CPABC

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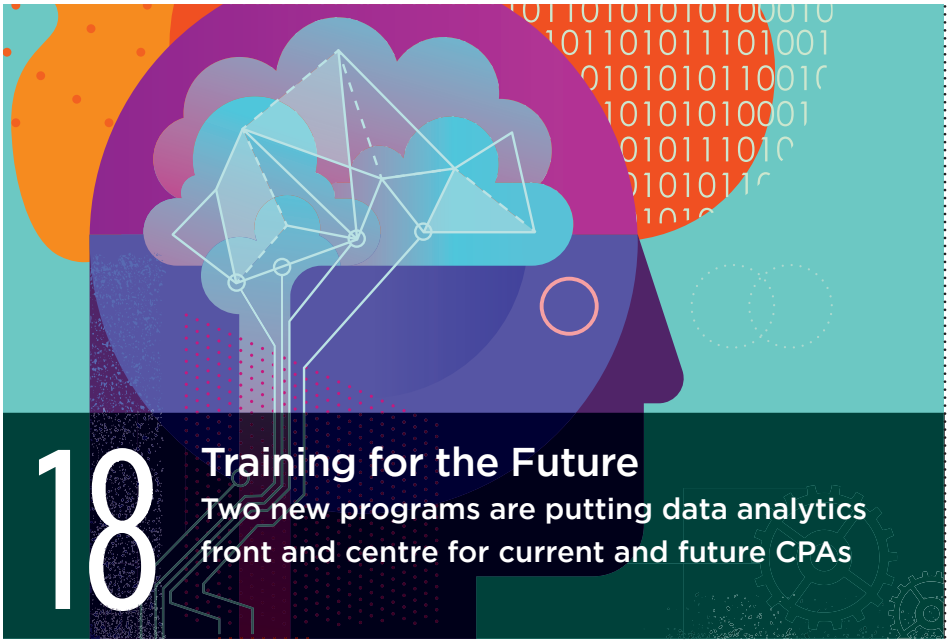
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Kate Furber, CPA, CA
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CPABC INFOCUS

July/August 2019, Vol. 7, No. 4

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

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About

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Setting Strategic Direction



Ben Sander, FCPA, FCA
CPABC Chair

As summer begins, I'm excited to start my tenure as your chair and write my first column for *CPABC in Focus*.

At CPABC's annual general meeting in Vancouver on June 26, five newly elected directors joined the CPABC Board of Directors. I'd like to welcome them to the board, and I commend them—and all of the candidates who put their names forward for consideration—for their commitment to the profession. Of course this time of year is also bittersweet, as valued colleagues and friends step down from the board and move on to other endeavours. I want to give a big thanks to my predecessor as chair, Barry Macdonald, FCPA, FCA, and to our colleagues Stanley Chang, CPA, CGA, and Gavin Still, CPA, CGA. Thank you for your contributions and your expertise!

What's next? The board and the executive management committee are concentrating on the organization's strategic goals, as Lori describes below. The impact of technology—a topic discussed in our cover story on pages 18-22—will continue to be a significant focus moving forward. In particular, the profession is looking at how CPAs can add value to the digital information supply chain. If data is the new currency, we know CPAs can play a role in how that data is protected, governed, authenticated, analyzed, and used in the decision-making process. At the provincial level, we're looking at the skills our members will need to thrive in a data-driven environment.

Rapid change is the new reality. How we train, educate, and deliver services to members will need to evolve if our profession is going to continue driving business success. We may be a traditional profession with a deep-rooted history, but our way of thinking—how we approach strategic planning and management and assess risk and the veracity of data—is more important than ever.

I look forward to working with our board at such a critical time!

*At the time of this writing, board elections were underway. We will highlight the successful board candidates in the September/October 2019 issue of the magazine. ■

Aligning Activities with Strategic Goals



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

CPABC board members recently met with the executive team at the annual board retreat. In addition to enabling us to develop our plans for the coming year, the retreat gives us the opportunity to ensure that we're protecting the public, aligning our activities with our strategic plan, and enhancing our operational effectiveness and the services we deliver to members and students.

Among our priorities for the coming year, we remain focused on developing and implementing a strategy to bring more Indigenous peoples into the profession and to ensure that the CPA skill set is even more accessible to all communities. We're also continuing to strengthen our CPA brand by sharing the diverse stories of our members and by augmenting and enhancing the profession's financial literacy program.

Another of our priorities is demonstrating how seriously we—CPABC and its membership—take our commitment to protecting the public. Results from our recently released *Regulatory Report to the Public* (highlighted on pages 30-31) demonstrate, once again, that our members are very successful in upholding professional standards. In addition to performing our regulatory function, CPABC also works to ensure that there are sufficient and appropriately trained CPAs to meet market needs. To that end, we recently conducted a labour market study to forecast demand for designated and undesignated accountants, factoring in demographics, career life cycles, and general economic growth. My thanks to all members who participated in the survey. Our final report will be out this fall. In addition to summarizing the survey results, the report will assess the impact of trends that will shape the profession, such as technology.

With regard to technology, another of our priorities is to continue focusing on the impact of digital transformation on the profession (see pages 18-22). In fact, we are beginning to apply advanced data analytics to our own operations here in BC, working to shift CPABC to a data-driven decision-making environment. This shift is designed to help us better protect the public and better serve members, candidates, and students amid intense technological change—now and for the foreseeable future. ■

SPONSORSHIPS

Engaging with Stakeholders

This spring, in addition to sponsoring *Business in Vancouver*'s 2019 BC CFO Awards (see facing page), CPABC supported stakeholders by sponsoring and attending events held by the Greater Vancouver Board of Trade and the Business Council of British Columbia.

Greater Vancouver Board of Trade: Governors' Banquet and Rix Awards 2019

CPABC was pleased to be a gold sponsor of the Board of Trade's 32nd annual Governors' Banquet and Rix Awards on May 27. Global BC news anchor Chris Gailus served as emcee of the event, and CPABC President and CEO Lori Mathison, FCPA, FCGA, LLB, served as the award presenter in her capacity as the Board of Trade's current chair.

First to join Mathison at the podium was the board's immediate past chair, Anne Giardini, OC, OBC, QC, who was inducted into the Council of Governors as per gala tradition. The event also honoured the recipients of the Rix Awards for Community and Corporate Citizenship, named in memory of philanthropist Dr. Don Rix. Robert H. Lee, OC, OBC, and Lily Lee received the 2019 Rix Award for Engaged Community Citizenship in recognition of their long-standing philanthropy and community leadership, and Ledcor Group received the 2019 Rix Award for Engaged Corporate Citizenship in recognition of its customer focus, community outreach, environmental initiatives, and corporate culture.

Business Council of British Columbia: Chair's Dinner

On May 30, representatives from CPABC attended the Business Council's seventh annual Chair's Dinner, which featured a keynote speech from David McKay, president and CEO of RBC. In his address, McKay identified the top challenges faced by Canadian businesses, including rising trade tensions and the impact of digital technologies such as artificial intelligence, big data, and blockchain. Following the keynote presentation, Kathy Kinloch, president of BCIT, joined McKay on stage to discuss how business owners can prepare themselves and their employees for the changing world of work.











