating an overall commitment to this cultural shift.

What's the role of finance?

Finance professionals in the public sector can play a major role in helping to create cost-conscious environments within organizations, particularly through their in-depth understanding of cost structures and their demonstrated leadership capabilities. By developing cost-management capabilities and supporting managers who are operating their business units with a cost-conscious mindset, finance professionals have the opportunity to become "change champions" within their organizations.

To ensure that cost-conscious behaviour becomes an underlying objective within an organization, finance professionals must become experts on the related cost-management capabilities and initiatives. Acting as credible experts for the organization also requires a deep understanding of the broader business strategy and operational realities. This understanding and expertise will, once developed, position finance as a centre of cost-management excellence. By implementing a cost-conscious culture, finance professionals can support better decision-making, enable strategic initiatives, and improve performance within an organization.

To successfully promote this kind of thinking, finance professionals in the public sector should specifically focus on implementing "lean" cost-management approaches, enabled by data analytics. It should be noted that the objective is not to replace the focus on outcomes for citizens—that is still critical; rather, the objective is to achieve an equilibrium that balances the value-for-money equation.

Embed "lean" cost-management capabilities

In the last decade, lean cost-management approaches have been favoured by both public and private sector organizations. The goal of "lean" is to enhance value by using fewer resources. Lean programs uncover methods to help reduce cost through the elimination of waste and the reduction of end-to-end processing time. For financial professionals, this means managing acceptable financial and operational risk by examining and then simplifying current processes. Finance can play two key roles in embedding lean cost management in an organization. First, a finance professional can develop their own skills in lean cost management and act as a business partner and adviser to the organization. Second, they can help develop lean capabilities across the organization by training others on lean approaches and techniques.

To develop lean capabilities, finance leaders must discover new ways of working to drive cost efficiencies; this means embracing a cost-conscious mentality and focusing on continuous improvement and sustainable efficiencies. Finance professionals need to act as business partners, offering advice and information on key operational and strategic decisions, using a lean lens. Finance managers and staff should spend more time on strategic tasks that help achieve cost-related business

This article has been adapted from Deloitte's whitepaper, *The path to sustainability: Creating a cost-conscious government culture*, which can be downloaded at **http://bit.ly/1iJKmnj**.

priorities, while also recognizing tactical opportunities for improvement; these opportunities include identifying ways to reduce, automate, or eliminate manual, non-value-added activities.

Taking the concept a step further, finance professionals should lead organizations in embedding the desired behaviours of a cost-conscious culture. By sharing lean best practices with the rest of the organization, a finance team can lead the way in shifting both employee and leader behaviours to fit within a cost-conscious culture. This would include conducting training sessions, providing lean tools and techniques, and identifying opportunities for improvement. The knowledge and skills required to conduct such reviews should be integrated into an organization's competency framework to ensure that employees have the appropriate background required, and progress should be tracked through regular performance management activities.

Discover the power of data analytics

In the current context of budget cuts and fiscal constraints, leaders must find new and innovative ways to obtain value through existing resources. One specific technique is to take advantage of existing data and harness the power of analytics. Data analytics can help governments leverage existing information assets to make better decisions, and can facilitate the synthesis and analysis of large amounts of data through improved compliance and transparency, thereby positioning governments to identify opportunities for improvement. Identifying these opportunities can bring about the elusive "Aha!' moment for leaders, wherein they can start to see the potential for major transformational change through cost-management initiatives. These initiatives may result in improved service levels, programs that are better aligned with the needs of stakeholders, and, in the case of lean programs, ways to realize sustainable cost savings.

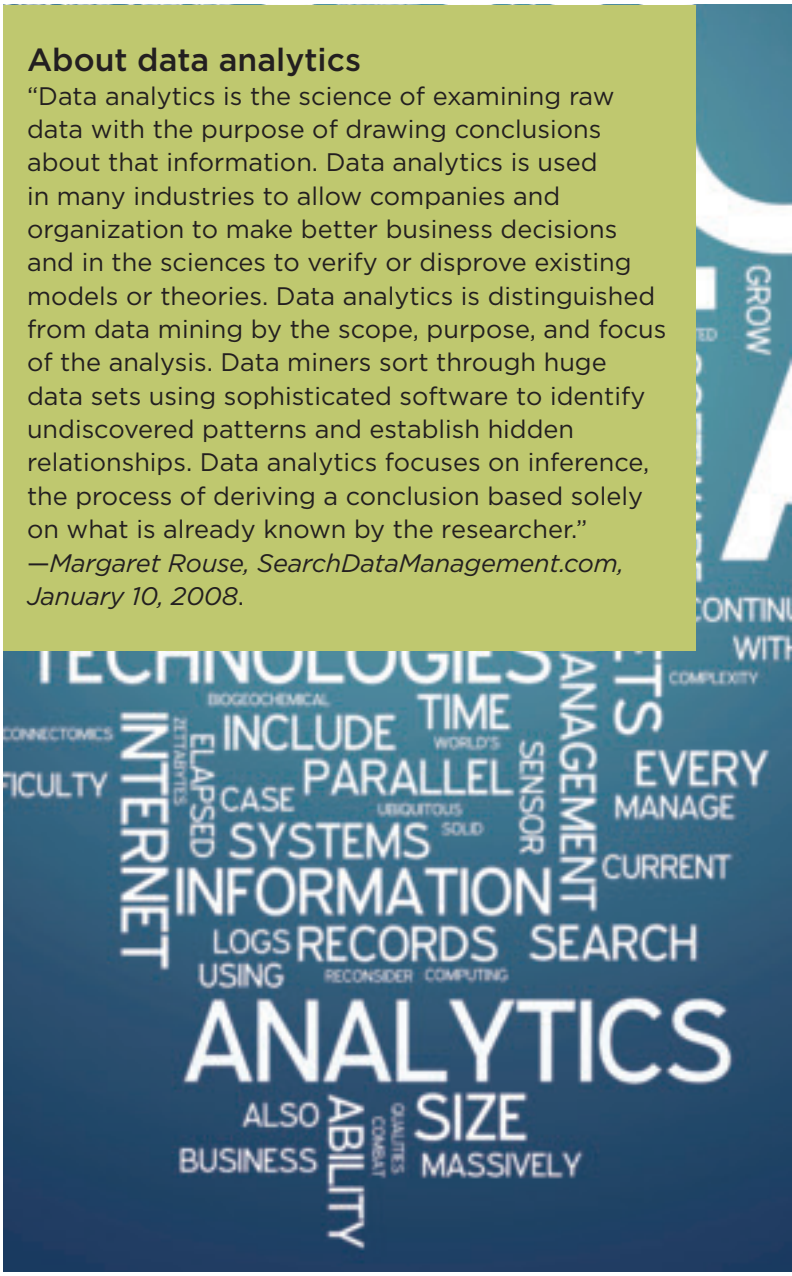
Finance professionals play a key role in ensuring that data is understood, made accessible, normalized, and shared properly. To help an organization create valuable cost-management initiatives, finance leaders must be able to provide insight on how and where to drive efficiency. To provide this insight, they should first focus on developing and reinforcing the specific skills and expertise required for data analytics. Finance leaders also have a role to play in enabling the rest of the organization to understand how analytics work, and how they can take advantage of the data and insights available. This includes demonstrating how a business unit can leverage data to identify low-performing areas that require intervention, as well as areas that need to be targeted for cost-management improvement activities. Managers across the organization need to be enabled to use analytics through knowledge and training sessions, as well as through "quick wins" that can demonstrate the capabilities and value of analytics to drive strategic thinking. Once the value of analytics has been demonstrated, people across the organization will be able to begin to use existing data to gain insight and provide foresight on future business decisions.

A call to action

As governments change, so must the approach to cost management. Finance professionals can play a key role in implementing and sustaining a cost-conscious culture by extending their reach from that of the traditional steward and operator to that of a strategist and a catalyst for change. To set the tone for change, finance leaders must lead by example. Lean cost-management approaches, informed by the use of data analytics, are valuable ways to implement a shift towards a cost-conscious culture. In turn, this cultural shift will enable governments to reinvest cost savings into programs that deliver greater value to citizens. ■

About data analytics

"Data analytics is the science of examining raw data with the purpose of drawing conclusions about that information. Data analytics is used in many industries to allow companies and organization to make better business decisions and in the sciences to verify or disprove existing models or theories. Data analytics is distinguished from data mining by the scope, purpose, and focus of the analysis. Data miners sort through huge data sets using sophisticated software to identify undiscovered patterns and establish hidden relationships. Data analytics focuses on inference, the process of deriving a conclusion based solely on what is already known by the researcher."
—Margaret Rouse, SearchDataManagement.com, January 10, 2008.



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Harmonizing the Rules of Professional Conduct — Proposed Changes to the Independence Rules

Note to readers: The original version of this article, written by Donna Kline, appeared in the fall/winter 2013 issue of *Spotlight* magazine, published by the Chartered Accountants of Alberta. It has been repurposed for a BC audience with permission.

While national harmonization of the professional conduct rules for the three legacy bodies remains a work in progress, some important changes have been proposed for the independence rules that would bring us one step closer. The ICABC membership is being asked to confirm these proposed amendments at its upcoming AGM; if approved, the changes would generally take effect December 15, 2014. CMABC would follow suit thereafter. CGA-BC's independence rules largely reflect the proposed changes already, and, therefore, no further amendments are being proposed at this time; however, the following outline will serve as a reminder for all.

Rationale

As members of the International Federation of Accountants, Canada's provincial accounting bodies have agreed that their rules of professional conduct will not be less stringent than those set out in the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, unless it is determined that a particular provision is not in the public interest. The proposed changes to the independence rules would effectively align provincial bodies in Canada with the international code.



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A bit of background

The Canadian CA profession's Public Trust Committee formed an Independence Task Force (ITF) to review the independence provisions. The ITF issued an exposure draft in February 2013, and received comments from various respondents, including regulators, audit oversight bodies, and firms. The most contentious issue in the exposure draft related to the proposed removal of the $10-million "Reporting Issuer Threshold" for fiscal years commencing after December 15, 2018. After considering the feedback on this issue, the ITF determined that the exclusion of smaller reporting issuers from compliance with these rules would be in the public interest.

The ITF stated: "It enables these reporting issuers to receive more accounting and tax assistance from their auditors, who have a detailed knowledge of the business, without the additional expense of retaining others to provide the services. In addition, a large number of small firms audit companies that fall below the threshold; these firms may be unable to comply with the partner rotation requirements because they do not have enough partners with the necessary knowledge and experience to serve as a key audit partner. Subjecting these firms to the partner rotation requirements would have the effect of firm rotation and would, therefore, reduce the market choice for smaller reporting issuers."

A look at the amendments

Here's a snapshot of the proposed changes.

Clarification

A number of the proposed changes have been made to provide clarification. As well, where there are exceptions or relieving provisions—including those that relate to the financial interests of an immediate family member where the interest is received as a result of employment—these would be moved to the applicable rule from the guidelines.

Listed entities and network firms

The more restrictive independence provisions would apply not only to reporting issuers and public interest entities, but also to "listed entities" that are not reporting issuers. A new definition for listed entities has been proposed: They may be listed inside or outside of Canada but must have assets or market capitalization above the $10-million threshold.

A new definition for "network firms" has also been proposed. Certain independence requirements would extend past the public accounting firm to the network firm. Currently, there is a requirement for being under common control, ownership, or management. Under the proposed amendments, this would be replaced with a test as to whether a reasonable observer would conclude that the firm is part of a larger structure of co-operating entities that shares:

- Common quality control systems;
- Common business strategy;
- A common brand name; and
- Significant professional resources, including the ability to exchange client data, billing or time records, partners and staff, departments that consult on technical or industry-specific issues, audit methodology or audit manuals, or training.

Tax services provided to audit or review clients

A significant proposed change for practitioners relates to the provision of tax services to audit or review clients. Providing tax planning or other advice would be prohibited where:

- The effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
- The outcome is material; and
- The engagement team has reasonable doubt as to the appropriateness of the treatment or disclosure.

More proposed amendments



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For reporting issuers and listed entities, practitioners would be prohibited from providing or preparing tax calculations of current and future tax liabilities or assets for the purpose of preparing material accounting entries. There would be an exemption for emergency situations; however, the following restrictions would apply:

- Members of the audit engagement team would not be permitted to provide the service;
- Practitioners would be prohibited from making management decisions;
- The audit committee would have to pre-approve the service;
- The "emergency" situation could not be expected to recur; and
- Additional documentation would be required.

In a situation where total revenue from a reporting issuer or listed entity represents more than 15% of a firm's total revenue for two consecutive years, the firm would not be permitted to perform the audit engagement unless: a) this fact is disclosed to the client's audit committee, and b) another professional accountant, who is not a member of the firm, performs a review that is substantially equivalent to an engagement quality control review. Also, timing options would be prescribed.

Other proposed changes:

- The ability for an engagement team member to hold qualifying shares in a social club, co-operative, or similar organization where the shareholding is a prerequisite to membership and certain criteria are met would be extended to credit unions.
- Certain independence requirements would be extended to relationships with the client's related entities. These prohibitions include close business relationships with related entities (unless limited to an immaterial financial interest), and situations where an immediate family member is an officer or director of a related entity or where a member of the firm served as an officer or director of a related entity. There would be new definitions for related entities—one for reporting issuers and listed entities, a second for engagements to audit or review financial statements, and a third for other assurance engagements.
- The temporary loan of staff to audit or review clients would be permitted for only a short period of time, and could not be made on a recurring basis.
- Partner rotation requirements would apply to "key audit partners." These comprise the lead engagement partner, the engagement quality control review partner, and other partners who make key decisions/judgments with respect to the audit. The latter would replace partners with more than 10 hours of audit services.
- Practitioners would be prohibited from:
  - > Providing valuation services that involve a significant degree of subjectivity or relate to amounts that are material to the financial statements unless the valuation is performed for tax purposes only and relates to amounts that will affect the financial statements only through accounting entries related to taxation.
  - > Providing internal audit services and information technology systems services to an audit or review client unless specific conditions are met.
  - > Providing litigation support services that advance a civil, criminal, regulatory, administrative, or legislative proceeding or investigation with respect to amounts that are material to the financial statements to an audit or review client.
  - > Advising clients on corporate finance matters where:
    - The effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
    - The outcome of the advice will materially affect the financial statements; and
    - The engagement team has reasonable doubt as to the appropriateness of the accounting treatment or presentation.
- Emergency provisions for accounting and bookkeeping services, similar to those for tax services, would be set out, and additional documentation would be required.
- It would not be permissible for key audit partners to be evaluated or compensated based on their solicitation or sales of non-assurance services to a particular client or a related entity.



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Additional guidance

Two new rules have been proposed that would provide welcome guidance. The first relates to a firm providing non-assurance services to an audit or review client, which would be prohibited by Rule 204 if the client is a reporting issuer or has become a reporting issuer or listed entity. Under the new rule, the firm would be prohibited from performing an audit engagement unless:

- The provision of the services is discussed with the audit committee;
- The client reviews and accepts responsibility for the services provided; and
- Personnel who provide the services do not participate in the audit engagement. Additional documentation would be required.

The second rule deals with client mergers and acquisitions where the firm has a current activity, interest, or relationship, which would be prohibited by Rule 204 after the merger or acquisition. The new rule would provide a way for the engagement to be completed in most situations. ■



More information online

To familiarize yourself with the independence rules, visit **www.ica.bc.ca**, **www.cga-bc.org**, or **www.cmabc.com**. Stay tuned for guidance materials, which are currently being developed.

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Jackie Wong is a tax manager with Grant Thornton LLP in Vancouver, where she specializes in tax planning for privately held businesses.

Have Testamentary Trusts Lost Their Attractiveness?

By Jackie Wong, CPA, CGA, CA

A testamentary trust is a common vehicle used in will and estate planning. Like grandfathered inter vivos trusts,[1] testamentary trusts enjoy preferential tax treatment that is not available to ordinary inter vivos trusts. This may soon change, however, as the 2014 federal budget proposes to eliminate many of these tax advantages and create a level playing field for all trusts.

This article summarizes the proposed changes to the tax rules for the affected trusts, and considers the usefulness of testamentary trusts post-budget.[2]

What is a testamentary trust?

A *testamentary* trust is a trust or estate that arises on, or as a consequence of, the death of an individual.[3] By contrast, an *inter vivos* trust is a trust created during the lifetime of the settlor.

Proposed changes to the tax rules

The proposed changes to the tax rules in the 2014 federal budget would apply to grandfathered inter vivos trusts and testamentary trusts. The two exceptions to the proposed new rules are as follows:

1. The first 36-month period of an estate that: a) arises on and as a consequence of an individual's death, and b) is a testamentary trust. This type of estate is defined as a "graduated rate estate."[4] The 36-month period was seen as a reasonable period of time for the estate's executor to administer and wrap up the estate, and to distribute the estate assets to the beneficiaries.
2. A testamentary trust with an individual beneficiary who is eligible for the federal disability tax credit.