Top left: Lori Mathison, FCPA, FCGA, LLB, takes to the podium as the evening's award presenter at the Board of Trade's Governors' Banquet and Rix Awards. Top right: Anne Giardini, OC, OBC, QC, is inducted into the Council of Governors. Second from top (l to r): Board of Trade President & CEO Iain Black with Rix Award winner Lily Lee, her son Graham Lee (representing his father), Lori Mathison, and Board of Trade Governor David McLean, chair of the McLean Group. Second from bottom (l to r): Bill Fox, president of Ledcor Properties; David Hoff, senior VP of corporate communications for the Ledcor Group (Ledcor); Jeannette McAffer, senior VP of human resources for Ledcor; Iain Black; Ron Stevenson, president of Ledcor; Lori Mathison; and David McLean. Photos by Sara Borck Photography. Bottom: RBC President & CEO David McKay presents the keynote speech at the Business Council's 2019 Chair's Dinner. Photo courtesy of the Business Council of British Columbia.

SPONSORSHIPS

BC CFO Awards: Celebrating Leadership in the Financial Sector



The 2019 BC CFO Award winners (l to r): Stephen Au, CPA, CGA; Gina Singh, CPA, CA; John McLaughlin, FCPA, FCA; Ian Mortimer, CPA, CMA; Rob Doyle; and Neil Klompas, CPA, CA. Photo courtesy of *Business in Vancouver*.

CPABC was pleased to once again partner with *Business in Vancouver* to recognize BC's leading CFOs at the 2019 BC CFO Awards. This year's awards gala took place on June 6, 2019, at the Fairmont Waterfront Hotel in Vancouver. The six honourees, five of whom are CPAs, were chosen by a panel of judges based on their proven ability to help companies grow through sound business principles, financial reporting, and strategic decision-making. They were recognized in the following categories:

- **Large Public Company:** Rob Doyle – CFO, Pan American Silver Corp.
- **Large Private Company:** John McLaughlin, FCPA, FCA – CFO, Concert Properties
- **Small Public Company:** Neil Klompas, CPA, CA – CFO, Zymeworks Inc.
- **Small Private Company:** Stephen Au, CPA, CGA – CFO, COO, and chief compliance officer, Genus Capital Management Inc.
- **Non-Profit Company:** Gina Singh, CPA, CA – CFO and COO, BC Women's Health Foundation
- **Transformation Agent:** Ian Mortimer, CPA, CMA – CFO, Xenon Pharmaceuticals Inc.

In interviews conducted by *Business in Vancouver* magazine prior to the event, the honourees shared their reflections on a range of topics including business growth strategies, work-life balance, client services, and more. You can read the interviews at **biv.com/bc-cfo-awards**.

PUBLIC AFFAIRS

CPABC Budget Submission: Preparing the Labour Force for the Future

From CPABC's Public Affairs Team

For more information on CPABC's public affairs initiatives, contact Vivian Tse, CPABC's public affairs manager, at **vtse@bccpa.ca**.

In British Columbia, the accounting profession has a long history of contributing to the advancement of public policy. In keeping with this tradition, CPABC presented its seventh budget submission to the Select Standing Committee on Finance and Government Services at the end of June, in advance of the provincial budget.

As prominent members of BC's business community, CPABC members have a first-hand view of the issues that are affecting investment and the economy. Consistently, they have ranked the ability to attract and retain skilled labour as the most substantial challenge to business success in BC. In fact, almost three-quarters of those who responded to the *Business Outlook Survey* in 2018 said their businesses were experiencing recruitment challenges—particularly with regard to finding suitably skilled candidates.[1] Accordingly, this year's budget submission focuses on addressing and anticipating current and future labour demands by enhancing work-integrated learning opportunities and investing in and promoting initiatives to upskill and reskill BC workers.

Enhancing work-integrated learning

The BC government projects that 77% of job openings over the next 10 years will require some level of post-secondary education or training.[2] BC continues to make gains in educational attainment, but many BC employers want the province's post-secondary institutions (PSIs) to place more emphasis on work-integrated learning (WIL) to ensure that graduates are work-ready.[3]

Government, PSIs, and industry should work together to ensure that the curricula and design of WIL programs, such as co-operative education programs and apprenticeships, respond to the evolving skills and competencies needed to support the BC economy. Greater emphasis should also be placed on trades and vocational training, given that 106,700 job openings are expected in the "trades, transport and equipment operators" occupational group within the next 10 years.[4]

CPABC recommendations:

1. Increase partnerships with PSIs and industry in the development and design of curricula and work-integrated learning programs, such as co-op and apprenticeships, to develop a new structure of market-appropriate work-integrated learning; and
2. Study and consider successful trades and vocational education systems in other jurisdictions to develop a strategy to attract more British Columbians to trades and vocational training.

Investing in and promoting initiatives to upskill and reskill workers

The nature of work in BC is evolving, and the main sources of employment in each of BC's economic regions are not necessarily the fastest-growing sectors of the job market. As the types of skills and competencies needed in the labour market continue to shift, it is crucial that we proactively and strategically train BC's workforce to meet these demands.

While BC has not experienced the kinds of industry-specific layoffs seen in other parts of the country, BC has a larger share of workers employed in lower-skilled occupations—those most vulnerable to automation—compared to Canada as a whole.[5]

Research from the World Economic Forum indicates that adults with lower levels of formal education face significant informational and motivational barriers when it comes to reskilling.[6] Therefore, both government and industry must play a role in ensuring that at-risk workers have the opportunity to either adapt their skills to find new roles or transfer their skills to comparable employment.

CPABC recommendations:

1. Ensure that adequate social support is in place for BC workers who are required to adapt, transfer, or upgrade their skills due to automation, technological advancements, and/or other factors; and
2. Encourage employers to engage and invest in their existing workforce by actively promoting the B.C. Employer Training Grant.

Full budget submission available online

To read the full version of CPABC's 2019 budget submission, visit **bccpa.ca/budgetsubmission**.

1 CPABC, *Business Outlook Survey 2018*, October 2018, **bccpa.ca/outlooksurvey**.

2 WorkBC, *British Columbia Labour Market Outlook: 2018 Edition*, 2018, **workbc.ca**.

3 Ibid.

4 Ibid.

5 David Williams, "The Automation Potential of the British Columbia Labour Market: Some Insights," Business Council of British Columbia, *Human Capital Law and Policy*, 8(3), October 30, 2018 (1-6), **bcbc.com**.

6 World Economic Forum, *Accelerating Workforce Reskilling for the Fourth Industrial Revolution*, July 27, 2017, **weforum.org**.

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EXPOSURE DRAFT

Practitioners: Why You Should Read the AASB's Exposure Draft on Quality Management

In April 2019, the Auditing and Assurance Standards Board (AASB) issued an Exposure Draft entitled *Quality Management at the Firm and Engagement Level, Including Engagement Quality Review*. This Exposure Draft, which was based on an Exposure Draft issued by the International Auditing and Assurance Standards Board (IAASB) two months earlier, contains proposals related to quality management standards that would affect *all* Canadian practitioners, including those who are not covered under existing quality control standards.

Here, Anna Moreton, CPA, CA, CPA (Illinois), a partner at Baker Tilly WM LLP's Vancouver office, highlights some key points for practitioners to consider. Moreton is a past AASB board member and served on the AASB's Quality Control Advisory Group, which advised the AASB on these proposed standards.

Background: About the IAASB Exposure Draft

In February 2019, the IAASB issued its Exposure Draft for *Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews* as four separate documents focused on:

1. A significantly revised International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*;
2. A new ISQM 2, *Engagement Quality Reviews*;
3. A revised International Standard on Auditing (ISA) 220, *Quality Management for an Audit of Financial Statements*; and
4. An overall explanatory memorandum, including proposed conforming amendments to other standards.