Flat top-rate taxation

Perhaps one of the most significant proposed changes is the elimination of the graduated tax rates (applicable to individuals) for testamentary trusts and grandfathered inter vivos trusts. Under the proposed rules, such trusts would be subject to flat top-rate taxation, similar to the taxation of ordinary inter vivos trusts. This would eliminate the benefit of creating multiple testamentary trusts under a will to take advantage of multiple sets of graduated tax rates for income retained and taxed in the trusts. In addition, it would remove the benefit of splitting income between the trust and its beneficiaries.

Exemption from income tax instalments

Testamentary trusts would have to pay quarterly tax instalments (if required), like individuals and inter vivos trusts.

Calendar year as taxation year

Existing testamentary trusts that have an off-calendar taxation year-end would have a deemed taxation year-end on December 31, 2015. An estate that exists at the end of its 36-month period would have a deemed year-end on the day on which the 36-month period ends, and would have a year-end of December 31 for the following taxation year.

Basic exemption for AMT

The basic exemption of $40,000 for alternative minimum tax (AMT) would no longer apply to testamentary trusts or grandfathered inter vivos trusts. However, even though the basic exemption would be removed, such trusts may be less likely to be caught by AMT post-budget, since they are subject to the highest personal tax rate.

[1] Refers to inter vivos trusts created prior to June 18, 1971.

[2] At the time of this writing in late April 2014, the proposed legislation had not been enacted.

[3] As defined in subsection 108(1) of the *Income Tax Act* (the Act). There are some conditions that can disqualify a trust from being a testamentary trust, but they are beyond the scope of this article.

[4] Proposed definition in subsection 248(1) of the Act.



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Part XII.2 tax
Testamentary trusts would be subject to Part XII.2 tax.[5]

Investment tax credits
Investment tax credits would have to be recognized in testamentary trusts, and it would no longer be possible to allocate them to trust beneficiaries.

"Personal trust" status
A testamentary trust would be subject to the same conditions as an ordinary inter vivos trust in determining its classification as a "personal trust."[6]

Tax administration rules that otherwise apply only to ordinary individuals
Ordinary individuals using testamentary trusts would lose the benefit of being able to extend the time period for filing a notice of objection or for filing an agreement to transfer forgiven amounts under the debt-forgiveness rules. In addition, it would no longer be possible to extend the time period during which the CRA may refund an overpayment of tax,[7] or during which, at the trust's request, the CRA may reassess the trust after the normal reassessment period for a tax refund or reduction in taxes payable.[8]

[5] Part XII.2 tax is imposed on "designated income," which includes taxable capital gains from the disposition of taxable Canadian property and income from a business carried on in Canada (generally, income a non-resident earns in Canada that is subject to Part I tax in Canada).

[6] A "personal trust" status provides certain benefits under the Act.

[7] Subsection 164(1.5) of the Act.

[8] Subsection 152(4.2) of the Act.



Timing of proposed changes
The changes with respect to the deemed taxation year-ends would come into force on December 31, 2015. Other changes would apply to 2016 and subsequent taxation years.

Benefits and uses of testamentary trusts
In spite of the loss of preferential tax treatment for testamentary trusts if the proposed changes are approved, there could still be potential benefits to setting up such trusts, some of which are non-tax related. Here are a few examples:

Spousal testamentary trust
A spousal testamentary trust established under a will offers both tax and non-tax benefits. From a tax perspective, an individual can defer the tax on the deemed disposition of their assets at the date of death by transferring these assets to a testamentary spousal trust on a rollover basis. One tax disadvantage under the proposed rules is that the testamentary trust would be taxed at the top personal tax rate on the income earned on the trust assets, as well as the eventual deemed capital gain on the trust assets at the date of the spouse beneficiary's death. Contrast this with a direct rollover to a spouse who will receive the graduated tax rates on income earned on the assets and on the disposition of the assets on the spouse's death.

From a non-tax perspective, a spousal testamentary trust is often established by individuals involved in a second or subsequent marriage for the benefit of their surviving spouse during the spouse's lifetime, with the testator's children receiving the trust assets following the death of the spouse beneficiary. If, by contrast, the assets are gifted outright to the surviving spouse,

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he or she then has the power to decide who should receive the assets after their death, which means they could leave the testator's intended beneficiaries high and dry.

Trusts with disabled beneficiaries
Under the proposed changes, preferential tax treatment would still be available to a testamentary trust with a disabled beneficiary who is eligible for the federal disability tax credit, just as the preferred beneficiary election is now only available to a disabled beneficiary.

Split income
"Kiddie tax"[9] does not apply to income from a property or taxable capital gains on the disposition of a property inherited from a minor's parent as a consequence of the parent's death, or of a property inherited from any person as a consequence of their death if the beneficiary is disabled and eligible for the federal disability tax credit. Therefore, a testamentary trust could allocate income from such property to a minor beneficiary without being caught by the kiddie tax rules.

Income splitting opportunities
A discretionary testamentary trust would have the same benefits as an inter vivos trust in that it would allow for income splitting among the trust's beneficiaries.

Other non-tax reasons
A testamentary trust enables testators to:
- Prevent beneficiaries from gaining control of assets;
- Protect assets and possessions from beneficiaries' creditors;
- Manage and protect assets for beneficiaries who are minors, beneficiaries with disabilities, and beneficiaries who are spendthrifts; and
- Eliminate probate fees on assets held in a trust in the event of a beneficiary's death.

Planning for testamentary trusts

If the proposed changes are passed, changes in planning for testamentary trusts will be required. These changes may include the following:
- Existing multiple testamentary trusts may be consolidated into one trust to reduce administrative costs, unless there are other reasons for keeping the trusts separate.
- Trust income may be allocated to beneficiaries who are in a lower personal tax bracket instead of being retained in the trust to be taxed at the highest personal tax rate.

[9] Kiddie tax is tax applied on split income allocated to beneficiaries under the age of 18 ("minor beneficiaries") at the end of the tax year.

continued on page 45



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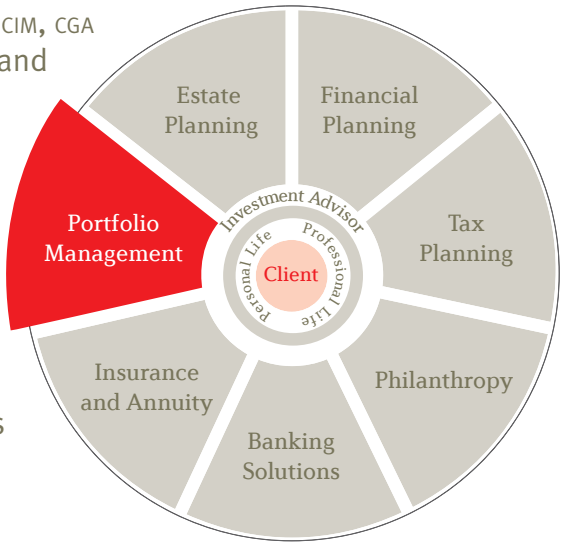
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vs. Benchmark					
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DEX Universe Bond Index	-1.19%	1.18%	3.93%	4.63%	4.78%

*Past performance is not an indication of future performance. Average performance of all accounts holding the model.
TSX and DEX Universe return source: Croesus.

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HIGHLIGHTS FOR JUNE & JULY 2014 – ICABC/CMABC PD PROGRAM

Listed below are some of the seminars we will be holding in June and July. Many more titles are available online. Visit **www.icabc-pd.com** or email the PD department at **pdreg@ica.bc.ca** for more information on the various offerings available this summer.

REMINDER: 2013-2014 PD PASSPORTS EXPIRE JULY 31, 2014

The spring 2014 PD program is the last chance to use up the 2013-2014 passports, which are valid for courses dated only to July 31, 2014. Passport holders: Don't delay! Register soon to ensure that you're able to use any remaining passport days on the seminars that interest you.

PD CONFERENCES

Register soon for these popular conferences. For detailed descriptions, please visit our website at **www.icabc-pd.com/conferences**.