The AASB's April 2019 Exposure Draft proposes to adopt the first three above-noted standards as Canadian Standard on Quality Management (CSQM) 1, CSQM 2, and Canadian Auditing Standard (CAS) 220, as well as the conforming amendments.

Key features of the IAASB and AASB Exposure Drafts

ISQM 1/CSQM 1

The IAASB has proposed introducing a new approach to achieving quality at the firm level: "quality management." Quality management, which would replace the terminology of "quality control" in the extant standard, is a new risk-based approach to achieving quality that would require firms to focus on proactively identifying and responding to risks to quality. As part of the risk assessment process, firms would have to consider quality objectives, assess risks to achieving these objectives, and then establish responses designed to address those risks.

It's important to note that while the proposed standard sets out quality objectives and some required responses to risks, *it does not set out risks to quality*. As a result, each firm would be able to tailor its system of quality management to reflect its nature and circumstances and the types of engagements it performs. This would mark a significant change from the extant standard, which sets out policies and procedures that all firms are *required* to establish, regardless of size and types of engagements performed.

A note about CSQM 1 and the *CPA Canada Handbook*

Of the various proposed standards, CSQM 1 would have the most impact on firms, as it would replace the extant standard, Canadian Standard on Quality Control (CSQC) 1, which does not apply to related services engagements. Under CSQM 1, the scope would be expanded to include related services engagements, representing a significant change for Canadian practitioners.

The related services engagements to which CSQM 1 would apply are those covered in the *CPA Canada Handbook – Assurance*:

- Compilation engagements (Section 9200);
- Agreed-upon procedures engagements (Sections 9100 and 9110); and
- Engagements to report on supplementary matters arising from an audit or a review engagement (Canadian Standard on Related Services (CSRS) 4460).

CSQM 1 would not apply to any tax or consulting services performed by a firm.

ISQM 2/CSQM 2

One way a firm can respond to a risk to achieving a quality objective is by conducting an engagement quality review. Engagement quality reviews are required for audits of listed entities, audits of entities with significant public interest, and other engagements where the firm deems them an appropriate response to risk. Since engagement quality reviews are not required for all engagements, the IAASB has proposed removing certain requirements for engagement quality reviews from ISQM 1 and creating an entirely separate standard: ISQM 2. The proposed new standard includes requirements for the appointment and eligibility of the engagement quality reviewer, as well as for the performance and documentation of the review.

ISA 220/CAS 220

The IAASB has proposed revising the engagement level standard to make the engagement partner's leadership and project management responsibilities more explicit and to include an assessment of the engagement partner's competence. In addition, the definition of "engagement team" has been expanded under the proposal to include anyone who performs audit procedures on the engagement, regardless of geographic location.

How will the AASB's proposals affect you?

The revised standards would affect all practitioners—whether you have a quality control manual in place now or you solely perform compilation engagements and, therefore, have no quality control manual. The proposed changes would require all firms to assess their circumstances and the types of engagements performed, using the new risk-based approach.

At the same time, however, the new policies and procedures developed would be far less prescriptive than those required under CSQC 1. Again, the policies and procedures under CSQM 1 would be tailored to the nature and size of your firm and the types of engagements performed.

More information on the AASB's Exposure Draft is available at **frascanada.ca/en/aasb**.

The AASB establishes standards for assurance and related services engagements in Canada. The AASB adopts international standards on auditing (ISAs) issued by the IAASB, as Canadian auditing standards, with as few amendments as possible. The AASB contributes to the developments of ISAs by participating in consultations and activities to ensure the standards are fit for purpose in Canada.

BYLAW REGULATIONS

Summary of Amendments to CPA Yukon Bylaw Regulations from March 2019

CPA Yukon Bylaw Regulations

March 2019

On March 15, 2019, the CPA Yukon Board of Directors approved the following amendments to the bylaw regulations for immediate effect:

Part 5 – Membership

CPA Membership Bylaw Regulation 501/1 – The words "post-examination" have been removed.

Part 6 – Continuing Professional Development

Definitions Bylaw Regulation 600/1 – "carryover verifiable qualifying hours" was added to the list of definitions, enabling CPA certification students to claim post-admission CPD credit for certain pre-admission professional development courses. This addition was made due to an amendment to Bylaw Regulation 600/2 (see below).

Continuing Professional Development Program: Basic Requirements Bylaw Regulation 600/2 was amended to require new members to comply with CPD requirements in the year of admission to membership.

RESOURCES FOR EMPLOYERS

Introducing CPABC's Online Employer Resource Centre!



As an employer, have you ever wondered how to support a new hire who's interested in becoming a CPA? Do you have CPA students in your employ who are asking questions about their education or practical experience requirements? Or do you have CPAs on your team who are asking questions about meeting their ongoing continuing professional development requirements?

Answers to these kinds of questions and more are now available online at CPABC's Employer Resource Centre, a brand new section of the **bccpa.ca** website that is dedicated to employers who support CPA members, candidates, students, and prospects. Consider it a one-stop shop for information, tools, and tips that will also enable you to connect with potential hires, as the Employer Resource Centre is now home to the CPABC Careers Site and the CPABC CareerConnect Employment Partner Program.

To learn more, visit **bccpa.ca** and click on the "Employers" tab or go to **bccpa.ca/employer-resource-centre**.

RESOURCES FOR EMPLOYERS & JOB SEEKERS

CPABC's CareerConnect Employer Showcase Gives Job Seekers the Tools for Success

CPABC's 2019 CareerConnect Employer Showcase, held at the Vancouver Convention Centre on May 14, was a sold-out event that connected more than 600 CPABC members, candidates, students, and prospects with employer representatives from almost 50 organizations.

Two weeks prior to this annual career fair, registered participants were invited to attend a complimentary workshop on professional poise. Created and hosted by CPABC Career Advisor Suzanne Berry, the workshop helped job seekers polish their presentation and networking skills. They then got the chance to apply these skills at the Employer Showcase on May 14.

In addition to providing direct access to employers and local recruitment firms, the Employer Showcase gave job seekers the opportunity to seek career advice and have their resumés critiqued. They also had the opportunity to get a complimentary headshot taken, courtesy of a professional photographer on site. Also on site were several CPABC representatives, who answered questions about the CPA Professional Education Program, the CPA practical experience requirements, and CPABC's member services.

This information was also provided separately, as CPABC was one of four organizations to host an information session, along with the Edwards School of Business (Master of Professional Accounting Program), MNP LLP, and PwC Canada.

The event concluded with an exclusive reception attended by more than 200 CPAs and employer representatives. There, guests had the opportunity to continue their career conversations, network with peers, and discuss labour market trends.

Visit CPABC's Employer Resource Centre (**bccpa.ca/employer-resource-centre**) and join the CPABC CareerConnect Employer Partner Program so you can be among the first to hear about—and register for—next year's Employer Showcase!









Photos by Aaron Aubrey Photography. For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.





CPABC would like to thank the following organizations for participating in the 2019 Employer Showcase and for their ongoing support of CPAs and aspiring CPAs:

Andersen Tax LLP
Baker Tilly WM LLP
BDO Canada LLP
Best Buy Canada
British Columbia Lottery Corp.
Canada Revenue Agency
Clearline CPA
Crowe MacKay LLP
D&H Group LLP
Davidson & Company LLP
Deloitte Canada LLP
Destination Canada
Destinationone Temp Staffing Inc.
DMCL Chartered Professional Accountants
Dong Russell & Company Inc.
Dusangh & Co. Chartered Professional Accountants
Edwards School of Business (University of Saskatchewan)
Ernst & Young LLP
Grant Thornton LLP
Hays Specialist Recruitment Canada Inc.
Horizon Chartered Professional Accountants
HSBC Bank Canada
Impact Recruitment
Interfor Corporation
KPMG LLP
Lohn Caulder LLP
Loren Nancke Chartered Professional Accountants
Manning Elliott LLP
Martin & Henry
MNP LLP
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Rolfe, Benson LLP
Sangha Tone CPA
Save-On-Foods
Skeena Resources Ltd.
Smythe LLP
Targeted Talent
The Bowra Group Inc.
Trez Capital
Walsh King LLP
West Fraser Timber Co. Ltd.

EMPLOYER AWARD

CPABC Receives Award of Merit for Corporate Culture



This spring, CPABC was recognized by Human Synergistics Canada with a 2018 Corporate Award of Merit, which recognizes organizations that have developed and maintained a constructive culture.[1] The organization was previously recognized with this award in 2016.

According to Human Synergistics Canada: "Organizations with constructive cultures place a high value on service and product quality, goal attainment, and the development of their people—where quality is valued over quantity, creativity is valued over conformity, and co-operation is believed to lead to better results than competition. Through individual initiative, effective teamwork, and co-operation, the products and services offered by constructive organizations tend to be of the highest quality."[2]

CPABC was the only organization in BC to receive the award in 2018. The other recipients were A.A. Munro Insurance (Whycocomagh, Nova Scotia), Trillium Mutual Insurance (Listowel, Ontario), and Yonge Street Mission (Toronto, Ontario).

[1] As measured by Human Synergistics Canada.

[2] Human Synergistics Canada, "Awards," **humansynergistics.com**.

MEMBER RECOGNITION

Do You Know a CPA Who Goes Above and Beyond?

Nominate them for a CPABC Member Recognition Award!

Are you inspired by a CPA who is making exemplary contributions to the accounting profession and/or the community? If so, we encourage you to help recognize your colleague's achievements by nominating them for a member recognition award.

The CPABC Member Recognition Program consists of the following awards and designations:

- Early Achievement Award
- Distinguished Service Award
- Honorary CPA Designation
- Fellowship Designation
- Lifetime Achievement Award

Nominations are due by September 23

All nominations for the 2019 program must be received by CPABC by 4:00 p.m. on Monday, September 23, 2019. To learn more, visit the Members section of the CPABC website at **bccpa.ca** and look under Members > Recognition Program > Member Recognition Awards 2019.



MEMBERSHIP MILESTONES

Celebrating Member Milestones

Launched in 2018, CPABC's milestone program strengthens pride in the profession by celebrating members as they attain one, two, five, 10, 25, 50, and 60 years of membership. The program kicks off again this summer. Members celebrating one, two, or five years of membership will have the choice of receiving a CPA-branded gift or making a donation of the equivalent amount to one of CPABC's two charitable entities (the CPA Education Foundation of British Columbia or the CPABC Benevolent Fund). Members celebrating 10, 25, 50, or 60 years of membership will be invited to local Member Engagement Tour (MET) events to be acknowledged by their peers.

If you're celebrating a membership milestone in 2019 and would like to be included in the program, make sure that you've subscribed to CPABC emails, as the milestone notification is sent by email through the "Chapter News" or "Engagement Activities" categories. To modify your email preferences, visit CPABC's Online Services site at **services.bccpa.ca**. Staying connected will ensure that you receive important news from CPABC.

DID YOU MISS BEING ACKNOWLEDGED IN 2018?

If you attained 10, 25, 50, or 60 years of membership last year but were unable to attend your local MET event, come join us at the MET in 2019 and be recognized for reaching your membership milestone. Contact **memberservices@bccpa.ca** to find out more.

COIN COMPETITION

2019 CPABC COIN Competition Celebrates Top 20 Students

On May 25, 123 students from 39 high schools across BC took part in the fourth annual CPABC COIN Competition, demonstrating their accounting acumen on a 66-question multiple-choice exam focused on introductory accounting and business concepts.

Every year, the top 10 performers on the exam are invited to attend an awards ceremony in Vancouver. This year, however, because a number of students achieved high scores on the exam, CPABC decided to extend the invitation to the top 20 participants. During the ceremony at CPABC's office in Vancouver on June 8, these students and their guests had the chance to hear Manisha Kalsi, CPA, CGA, manager at Quantum Advisory Partners LLP, speak about her path to the CPA designation. Kalsi also described the breadth of business and accounting career opportunities available to CPAs.

Cash prize awards were then presented to the top 20 students (listed right, in order of their performance on the exam). For placing first, Zhenqin Gu also garnered a cash prize for her school, Fraser Heights Secondary.

CPABC thanks all of the students who participated in the 2019 competition. We hope to see you at other CPABC recruitment events and competitions in the future!





Top 20 finishers (19 pictured) and COIN awards photographed by J Chan Photography. For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.



Place	Name	School	City
1	Zhenqin Gu	Fraser Heights Secondary	Surrey
2	Tiffany Chen	Fraser Heights Secondary	Surrey
3	Dominic Ong	Gleneagle Secondary	Coquitlam
4	Chin To Lau	University Hill Secondary	Vancouver
5 (tie)	Cornelius Ong	Mission Senior Secondary	Mission
5 (tie)	Lucas McKinnon	Mission Senior Secondary	Mission
6 (tie)	Abdul-Wasay Hayat	Burnaby Central Secondary	Burnaby
6 (tie)	James Chen	Lord Byng Secondary	Vancouver
6 (tie)	Lauryn Lee	Prince of Wales Secondary	Vancouver
6 (tie)	Teddy Wong	Eric Hamber Secondary	Vancouver
7 (tie)	Nicole Hsu	Eric Hamber Secondary	Vancouver
7 (tie)	Pooya Maleki	Pinetree Secondary	Coquitlam
7 (tie)	Suzanne Du	David Thompson Secondary	Vancouver
8 (tie)	Kayla Jang	David Thompson Secondary	Vancouver
8 (tie)	Timothy Wong	R.A. McMath Secondary	Richmond
9 (tie)	Bryan Guan	Point Grey Secondary	Vancouver
9 (tie)	Michelle Nguyen	David Thompson Secondary	Vancouver
9 (tie)	Nigel Chan-Emery	Pinetree Secondary	Coquitlam
10 (tie)	Kalina Wang	David Thompson Secondary	Vancouver
10 (tie)	Sophia Cherkashyn	Lord Byng Secondary	Vancouver

CPABC Member Recognition Program



CPABC is proud to recognize its leaders, volunteers, community workers, and educators. Do you know an outstanding CPA? Nominate them for a Member Recognition Award.