Victoria PD Conference Day
June 24, 2014 | Westin Bear Mountain, Victoria

Members in Business & Industry PD Day
June 26, 2014 | Vancouver Convention Ctr (West)

Accounting & Assurance | Finance

ASPE: A Comparison to IFRS
This seminar will examine the major differences between the accounting standards for private enterprises and those for publicly accountable enterprises.
July 9, 9am-5pm, Vancouver

Auditing Refresher
This seminar will give participants a solid foundation in the practical application of the Canadian Auditing Standards to auditing engagements.
July 14-15, 9am-5pm, Vancouver

Fraud Happens! What to Do When You Suspect Fraud
You don't encounter fraud every day. This seminar, taught by an experienced fraud investigator, will provide you with the basic skills needed to respond to allegations of fraud efficiently and effectively.
June 27, 9am-5pm, Vancouver

Corporate Finance
At this seminar, participants will gain a working knowledge of the various ways in which business activity—and mergers and acquisitions in particular—can be assessed and financed through the capital markets.
July 3, 9am-5pm, Vancouver

Taxation

Breaking Up Is Hard to Do
Learn how the new *Family Law Act* classifies family property and family debt, including the fact that the laws relating to property division now apply to many common law couples.
July 8, 9am-12:30pm, Vancouver

Mgmt & Personal Development

Clinic on Supervision
Great employees do not always make great supervisors, particularly when they're thrown into the job with little training. This clinic will focus on specific, concrete techniques that will make participants more effective as managers of others.
July 16, 9am-5pm, Vancouver

Communication Mastery
Built on the premise that master communicators possess excellent questioning and listening skills, as well as effective non-verbal communication skills, this course will help participants enhance these critical skills through various skill-building and role-playing exercises.
June 20, 9am-5pm, Vancouver

Conflict: Changing Viewpoints & Influencing Behaviours
Everyone deals with conflict or wrestles with "difficult people." This seminar will help you acquire insights and skills for turning disagreements and disputes into opportunities for co-operation.
July 9, 9am-5pm, Vancouver

Controllership | Mgmt Accounting

Delivering Enhanced Performance through the Balanced Scorecard
This seminar will enable participants to drive their business performance forward through a better understanding of the balanced scorecard. It will focus on the business drivers that contribute most to an organization's success.
June 23, 9am-5pm, Vancouver

Practical Financial Negotiation Tips
This half-day course will cover many useful financial negotiation tips, illustrated by real-life examples. It will also cover key watch-outs.
July 11, 9am-12:30pm, Vancouver
See also: Practical Tips for Controllers & CFOs
July 9, 9am-5pm, Vancouver
Practical Tips for Not-for-Profit Leaders
July 10, 9am-5pm, Vancouver

Governance | Ethics | HR

CFO's Role to the Board of Directors
This seminar will examine how to align the CFO's role with the objectives and needs of fellow management team members and the board of directors, while recognizing that each organization—whether public, private, not-for-profit, large or small—is different.
July 17, 9am-5pm, Vancouver
See also: CFO's Role in Family Business
July 18, 9am-5pm, Vancouver

Handling Termination of Employment
This executive briefing will provide an overview of the myriad issues surrounding the termination of employment and a practical framework for planning. It will include recent updates in the area.
June 25, 7:30-9:30am, Vancouver

The 2014-2015 PD Passports will

Don't forget to purchase one of our PD Passports to enjoy incredible savings on either classroom or online seminars! Valid for CPABC seminars held between September 1, 2014 and July 31, 2015, these PD Passports will entitle you to six days of passport-valid seminars, and can significantly reduce your training costs.

HIGHLIGHTS FROM CGA-BC's SUMMER 2014 PD SERIES

All seminars described below will be taking place in the Lower Mainland unless otherwise noted. To register or to access CGA-BC's complete PD program, visit **www.cga-bc.org/pd** or contact Allyson Hayward at 604.637.6801 or **ahayward@cga-bc.org**.

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June 11-12, 9am-4:30pm

Excel

Excel – Pivot Tables*

This seminar will explain how Excel's pivot tables can help you quickly turn a mass of data into meaningful information to help you manage your business. It will give you valuable hands-on experience manipulating, analyzing, and reporting data using Excel's advanced "PivotTable and Charts" feature. We'll start with the theory behind pivot tables and the best practices for creating them. You'll learn how to group data, create calculated fields, update data, and extract data from your accounting systems. You'll also learn how to create "drill downs" in pivot tables. We will also explain how pivot tables have a unique ability to consolidate data across multiple worksheets, and show you how to create charts and dashboards generated from pivot tables.

Note: *This is a hands-on seminar in a computer lab setting.*

June 13, 9am-4:30pm

Excel – Macros*

This seminar will show you how to extend Excel's capabilities by creating macros to automate those weekly or monthly tasks that would otherwise take hours to complete, and by applying macros to financial models, lists, and pivot tables. It will give you hands-on experience creating a toolbox of macros for day-to-day use. In addition, you will learn how to navigate the macro developer tool; record, edit, and create useful everyday macros; review formulas and functions; create Excel forms for data input; and create interactive dashboards.

Note: *This is a hands-on seminar in a computer lab setting.*

June 27, 9am-4:30pm

Excel – Intermediate*

This workshop will help you build on your Excel skills to create, edit, and format professional-calibre worksheets with Microsoft Excel. It is designed for members, students, and accounting and business professionals who want to learn how to use Excel more efficiently and effectively in their day-to-day work.

Note: *This is a hands-on seminar in a computer lab setting.*

July 11, 9am-4:30pm

Excel – Advanced*

Learn about the best features and functions in Excel that will make accounting and finance tasks easier, faster, and more accurate. In this seminar, you will work with the program's many advanced features and best practices to analyze, sort, report, and present information in Excel. It is designed for members, students, and accounting and business professionals who want to learn about advanced Excel features and functions and how they can be applied to the accounting and business professions.

Note: *This is a hands-on seminar in a computer lab setting.*

July 25, 9am-4:30pm

Ethics

The Essence of Professionalism: Ethics, Rules, and Standards for New CGAs

This workshop is designed specifically for all new CGAs. The goal is to move the understanding of ethics from an academic perspective to a clear grasp of the practical issues involved when applying the obligations in the real world of work.

Note: *This workshop is mandatory for new members, and must be completed by the end of their first continuing professional development (CPD) reporting year.*

July 9, 9am-4:30pm

Ethics 24/7

This workshop will build on previous iterations of CGA-BC's ethics workshop series. The focus is on ethical leadership in the current business environment, and on making decisions to avoid and minimize ethical issues in serving our employers, clients, and the public. Recent changes to the Code of Ethical Principles and Rules of Conduct will be included, but the session will primarily address ethics in the environment of all professional accountants, regardless of their legacy designations and whether they work in public practice or industry.

Note: *All CGAs are required to take a minimum four-hour verifiable business ethics workshop each three-year continuing professional development (CPD) cycle. This workshop meets that requirement.*

June 20, 1-5pm (Richmond)
June 26, 8:30am-12:30pm or 1-5pm (Surrey)
July 8, 8:30am-12:30pm or 1-5pm (Vancouver)

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An interview with Trish Brydon, CPA, CGA, MA, about the impact of social media on accounting and finance recruitment



Trish Brydon, CPA, CGA, MA Photo by John C. Watson of Imagemaker Photographic Studio.

"...the more social media is embraced and adopted, the more it affects not only our personal lives but also our professional lives..."

Trish Brydon, CPA, CGA, MA, is a senior partner with Mercer Bradley, Western Canadian specialists in recruitment, strategic project staffing, and job-fit analysis for accounting and finance professionals. She has a professional finance and accounting background and more than 11 years of experience partnering with clients to assist with their specialized accounting and finance recruitment needs. Trish is also a coach and trainer in the areas of individual, team, and organizational excellence; leadership development; change management; communication; and conflict resolution. She has a master's degree in leadership and training and is the founder of OPTIM People Partners.

You've been a specialist in accounting and finance recruitment in BC since 2002. Has the use of social media changed the landscape over the last 12 years?

I have definitely seen and experienced many changes, ebbs, and flows in the recruitment landscape in the last 12 years, and—without question—increased Internet and technological advancement and adoption have affected how recruitment is done.

According to one statistic I read recently, 73% of adult Internet users were using social media as of September last year.[1] I'm guessing that number is already substantially higher. I don't think there's any question that the more social media is embraced and adopted, the more it affects not only our personal lives but also our professional lives—sometimes even blurring the line between the two. As part of that, social media has an impact on the way many recruiters and some businesses recruit and hire.

Has social media changed the way you work?

Yes and no. I use social media, but only as one tool in my recruitment and job-fit arsenal. I primarily use LinkedIn, not for direct recruiting but for networking, and for connecting and staying in touch with business contacts. I also use it to keep apprised of some of the changes in the business community. Also, various employers use social media as part of their recruitment process, so that has an impact on me and on how I can best partner with them to fill key roles.

[1] www.pewinternet.org/fact-sheets/social-networking-fact-sheet

Which social media tools are being used for recruitment?
For now, LinkedIn seems to be the tool of choice for those who use social media to recruit finance and accounting professionals. Other lesser-used tools include Facebook, Twitter, Pinterest, and Google+.

It's hard to believe that LinkedIn has only been around for about 10 years. I read recently that one month after launch there were only 4,500 users worldwide, but as of February of this year there were already 277 million![2]

After I initially set up my LinkedIn profile about five years ago, I invited all my business contacts to connect with me. My hunch is that probably less than 10-15% of my finance and accounting business contacts were on LinkedIn at the time, and most of them either used it rarely or had incomplete profiles. Now, I'm guessing that well over half of my business contacts are on LinkedIn. Having said that, many still have incomplete or outdated profiles.

How, specifically, are employers using social media to recruit accounting and finance staff, or how might they use it?
Based on my own experience and research (including an informal survey I recently conducted with some of my Vancouver business contacts), as well as anecdotal information from conversations I've had with hiring managers and internal company recruiters, I know that while some employers are using social media to help them recruit accounting and finance staff, many—and I'm guessing most—are not.

There are a number of ways some employers are or might use social media to help them recruit. Many companies have company/business pages set up to increase brand visibility and to attract potential talent. Accounting and finance professionals who are particularly interested in a certain employer can "follow" its page and stay updated on suitable opportunities. Many businesses will link their pages to blogs and Twitter as well, and will regularly update their status for increased visibility. Even companies without business pages sometimes advertise job openings on LinkedIn.

In certain cases, LinkedIn can be a useful tool to identify potential candidates (both active and passive candidates who may not be actively applying for roles) and to reach out for network referrals. It offers various enhanced options to facilitate recruitment/search efforts; for example, searches can be tailored to look for candidates with LinkedIn profiles who have worked in a certain company, field, or role, or who have specific skills (assuming that their profile information is complete).

[2] Craig Smith, "By the Numbers: 80 Amazing LinkedIn Statistics," Digital Marketing Ramblings, February 9, 2014. (http://expandedramblings.com)

"...just because a profile's public doesn't mean it's accurate."

Some employers use social media to recruit more so for lower-level or less skilled roles than for senior-level or specialized roles; for others, the opposite is true. And, as you might expect, some use social media as a tool for vetting or background checks.

Are there limitations to using social media as a recruitment tool?
Based on my own experience and network feedback, I'd say yes, definitely. For one thing, search results are only as thorough as the data provided. As I mentioned earlier, many profiles are incomplete or out of date. Additionally, not all accounting and finance professionals are on LinkedIn, and depending on chosen privacy settings and individual networks, recruiters may not have access to all candidates who are on LinkedIn even if they're using its enhanced recruitment tools. Using only LinkedIn or another social media tool would likely result in missing out on some great potential candidates—sometimes the best candidates for a role.

There's also the fact that recruiting via social media can be extremely time-consuming. A large volume of profiles can be seen or accessed doing searches, and some candidates will reach out directly to companies or hiring managers online, but that's a far cry from knowing if those people would actually consider your role and if they'd be a good fit, or how strong a candidate is and if what you see is what you'll actually get. I've done pinpoint advanced searches for roles in the past that have returned hundreds of names, and after much time, due diligence, and screening I've found, at best, only a handful of strong potential fits for the total of all the roles I've worked on. Most often, the best candidates I've identified for roles were not uncovered through LinkedIn searches or advertising. I'm typically much more successful in identifying the best candidates when I use my own network and other proven recruitment techniques.

Another thing for employers to realize is that contract, temporary, and project recruiting can be harder than full-time role sourcing through LinkedIn, especially if those resources are required quickly. The process to screen, meet, and check references is lengthy, and it can be hard to gauge who would even be interested and available within the required time frame.

Pitfalls and recommendations

Are there more serious pitfalls employers should watch out for?

I'd say that if you use social media for vetting and background checks, you should be aware that there are potential legal and other issues involved. I don't claim to be an expert in the area, but there are lots of articles on the subject. One of the greatest potential pitfalls is that an employer could potentially take false comfort when seeing a candidate's background displayed publicly—just because a profile's public doesn't mean it's accurate. A great online profile doesn't necessarily equate to a strong person with solid technical and soft skills. With online profiles, not only can you *not* rely on information or titles being thorough or up to date, but sometimes the information may be stretched or even completely falsified. I regularly discover inaccurate or stretched information, and—believe it or not—I have, on occasion, uncovered completely fabricated backgrounds, with fake employers and references!



Unfortunately, some employers who recruit this way may inadvertently cut corners on due diligence steps, which means they might not learn the truth about a candidate until after they've hired them. Frankly, even relying on positive online references that *are* legitimate may fail to uncover some key information regarding a candidate's suitability for a particular role and its key requirements.

So what would you recommend?

Regardless of how you source candidates for consideration, it's important to make sure you have a thorough understanding of the right short- and long-term fit for a particular role, including required technical skills and background combined with appropriate soft skills and motivation. The next step is to determine the questions, and possibly assessments, that will help you uncover what you're looking for; then it's time to formally screen and interview, and perform thorough reference and background checks (for example, confirming that the candidate has an active accounting designation and conducting references with at least all key "report to" referees). This will help you verify what you believe you know about the candidate and fit, and to uncover any red flags or deal-breakers.

> "Technology changes so rapidly, as does its impact in the workplace."

Again, social media can be a useful tool in workplace recruitment and hiring for some, but only if it's used strategically and judiciously. The caution is to be aware of its potential limitations and pitfalls—to use it as just one tool along with other recruitment tools and due diligence steps. I strongly believe that recruiting is an art—one that can't be successfully handed over 100% to technology.

Technology changes so rapidly, as does its impact in the workplace. It will be interesting to revisit this topic in a year or more, or maybe even in as little as a few months—I'm guessing there will be some surprises! ■

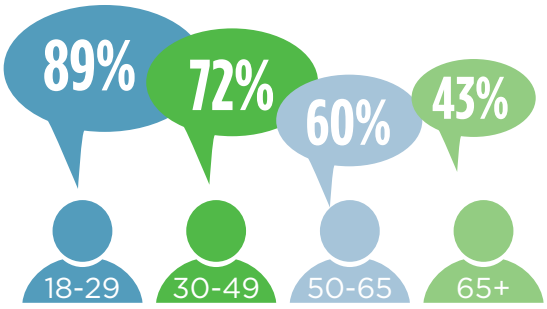
Social Media Statistics

Worldwide

Global population: 7.2 BILLION

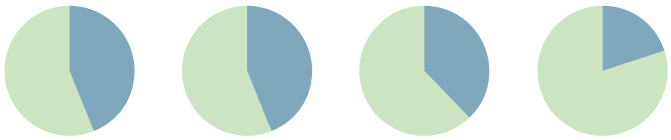
Internet users: 3.0 BILLION

Active social media users: 1.9 BILLION



Social media usage per age bracket

Social media usage per continent



44% Americas

44% Oceania

38% Europe

20% Asia

Fastest-growing social media segments

Twitter: Usage by 55-64 age bracket — by 79% since 2012

Google+: Usage by 45-54 age bracket — by 56% since 2012

Facebook: Usage by 45-54 age bracket — by 46% since 2012

Social media on the go... Users who access social media from a mobile device: 71%

	facebook	LinkedIn	Google+	twitter
# of active users per month	>1.23 billion	>187 million (>300 million users total)	>402 million	>243 million (fastest-growing network, with 44% growth between 2012 and 2013)
Average time spent*	6.75 hours/month	17 mins/month	3 mins/month	21 mins/month
Business usage	70% of marketers use Facebook to gain new customers	LinkedIn has 3.5 million active company pages	70% of brands have a presence on Google+	70% of all small businesses are on Twitter

*Average time stats are from 2012

Data sources: www.jeffbullas.com; press.linkedin.com; wearesocialmedia.gr; blog.linkedin.com; mashable.com; socialmediatoday.com.

Kudos!



Anthony Ariganello, CPA, FCGA, took over as CEO of the BC Human Resources Management Association on June 2, 2014. He previously served as president and CEO of CGA-Canada for 11 years. Prior to his role with CGA-Canada, Anthony was the president of Montreal-based Avon Canada and also held senior-level financial positions, including that of controller at Nortel Networks.



Brad Armstrong, CPA, CMA, has been promoted to president and COO of KingFisher Boats in Vernon. Brad has been with the company since 2002, and previously held the positions of CFO and COO.



Brian Friedrich, CPA, FCGA, has won the 2014 Gil Bennett Gold Standard Governance Award from the Directors College, a joint initiative of McMaster University and the Conference Board of Canada. Presented annually to a newly designated chartered director, the award recognizes academic performance and dedication to corporate governance. Brian is a principal with friedrich & friedrich corporation, the vice-chair of CGA-BC, and a member of the CPABC Transitional Steering Committee.



Adam Hiebert, CPA, CMA, has been promoted to president of Genki Capital. Adam has been with the firm since 2010 and currently works from its Hong Kong office, where he's responsible for the overall direction and strategy, as well as managing merger & acquisitions activity in emerging markets. He has a background in public practice and international finance.