Each year, awards are granted in the following categories:

DISTINGUISHED SERVICE AWARD	Recognizes members who have been actively involved in volunteer activities for many years for their dedication, commitment, and outstanding contributions to the CPA profession and/or for their unstinting support to one or more not-for-profit or charitable organizations.
EARLY ACHIEVEMENT AWARD	Recognizes members who have distinguished themselves early in their CPA careers through professional achievement and volunteer service, with an emphasis on professional accomplishments.
FELLOWSHIP DESIGNATION	Recognizes members who have earned distinction and brought honour to the profession by meeting at least two of the following criteria: exceptional service to the profession, extraordinary career achievements, and exemplary contributions to the community.
HONORARY CPA DESIGNATION	Recognizes the executive accomplishments of non-members who have made significant contributions to the accounting profession. The CPA (Hon.) designation positions them as leaders in both the business community and the community at large.
LIFETIME ACHIEVEMENT AWARD	Recognizes the extraordinary leadership, dedication, and contributions of members who have received their Fellowship and continue to make significant achievements in a broad range of areas.

Nomination deadline: Monday, September 23, 2019, at 4 p.m.

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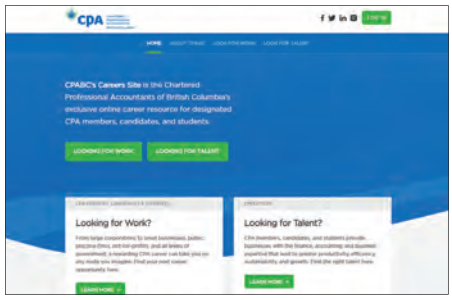
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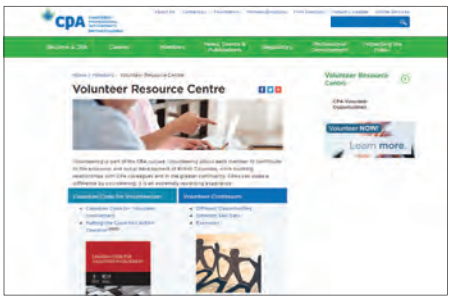
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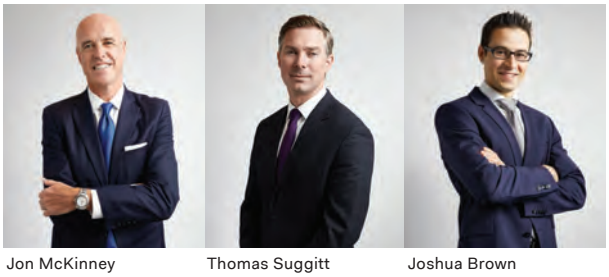
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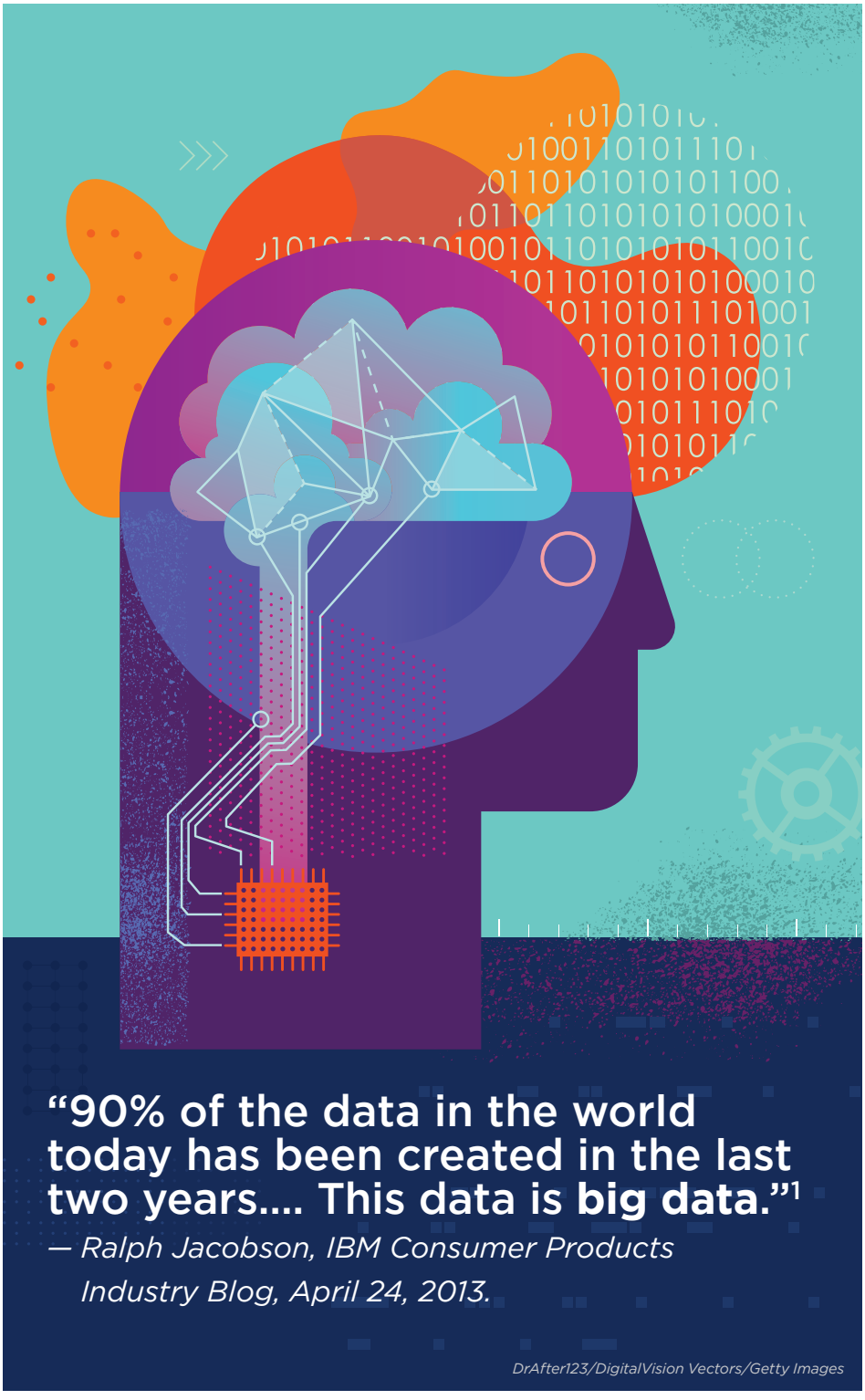
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Cover Story

Training for a Data-Driven Future

Two new programs are putting data analytics front and centre for CPAs

By Michelle McRae



"90% of the data in the world today has been created in the last two years.... This data is big data."[1]

— Ralph Jacobson, IBM Consumer Products Industry Blog, April 24, 2013.

DrAfter123/DigitalVision Vectors/Getty Images

According to Domo, it's expected that 1.7 megabytes of data will be created every second for every person on earth by 2020.[2] In the sixth edition of its *Data Never Sleeps* report, the US computer software company also reports that Americans used 3,138,420 gigabytes of Internet data every minute of the day in 2018.

We're talking about enormous data generation and consumption in terms of seconds and minutes. So what do we do with all of this data? How do we protect it, ensure its validity, and harness it—ethically—to make strategic business decisions? How will this explosion of data change the world of work as we know it?

In June 2018, Innovation, Science and Economic Development Canada (ISED) launched national consultations to ask Canadians these very questions. How might various technologies change the future of work? How can Canadian businesses compete in the digital age? And how can we protect privacy while also ensuring the veracity of data and supporting innovation?