Michelle Rogers, CPA, CMA, has been appointed as the director of finance for the Asset Management and Government Solutions Divisions of StarDyne Technologies Inc. She will be focusing on driving organizational performance for five software companies. Michelle has over 20 years of experience in leading strategic planning, fiscal budgeting, forecasting, and consolidating the finance functions to the head office.



Ron Royston, CPA, CA, has received a Public Safety Lifetime Achievement Award from Emergency Management BC (Ministry of Justice) for his tireless volunteerism in the area of public safety—particularly his 40+ years of service with North Shore Rescue and the First Aid Ski Patrol at Whistler and Grouse mountains, and his 30+ years of service with St. John Ambulance of British Columbia. For his outstanding contributions to these and other organizations, such as the West Vancouver Community Foundation, he has received several awards, including the Queen's Diamond and Golden Jubilee medals. Now retired, Ron was a partner with Grant Thornton for more than 30 years.

Do you have an announcement you'd like to share in an upcoming issue of CPABC in Focus? *Email us at:* ***info@bccpa.ca***

Kudos!



Ryan Schauble, CPA, CGA, was promoted from controller to manager, finance and supply chain for Minerals Processing's FLSmidth Knelson Group in February. Ryan is responsible for the daily financial matters supporting the operation and participates in global initiatives relating to finance, HR/admin, logistics, procurement, and IT.



Allan Wong, CPA, CGA, recently became the controller for Blast Radius.



Alladin Versi, CPA, FCMA, has been appointed as the national leader of Aboriginal Taxation Services for MNP LLP. Based in Nanaimo, Alladin works with First Nations across the country to structure new ventures and restructure existing business operations to minimize taxes. He has specialized in tax for more than 25 years and speaks frequently on Aboriginal tax matters at conferences and forums across Canada.



Ivan Xu, CPA, CMA, recently joined Quality Chain Canada as CFO. Ivan has more than 20 years of experience in accounting and managerial positions, successfully aligning company resources with strategic direction and increasing accuracy, efficiency, and accountability.

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ICABC Early Achievement, Ritchie McCloy, and Community Service Award Winners

~ EARLY ACHIEVEMENT AWARD ~

The ICABC Early Achievement Award recognizes members who have made significant professional accomplishments within 10 years of earning the CA designation. This year's award recipient is Erfan Kazemi, CPA, CA, CFA.



Erfan Kazemi, CPA, CA, CFA

In his first 18 months as CFO of Sandstorm Gold Ltd., which he joined in 2011, Erfan helped raise over $250 million in debt and equity financing, propelling Sandstorm's companies to over $1 billion in combined market capitalization. Erfan has played a significant leadership role in Sandstorm's continued evolution, and his efforts have helped double its operating cash flow—up to approximately $40 million.

Prior to joining Sandstorm, Erfan rose through the ranks at PricewaterhouseCoopers, becoming a senior manager in just over five years—one of the fastest promotions to the position in PwC's recent history.

Also a leader in the community, Erfan served on the board of the Vancouver Public Library for eight years and was its youngest-ever vice-chair. He has also volunteered at the board level with the Canadian Institute of Mining, Metallurgy and Petroleum (Vancouver branch), the UBC Board of Governors, and the UBC Alumni Association.

The UBC Alumni Association named Erfan an "Outstanding Future Alumnus" in 2003. He has also received the BC Library Trustees Association's Trustee of the Year Award and the ICABC Community Service Award, and was named to *Business in Vancouver*'s Top 40 Under 40 in 2013.

~ RITCHIE MCCLOY AWARD ~

The Ritchie McCloy Award recognizes the value of a CA or non-CA's contributions to the CA profession. In addition to their dedication to the profession, award recipients must embody values such as openness, honesty, and generosity. This year's recipient is Dallas Leung, CPA, CA.



Dallas Leung, CPA, CA

Dallas' lengthy history of volunteerism in the profession began in 1999, when he was a newly minted CA serving on the ICABC's Student Awareness and Career Information committees. He later became one of the founding members of the CICA Work-Life Balance Committee, which was tasked with creating comprehensive resources related to work-life issues for the CA membership across the country. Dallas did a lot of work behind the scenes to help build these national resources, and also contributed at the provincial level by assisting with work-life conferences offered by the ICABC's Professional Development (PD) department.

Dallas has also contributed to the BC PD program as a strong advocate for industry member education over the last eight years, playing an instrumental role in promoting the members-in-industry conference days—many of which he has also chaired. Additionally, he has chaired the PD Audit and Accounting Program Advisory Group since 2003.

Dallas is currently the VP of finance and administration for TSI Terminal Systems Inc. in Vancouver. In addition to volunteering in the profession, he also serves as a board member and past chair of the audit committees for the YMCA of Greater Vancouver and the UBC Alumni Association.



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~ COMMUNITY SERVICE AWARDS ~

The ICABC Community Service Award recognizes outstanding contributions to the community. The following four members have been recognized this year for their tremendous service:



Sandra Blair, CPA, CA

Sandra is deeply committed to her hometown of Kamloops, where she works as a senior tax manager with Daley & Company LLP.

In each of her three years as a member of the Rotary Club of Kamloops Daybreak, Sandra has led a major annual fundraising event. While serving as co-chair of the Club's "Ribfest" fundraiser in 2012 and 2013, Sandra managed as many as 16 sub-committees and attended 20 meetings per month with the RCMP, City of Kamloops staff, and other stakeholders. She is credited with having laid the groundwork for the event's ongoing success, as she created a detailed operational plan for the event and played an instrumental role in its launch.

In addition to her ongoing service as a Rotarian, Sandra currently volunteers as treasurer of the Kamloops Women's Soccer League, and as a director on the board of the Kamloops Food Bank. She also serves on the board of directors and the executive for the Kamloops Central Business Improvement Area, and is the VP and women's network chair for the BC Liberals Kamloops-South Thompson Riding. Past contributions include serving as a director and treasurer of the Thompson Rivers University Sports Task Force for eight years.



Donna Cloutier, CPA, CA

Donna is a manager with Pateman & Company CAs in Courtenay, where she has been giving back to the community steadily for many years.

Currently, Donna serves as vice-chair of the North Island College Foundation and as treasurer of the Comox Valley Chamber of Commerce. Over the last four years, she has also helped organize a variety of fundraisers in the Comox Valley. In 2010, for example, she created and chaired "Balls of Steel," a 24-hour ball hockey tournament designed to raise money for prostate cancer awareness. In 2013, she created and chaired the Courtenay Rotary Pure Luck Hockey Draw fundraiser, with net proceeds providing support to local organizations such as the Strathcona Symphony Orchestra, the Comox Valley Therapeutic Riding Society, and St. Joseph's General Hospital Foundation. That same year, she also co-organized a fund-raiser called "A Taste of the Philippines" for the Canadian Red Cross's Philippines relief fund.

Donna is also a director for the Courtenay Rotary Club, and, as detailed in the February/March 2014 issue of this magazine, her involvement with Rotary led her to embark on an overseas mission in the Philippines with Rotaplast International in 2013, during which she volunteered in a hospital, sterilizing surgical equipment.



Tanya Georget, CPA, CA

Tanya is a manager with MNP LLP in Abbotsford, where she has served as the workplace champion for the United Way of the Fraser Valley's annual fundraising campaign. Working to increase participation rates and donations over the past five years, Tanya has participated in training sessions and has incorporated strategies to make the annual fundraising activities a successful event for her peers. Since she first became a workplace champion for the United Way in 2009, the campaign total from MNP Abbotsford staff has increased by 150%.

Tanya has also volunteered extensively with Ducks Unlimited (DU) Canada over the last five years. She began volunteering with DU's Abbotsford branch in 2009, providing general assistance for the organization. In 2010, she took on the position of treasurer—a role that becomes almost a full-time job in the week leading up to the organization's annual banquet and auction fundraising event. She has also helped organize the involvement of other volunteers.

Tanya also gives back by sorting food at the Abbotsford Food Bank, and most recently helped with hosting a fundraising event to raise awareness for Matthew's House, a respite care home for children with complex health-care needs, located in Abbotsford.



Maureen McCurdy, CPA, CA

Maureen was raised in Kamloops, which she continues to call home. There, she's a partner with Daley & Company LLP and a tireless volunteer in the community.

Maureen has volunteered her leadership to many of the city's major sporting events over the past 12 years. Her contributions have included six years of service on the board of directors for the Capital One Canada Cup of Curling, and four years of service on the board of directors for the 2011 Western Canada Summer Games. As operations director for the latter, Maureen had a myriad of responsibilities that included overseeing the administration office, the warehouse, and the call centre. She is credited with having been instrumental to the event's success and to the legacy funds that were eventually realized.