CPA Canada hosted a roundtable on September 13, 2018, to give stakeholders an opportunity to respond. Its subsequent report *Digital and Data Transformation Roundtable: Positioning Canada to Lead in a Digital and Data-Driven Economy* summarizes the roundtable discussions and poses some questions for further consideration—among them: How might the role of the CPA change in the future, and what skills can be taught now to prepare for that role?[3]

1 ibm.com/blogs

2 domo.com

3 CPA Canada, *Digital and Data Transformation Roundtable: Positioning Canada to Lead in a Digital and Data-Driven Economy*, cpacanada.ca.

In their 2019 paper *Big Data and Artificial Intelligence – The Future of Accounting and Finance*, researchers Davinder Valeri, CPA, CA,* and Michael Wong, CPA, CA,* explore these very questions, analyzing the various implications of an AI-powered world for CPAs in accounting and finance. Big data, they say, means big opportunities, but only if CPAs choose to embrace disruption.

"AI-enabled robots won't replace accountants, but they will substantially transform the world as we know it," says Valeri, director of strategy, risk & performance at CPA Canada. "We believe CPAs are uniquely positioned to succeed in this new era, but only if they build the skills needed to continue to be resilient, adaptable, and innovative. And they'll have to be proactive if they want to remain competitive and help their organizations navigate through any disruption. As we say in our paper, CPAs must become 'digital evangelists' within their organizations, because it's going to take a technological paradigm shift to create effective strategic and operational plans going forward."[4]

Anticipating which skills CPAs will need to prepare for the roles of the future is a primary objective for CPA Canada's Competency Map Committee (CMC). After consulting with employers, academics, and more than 4,000 CPAs over the past two years, the CMC found that technology—specifically, data analytics and information systems (DAIS) competencies and the need to prepare CPAs for an increasingly digitalized future—was the number one priority.[5] Accordingly, of the two major changes made to the competency map in 2019, one involved DAIS.

"This was a chance to update the technical competencies related to data analytics in multiple technical competency areas," says Jane Bowen, FCPA, FCA,* chair of the CMC and program director of accounting at the University of Ontario Institute of Technology in Oshawa. "We added some DAIS competencies, incorporating them into each of the six technical competency areas, and—more importantly—we increased the emphasis on DAIS in each of these existing areas. This included updating some terminology."

The feedback received by the CMC during its consultations with stakeholders echoes that received by leaders of CPA Canada's Foresight project, as detailed in the May/June 2019 issue of *Pivot* magazine. During the first phase of Foresight, which is now complete, more than 1,200 CPAs and non-CPAs shared their thoughts on the profession's future, with many discussions centering on the potential impact of emerging technology on the CPA role, and not just in the field of auditing.[6]

There is, however, a national group of professionals who are focused specifically on the future of auditing: CPA Canada's Audit Data Analytics Committee (ADAC). The ADAC was formed in 2015 to assess financial statement auditors' current use of technology-enabled data analytics, monitor innovative approaches, and provide non-authoritative guidance, starting with its first *Audit Data Analytics Alert*, issued in June 2016. In this alert, the committee cautions: "Auditors need to respond to ever-increasing and diverse uses of information technology by audited entities. More use by auditors of technology-enabled data analytics is an important aspect of that response."[7]

4 Ibid.

5 Daphne Gordon, "The Two Competency Map Updates You Need to Know about," **cpacanada.ca**, March 6, 2019.

6 Luc Rinaldi, "Future Proof," *Pivot*, May/June 2019 (24-28).

7 Audit Data Analytics Committee, *Audit Data Analytics Alert*, June 2016.

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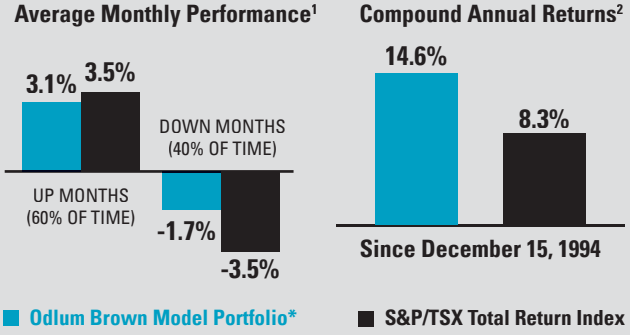
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Odlum Brown Model Portfolio: A Proven Track Record



¹Performance measured mid-month from December 1994 - May 2019. ²As of May 15, 2019. *The Odlum Brown Model Portfolio is a hypothetical all-equity portfolio that was established by the Odlum Brown Equity Research Department on December 15, 1994 with a hypothetical investment of $250,000. It showcases how we believe individual security recommendations may be used within the context of a client portfolio. The Model also provides a basis with which to measure the quality of our advice and the effectiveness of our disciplined investment strategy. Trades are made using the closing price on the day a change is announced. Performance figures do not include any allowance for fees. / Past performance is not indicative of future performance.

After launching an initiative to glean insights from early adopters—that is, external auditors who have started to use audit data analytics (ADAs) in Canada—the ADAC released a detailed report in April 2019 entitled *An Inside Look at How Auditors in Canada Are Using Data Analytics*. After finding that the use of ADAs is not yet widespread, the ADAC included in the report a call to action, effectively encouraging auditors to explore this new field in more depth.[8]

Preparing auditors for the future is also the goal of a new graduate program launched by KPMG in April 2019. As mentioned briefly in our May/June 2019 cover story, KPMG Canada teamed up with Simon Fraser University's Beedie School of Business to develop and deliver Digital University, a program designed to help the firm's audit professionals develop advanced skills in digital and cognitive analytics.[9]

"Digital University is the first of its kind in Canada," says Jamal Nazari, CPA, CMA, CGA, PhD, academic director of KPMG Graduate Programs and an associate professor of accounting at the Beedie School of Business. "Although the concept was inspired by the Master of Accounting with Data & Analytics program created by KPMG US in partnership with several American universities, Digital University is unique. The US program is targeted at recent graduates from undergraduate programs, whereas the program at SFU is targeted at experienced CPAs."

Kristy Carscallen, CPA, CA,* Canadian managing partner for audit at KPMG Canada, agrees: "Our program was conceived separately with the intent to upskill our existing workforce—not only in terms of applying data analytics in the auditing practice, but also in terms of critical thinking and leading change."

The nine-month program is primarily delivered online, but it also features face-to-face interactions through in-person teaching sessions. All participants are either CPAs or candidates who've completed the requirements to obtain, and are in the process of applying for, the CPA designation.

"We were excited to partner with SFU to deliver a program exclusively for KPMG audit professionals," says Carscallen. "We're giving our people the opportunity to earn a one-of-a-kind graduate degree that will set them apart in the industry and provide them with skills and credentials that will last a lifetime."

Digital University's inaugural class is divided into two groups: a Vancouver-based cohort with 39 participants from the firm's offices in Western Canada and a Toronto-based cohort with 41 participants from offices in the East. Its first graduates will have a formal convocation in June 2020.

After earning a Graduate Certificate in Accounting with Digital Analytics, these graduates will have the option to continue on to earn a Master of Science in Accounting with Cognitive Analytics—again, with the support of the firm.



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"... the business environment today requires accountants and auditors to become comfortable and proficient with data analytics techniques."

"Cognitive analytics is about leveraging all types of data to unlock hidden insights and augment human ability to identify patterns and anomalies and predict outcomes," says Carscallen. "In the field of auditing, cognitive analytics has enormous potential to assist auditors in a variety of areas. While it's early days yet and we're still exploring this potential, we believe cognitive analytics will enhance quality and transform how we use and understand financial and other data in the context of our audit. We're focused on preparing the next generation of accountants and auditors to develop these essential capabilities."

Carscallen agrees with those who say the auditor of the future will have a very different skill set from the auditor of today.[10]

"Exponential technologies are fundamentally changing the way the public accounting profession provides services," she says. "In addition to maintaining a firm foundation in accounting and auditing and a commitment to quality, the auditors of the future—arguably, auditors now—increasingly need to possess the technical skills needed to know how to collect and analyze an unprecedented volume of data. More importantly, the availability of deeper and wider data sets will require auditors to apply enhanced critical thinking, use advanced technologies with ease, and collaborate with diverse teams to harness the power of data and deliver meaningful insights. Deep risk assessment and internal controls capabilities will still be required, but auditors will also need to embrace change, demonstrate curiosity, and foster innovation.

"For all the importance of technology though," Carscallen adds, "it's still the auditor who will make the critical decisions and offer the key analysis and insight in a high-quality audit of an organization's financial statements."

Recognizing the importance of data and analytics across all services, the firm also plans to provide digital analytics training to its practitioners in other areas.

"There is interest in expanding the program to our tax and advisory practices," says Carscallen. "As we move the program forward, we'll consider opportunities to fulfil this appetite. We've also seen an interest in Digital University from our global member firms."

Nazari, who has seen an increasing demand for data analytics education at post-secondary institutions in general, foresees Digital University sparking the launch of similar programs elsewhere.

"The partnership between Beedie and KPMG reflects the practical needs of the accounting profession," he says. "Accounting practice changes with the business environment, and the business environment today requires accountants and auditors to become comfortable and proficient with data analytics techniques. The information generated by these techniques can help decision-makers tremendously in making smarter decisions."

Arsineh Garabedian, CPA, CA, an accounting professor at Douglas College and past chair of the institution's accounting department, has long believed in the merits of data analytics training, particularly at the undergraduate level.

"Training at the undergraduate level exposes students to data analytics tools while they're studying the technical accounting and auditing contents required by the CPA program," she says. "So I am very much in favour of the inclusion of data analytics in the recent updates of the CPA competency map."

At Douglas, Garabedian spearheaded the creation of two data analytics courses for undergraduate business students in 2015. The following year, after deciding these two standalone courses could not cover the range of skills graduates would need to succeed, she drafted the proposal for a dedicated concentration in data analytics and accounting. As part of this process, Garabedian met with colleagues in the computing studies and information systems, marketing, and criminology departments to identify the various courses at Douglas that exposed students to data analytics.

"Accountants cannot evaluate data analytics tools in silos," she explains. "Many disciplines—not just accounting—have made the application of data analytics a priority in their field. Exposure to these tools in other disciplines adds value to the analytics framework mastered in the accounting courses."

Launched in January 2017, the Data Analytics in Accounting Concentration is an option that can be taken as part of Douglas College's bachelor of business administration (BBA) degree program. The first BBA graduate to earn the concentration finished the program in June 2017.

* Davinder Valeri, Michael Wong, Jane Bowen, and Kristy Carscallen are members of the Chartered Professional Accountants of Ontario.

8 Audit Data Analytics Committee, *An Inside Look at How Auditors in Canada Are Using Data Analytics*, April 2019.

9 "Innovation at Work," *CPABC in Focus*, May/June 2019 (22).

10 Bernard Simon, "The Future of Audit," *Pivot*, November/December 2018 (21-24).

"It's still early in the process to determine how many students will choose to focus more on data analytics in their professional careers," says accounting professor Shirley Mauger, CPA, CGA, Garabedian's successor as chair of the accounting department at Douglas College. "Most of them are very aware that there's a shift coming and want to be prepared for it. They see the value of the concentration as it relates to their studies in the CPA program, particularly given the CPA profession's latest focus on data analytics and information systems."

Similarly, Garabedian believes the profession's increased focus on DAIS will help students connect the dots between data analytics and the role of the CPA.

"Students are definitely fascinated by big data and its implications on business as a whole, but at the undergraduate level I find that students don't easily link data analytics tools to accounting and auditing," she says. "With the integration of data analytics in the CPA competency map, I believe this will change and inspire students to think beyond the traditional approaches!"

What will the world look like for CPAs in 2030 and beyond?[11] Mauger foresees increased opportunity and increased responsibility.

"Accountants have always been problem-solvers who rely on a variety of resources and tools to assist their clients in planning and decision-making, but now that we've entered the age of big data, the accountant has the opportunity to shift from problem-solver to catalyst of change," she says. "However, we have to consider how far we can delve into big data before crossing the lines of privacy, and assess how easy it is to manipulate the data into something it isn't. From this perspective, CPAs are in a position to be gatekeepers for the ethical collection and usage of data that leads to reliable and relevant information."

Garabedian, too, believes CPAs will serve as guardians of data.

"I believe CPAs will miss the target if they do not take ownership of the data they study," she says. "Our accounting disciplines need to take the onus to co-ordinate and ensure that relevant data is extracted and validated at desired standards before it is used for interpretation. CPAs must learn to use information derived from data analytics and enable data scientists to effectively communicate with other stakeholders, with a goal of enhancing efficiency and productivity to improve the quality of life of all citizens."

Both agree that the CPA of the future will need a myriad of complex skills.

"The future CPA I envision," says Garabedian, "represents a marriage of business operations, finance, data analytics, sociology, and many other forthcoming disciplines."

"The concentration in data analytics is a first step in our foray into the future of accounting," says Mauger. "As we liaise with our internal and external partners, we continue to identify the skills that will provide our students with the best opportunity to succeed. Some of these skills, such as critical thinking and problem solving, are timeless. Effective data analytics can only take place when this mindset is present."

That same philosophy guides the CMC in its work, which includes an ongoing review of the enabling skills needed to complement a CPA's technical abilities—skills like emotional intelligence and critical thinking.

"The enabling competencies and the technical competencies do not, and cannot, work in isolation," says Jane Bowen. "They must work together, which is why entry-level CPAs must demonstrate that they have both sets of competencies before they meet the requirements to join the profession."

This balance, she notes, is not the only constant. "The amount and nature of the data we use is changing substantially. So is the way we complete and record transactions. But the foundation itself has not changed—CPAs analyze data and use that information to make, or help others make, substantive decisions."

Still, with disruption and its unpredictable scope a topic of ongoing discussion for the CMC, Bowen says we can expect to see the competency map updated on a continual basis.

"Stay tuned," she says. "We need to make sure we adapt quickly, as there will no doubt be areas and skills that will become even more important in the future. These are exciting times for the profession, and we must continue to evolve!" ■

Michelle McRae is the managing editor of CPABC in Focus.

[11] Luc Rinaldi, "Future Proof," *Pivot*, May/June 2019 (27).