Her past contributions also include running the operations centre for the 2013 BC Seniors Games during the event. Most recently, she served on the board of directors for the 2014 Tim Hortons Brier as vice-chair of special events, responsible for organizing all banquets and ceremonies, rallies, meet-and-greets, and more.

In addition to her event work, Maureen provides financial guidance and leadership to the Kamloops Sports Council on a volunteer basis.

Photos of Sandra Blair and Maureen McCurdy by Tyler Meade of Tyler Meade Photography. Photo of Tanya Georget by Revival Arts.

Looking Forward to the Future

The CGA-BC Quarter Century Club welcomes 187 new members in 2014

"What will the next 25 years look like?" Predicting the future is not easy, but it was on the minds of many who attended the recent meeting of the CGA-BC Quarter Century Club on May 9. The popular annual event celebrates and honours the men and women who have achieved 25 years of active CGA membership.

This year, 187 CGAs qualified to join the celebrated 25-year club and another 13 qualified for the 50-year club. Many of these individuals convened at the Sutton Place Hotel in Vancouver to mark their achievement.

For the third consecutive year, CTV Morning Live weathercaster Marke Driesschen served as master of ceremonies, and after warming up the crowd with a few humorous remarks, he ceded the podium to David Sale, CPA, FCGA, chair of the CGA-BC board and one of the chairs of the CPABC Transitional Steering Committee.

Sale described how the purpose of the Quarter Century Club was not simply to commemorate a milestone but really to celebrate each member's journey along the way—and to look forward to the future.

"Like these past 25 years, the next 25 must provide you with the fulfilling life you expect and deserve—a life that you are passionate about," he said. "Life is not meant to be lived in the realm of 'what might have been.' It's meant to be lived in passion, with love, with energy, conviction, and purpose."

Sale also spoke about the importance of adapting to change.

"During the past three years, the accounting profession in Canada has undertaken an important self-examination, looked at its position relative to the world, and adapted accordingly," he said. "We, along with every other very professional accountant in Canada, stand at the threshold of opportunity, and we are poised to enter a world where we can thrive and succeed just like each of you has done for the past 25 years."

Of course, for many in attendance, the highlight of the evening was being invited to come up on stage to receive their Quarter Century Club Award. As each member came on stage, Marke Driesschen shared a few highlights about what each member had achieved during the past 25 years.

During the final awards presentation of the evening, Art Guthrie, CPA, FCGA, Maureen Holloway, CPA, FCGA, and Svend Larsen, CPA, CGA, received the loudest applause as they were honoured as members emeriti for 50 years of active membership.















1. CTV News weathercaster Marke Driesschen served as master of ceremonies for the third consecutive year. 2. L to R: Richard Rees, CPA, FCA; Vinetta Peek, CPA, CMA, CMA (Hon.); Jan Sampson, CPA, FCA; Marke Driesschen; David Sale, CPA, FCGA; and Gordon Ruth, CPA, FCGA. 3. David Sale, CPA, FCGA, presents a Quarter Century Club Award to Lydia Ziggiotti, CPA, CGA. 4. The newest Quarter Century Club inductees and members emeriti. 5. L to R: Art Guthrie, CPA, FCGA; Maureen Holloway, CPA, FCGA; and Svend Larsen, CPA, CGA, celebrated 50 years of CGA membership. 6. CMABC president & CEO Vinetta Peek, CPA, CMA, CMA (Hon.), with Candace Nancke, CPA, FCGA, CGA-BC past-chair. 7. Members of the CGA-BC Board of Governors: Erica Knutsen, CPA, CGA, and Ursula Viney, CPA, CGA.

Photos by Ron Sangha Productions.
For more photos from this event, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.

Convocation 2014

The ICABC welcomes its newest graduates to the profession

On May 17, 2014, the ICABC celebrated with 385* of its newest graduates at a convocation ceremony held at the Vancouver Convention Centre. The annual ceremony celebrates students' completion of the three-day Uniform Evaluation (UFE)—a significant milestone in their paths to the profession.

In his valedictory address, Ivan Wong, one of two gold medal winners for Western Canada on the 2012 UFE, said: "Like the Olympics, the UFE involved months, or even years, of practice, perseverance, and sacrifice; a strict, regimented training schedule; teammates and coaches; a panel of judges; elements of speed; and the coveted prize at the end."

Wong also shared his thoughts on the significance of the designation.

"Being a CPA, CA means much more than just passing an exam," he said. "After all, the world probably could care less about whether we can memorize the criteria for the lifetime capital gains or explain what a Section 85 rollover is. However, we have other tangible skills that the world values... [and] it is for these reasons that the public will see us as subject-matter experts, as trusted business advisers, and as Chartered Professional Accountants."

Addressing the crowd, Shelley Brown, CPA, FCA, chair of CPA Canada and the Canadian Institute of Chartered Accountants (CICA), congratulated the graduates on behalf of both organizations.

"It takes a rare combination of aptitude, ability, perseverance, and sacrifice to be a successful UFE candidate," she said. "With this accomplishment, your career potential is unlimited, and your skills will clearly distinguish you from other professionals. Give yourselves a round of applause. You deserve it."

The ceremony also recognized the 12 BC CASB students who made the national honour roll for the 2013 UFE. These students (profiled in the January 2014 issue of CPABC in Focus) reflect the diversity of the profession and demonstrate that there are multiple routes to success.

**A total of 580 individuals were eligible to attend.*









Photos by Mike Bradley for Ron Sangha Productions. For more convocation photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.

For a list of this year's graduates, visit the CPABC blog at **blog.bccpa.ca**.













1. A packed house of graduates and guests. 2. 2013 honour roll student Liam Gordon (third from left) receives his certificate from ICABC Council member Olin Anton, CPA, CA; ICABC president Karen Christiansen, CPA, FCA; and Shelley Brown, CPA, FCA, chair of CPA Canada and the Canadian Institute of Chartered Accountants. 3. Graduates queue up. 4. Karen Christiansen greets graduates as they cross the stage. 5. Numerous family members and mentors—all designated accountants themselves—were on hand to announce and congratulate graduates. 6. Shelley Brown addresses the crowd. 7. 2014 Valedictorian Ivan Wong. 8. L to R: Awin Ye, Michelle Yang, Royanne Shawcross, Graham Moir, and Meghan Lee—five of BC's 12 honour roll students for 2013. 9. One of many heartfelt moments. 10. A happy graduate. 11. Another proud family moment. 12. Honouring a family tradition (l to r): Siblings Kristy Hislop, CPA, CA, Tyler Hislop, CPA, CA, new graduate Scott Hislop, and Torylee Hislop, CPA, CA, with their father, John Hislop, CPA, CA.







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*denotes a Professional Corporation

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Classifieds

North Vancouver – For Lease

1,171 sq. ft. unit in ground floor building available Sept. 1st. Near Superstore & Ironworkers Memorial Bridge. Parking lot w/ ample space. Total rent $25 per sq. ft. For information: 604-222-2205 or 604-329-8527; email: ann_hansson@hotmail.com.

Practice Purchase or Merger

Hayes Stewart Little & Co. is a mid-size, Vancouver Island-based firm with offices in Victoria, Duncan, and Nanaimo. Our firm is growing, and we are looking to continue our expansion through practice purchase or merger. We have experience working with many late-career or retiring practitioners and will work collaboratively with you to ensure a smooth transition for your clients. If we can assist in your succession plan, please reply in confidence to: hslco@hslco.com.

Purchase of Accounting Practice

CA sole practitioner is looking to purchase an accounting practice or a block of clients in the Lower Mainland. Please reply in total confidence to email: r_h20081113@yahoo.ca or telephone number: 604-817-4337.

Succession or Retirement Purchase

Downtown Vancouver multi-partner firm is looking to expand by assisting with your retirement or succession plan. Please reply to: successionpurchase@gmail.com.

Merger or Succession Opportunity

Smythe Ratcliffe Chartered Accountants, a successful mid-size Vancouver-based firm, is looking to expand through practice purchase, succession, or affiliation opportunities throughout the Lower Mainland. Reply in confidence to the managing partner: vicic@smytheratcliffe.com.

CA Practice for Sale

Established practice for sale in Summerland, BC. Clients consist of compilations and personal and corporate tax returns. Great clients, loyal and long-term, attractive community, and prime location. Volume $150K. Please reply to: amrit@pmfinc.ca.

Greater Vancouver

D+H Group LLP is looking to expand through client acquisition. Possibilities include purchase or merger; ideal for retiring or late-career practitioners but all enquiries are welcome. We take pride in providing great personal service to our clients, with a focus on tax and advisory services for privately held businesses (both domestic and cross-border). Your clients will be well looked after. Reply in confidence to: gcummings@dhgroup.ca.

CA Practice for Sale

Established practice for sale in BC's beautiful southern interior. Clientele consists of compilations and personal and corporate tax returns. Firm does a few reviews and no audits. Volume $225K. Please reply to: CA4sale@yahoo.ca.

TAX

continued from page 28

- If control and/or asset protection are not issues, it may be preferable to distribute estate assets directly to the individual beneficiaries instead of distributing estate assets to testamentary trusts created by the will.
- Individuals who are taxed at the highest tax rate on death and who are concerned about probate tax may avoid probate tax on death by transferring assets to alter-ego or joint-partner trusts[10] on a tax-deferred basis. The capital gains tax on the assets on death will be at the highest tax rate whether they are held personally or in the trusts. Prior to the proposed changes, the advantage of graduated tax rates for one or multiple testamentary trusts was often compared to the savings on probate tax—all other things being equal.

Readers are cautioned that client planning will depend on each client's unique situation and that all tax and non-tax considerations should be taken into account. ■

[10] Refers to inter vivos trusts that are taxed at the highest tax rate.





Dru and his wife Ulrike with their Cessna 210 in Bakersfield, California.

MEMBER PROFILE

Dru Narwani, CPA, CMA, FEA

Board Member, Business Consultant, Adventurer

Profile by James Eisner

Travel captured Dru Narwani's imagination from a young age, and his adventurous nature has led him on many exciting journeys—from hitchhiking through the Middle East (what better way to get from India to Europe?) to working all over the world.

"I didn't deliberately seek out international postings," Dru says, "but I did eagerly welcome opportunities as they presented themselves!"

Originally based in Toronto, Dru began his career with CIBC, where he worked for five years before joining Barclays Bank. This move proved instrumental to the advancement of his international career, as Barclays eventually promoted him to its Wall Street office in New York, and then to its financial headquarters in Poole, England. While still in England, Dru left Barclays to accept a position with Standard Chartered Bank. Within a year, he was working at its office in Mumbai, India. Another exciting transfer followed—this time to Bangkok, where Dru became CEO of Standard's Thai operations.

As if realizing his dreams of seeing the world weren't enough—along the way, he also became a pilot.

"Initially, there was simply a childhood sense of wonder of what it would be like to fly a plane," he recalls, "but my decision to actually become a pilot was more by chance. While living in Toronto, I stumbled on a *Globe & Mail* article about flying schools in the area. The next weekend, I took my first flight at the Markham airstrip."

Just one year later, with pilot's licence in hand, Dru purchased his first four-seat Cessna 172. Since then, he has flown all over the world—in North and Central America, Europe, Northern Africa, the Middle East, South and Southeast Asia, and Australia.

"My flights have ranged from the magical and deeply satisfying to the dangerous and hair-raising," says Dru. "Some particularly adventuresome flights included flying into airstrips in Myanmar and Laos where no other Cessna had been before—let alone a foreign-registered one."

One flight in particular stands out in Dru's memory: his first North Atlantic crossing.

"When Barclays moved me and my family to England, I chose to fly myself late in the fall, taking a route from Iqaluit to Bournemouth," he recounts. "My flight plan took me via Greenland, Iceland, and Scotland, all of which are treacherous that time of year. The safer alternative, advised by many, was to hire a commercial pilot to transport the plane for me, but somehow it didn't seem right to pay someone else to have all of the fun!"

Dru's extensive work and flight experience overseas have provided him with a unique perspective on the challenges of working and travelling internationally.

"The multicultural aspect is the most challenging," he says. "Though many executives speak the same international language, their beliefs and values can be radically different. Fortunately, most people throughout the world have similar aspirations, motivations, and intentions. They may express them differently, but once recognized, the strategies to create greater effectiveness and harmony can easily be put in place."

Now semi-retired, Dru calls Sidney, BC home. He is a board director and business consultant for several BC companies, while also volunteering as an executive mentor for MBA students at the University of Victoria. And the travel hasn't stopped. Always looking to the horizon, Dru has his sights set on South America next. He and his wife Ulrike are planning to fly there in their upgraded six-seat Cessna 210. ■



Left to Right:
Vern Blair, Cheryl Shearer, Robert D. Mackay, Kiu Ghanavizchian, Malcolm Ellison, Gary M. W. Mynett, Chris Halsey-Brandt, Andy Shaw, Jeff P. Matthews, Farida Sukhia

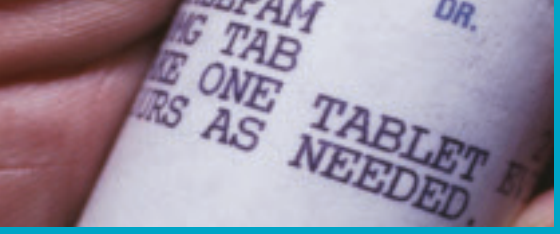
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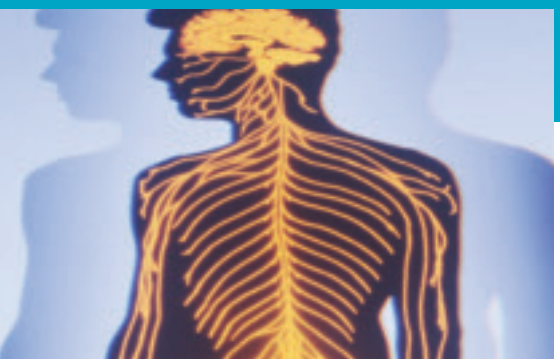
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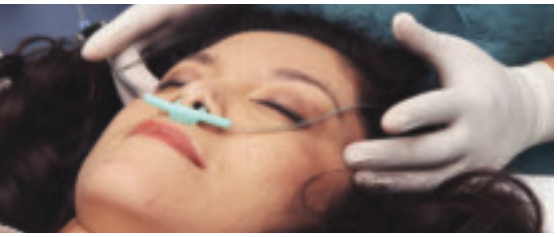
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Accountants

We've made Private Health Services Plans cookie-cutter simple!







Canada Revenue Agency (CRA) Federal Legislation allows business owners to fully tax deduct 100% of their healthcare costs as a business expense using a Private Health Services Plan.

Who qualifies?

Anyone who owns a business of any size, employees and dependents. No health questions or age limits. This is not insurance.

What's covered?

100% of virtually all dental and medical expenses. Visit our website www.trustedadvisor.ca for a complete list.

What's the cost?

There is a one-time set-up fee plus applicable taxes. The additional cost is 10% administration fee plus applicable taxes, depending on which province you live in.

Who uses a Private Health Services Plan?

Business owners who:

- > do not qualify for group insurance or find it too expensive
- > find group insurance coverage too restrictive; i.e.; orthodontics
- > have sick child or spouse
- > want front of line treatment
- > want to write-off child support relating to healthcare expenses
- > large groups who have been struggling with significant cost increases each year.

A partial list of qualified expenses:

Acupuncture
Alcoholism Treatment
Ambulance
Anesthetist
Attendant Care
Birth Control Pills
Blood tests
Catscan
Chinese medicine
Chiropractor
Crowns
Dental Treatment
Dental Implants
Dental X-rays
Dentures
Dermatologist
Detoxification Clinic
Diagnostic Fees
Dietitian
Drug Addiction Therapy
Eyeglasses
Fertility Treatments
Guide Dog
Hair Transplant
Hearing Aid and Batteries
Hospital Bills
Insulin Treatments
Lab Tests
Laser Eye Surgery
Lodging (away from home for outpatient care)
MRI
Naturopath
Nursing Home (incl. board & meals)
Optician
Oral Surgery
Orthodontist
Orthopedist
Osteopath
Out-of-Country Medical Expenses
Physician
Physiotherapist
Prescription Medicine
Psychiatrist
Psychologist
Psychotherapy
Registered Massage Therapy
Renovations & Alterations to Dwelling (for severe & prolonged impairments)
Special School Costs for the Handicapped
Surgeon
Transportation Expenses (relative to health care)
Viagra
Vitamins (if prescribed)
Wheelchair
X rays

Note: This is a partial list. All allowable expenses must qualify as outlined in the Income Tax Act

Why are your clients doing this with their healthcare expenses?

Healthcare Costs	$1600
(3% of net income) Deduct	$1500
Available for credit	$100
Tax Credit*	**$25**

When they could be doing this!

Healthcare Costs	$1600
Admin Fee (10%)	$ 160
Tax-deductible total	$1760
Tax Deduction	**$1760**

EXAMPLE:
Net income of $50,000 per year with family medical expenses of $1600
*Based on a combined Federal and Provincial rate of 25%.





Be the one to advise your clients...or someone else will.

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