Left to Right:
Farida Sukhia, Gary Mynett, Kiu Ghanavizchian, Rob Mackay, Lucas Terpkosh,
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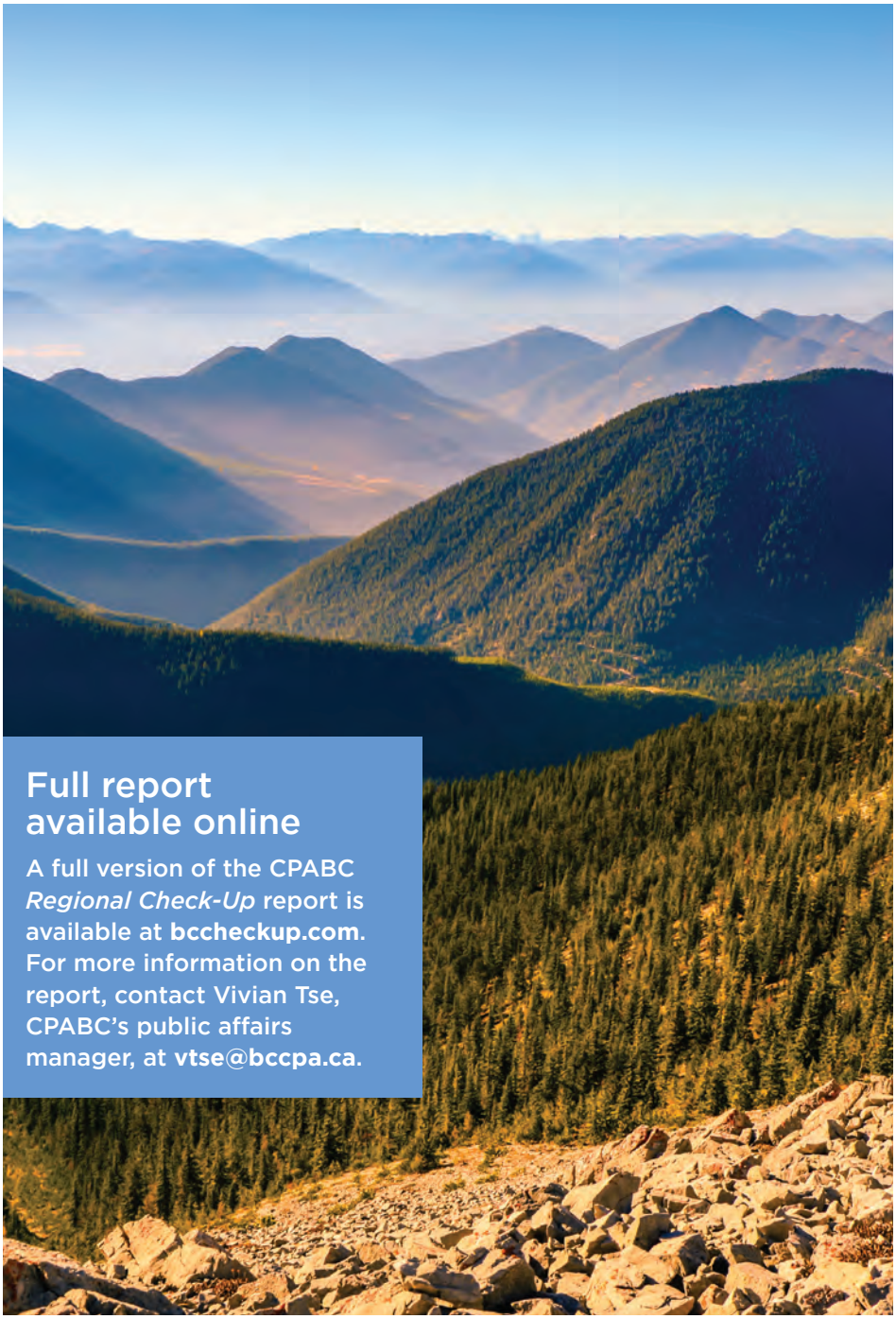
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Working, Investing, and Living in BC in 2018

By Marlyn Chisholm

In addition to producing the annual *BC Check-Up* report, which evaluates British Columbia's overall economic health, CPABC also produces a regional report each year that measure the vital stats of the province's eight development regions. Combined, the provincial and regional reports provide valuable insight into the province's current and future well-being and what it means to work, invest, and live here. Look for a summary of the *2019 BC Check-Up* in our November/December 2019 issue.



Full report available online

A full version of the CPABC *Regional Check-Up* report is available at bccheckup.com. For more information on the report, contact Vivian Tse, CPABC's public affairs manager, at vtse@bccpa.ca.

BC economy slower but still steady

After strong performances in recent years, BC's economic growth rate weakened slightly in 2018, slowing to 2.0%. Even so, BC still had one of the highest growth rates in Canada. This tempered growth was likely due to the cooling of the provincial housing market. After driving the economy in 2016 and 2017, BC's housing market was hindered in 2018 by interest rate hikes, tighter lending requirements, and the provincial government's implementation of speculation and vacancy taxes. At the same time, there was a corresponding sluggishness in several related industries, such as retail, and in a wide range of services, including finance, insurance, real estate, and leasing.

Despite some softening in the economy, BC remained a good place in which to work, invest, and live in 2018. The province saw an improvement in five of the seven indicators used in the *Regional Check-Up* report: job creation, unemployment, business and investment activity, business bankruptcies, and educational attainment. Incorporations and consumer insolvencies were the outliers.

BC's labour market added 26,800 new jobs in 2018, and the provincial unemployment rate declined by another 0.4 percentage points (ppt) to 4.7%, the lowest level in over a decade. Ongoing immigration boosted our province's population, creating business opportunities and bringing in new workers. The province had one of the highest job vacancy rates in the country last year, highlighting the difficulty employers had in filling positions across industries.[1] Altogether, this points to improved labour market conditions.

dnsphotography/iStock/Getty Images

The value of BC's exports grew for the third year in a row, although not in all sectors. Softwood lumber took a significant hit in the US market, but the province's diversified economy withstood this setback and grew overall.

While BC's performance was positive in 2018, some regions experienced headwinds. Both Northeast BC and Northwest BC[2] saw moderate increases in employment, largely in the service sector, but neither is achieving its full potential yet in terms of resource development. The construction of the $40.1-billion LNG Canada project, which includes a natural gas pipeline running from the Dawson Creek area to an LNG facility in Kitimat, could turn this around and lead the way to further resource development in Northern BC. Job loss was another challenge for Northern BC last year, as Cariboo, the Kootenays, and Thompson-Okanagan all lost jobs in 2018.

Working in regional BC

Job creation

BC's employment grew by 1.1% to nearly 2.5 million jobs in 2018. The service sector represented over 85% of new employment in the province, led by gains in the health care and social assistance industry and in the professional, scientific and technical services industry.

As in previous years, Southwest BC comprised the majority of new positions, gaining 20,900 jobs in 2018. Vancouver Island/Coast saw the second-largest increase in employment with 10,000 new jobs, almost entirely in the service sector. Northeast BC and Northwest BC also reported overall job creation.

The remaining development regions experienced job losses in 2018. The greatest downturn occurred in Thompson-Okanagan, where 4,500 jobs disappeared, primarily in agriculture and in the manufacturing of wood products.

The goods sector accounted for 8,300 new jobs in BC last year. The majority of gains were made in the construction industry, with most of these jobs created in Southwest BC. These gains were partially offset by a reduction of 2,600 jobs in agriculture. Other goods industries experienced minimal change.

Employment in BC's service sector grew by 1.0% (or 18,500 jobs) to nearly 2.0 million in 2018. This was a significantly slower growth rate than in the previous two years. Vancouver Island/Coast accounted for the largest share of these new service-sector jobs.

Table 1: Job Creation in All Development Regions, 2013-2018 (000s)

							Job Creation (000s)	
Region	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**5-Year 2013-18**	**1-Year 2017-18**
Cariboo	81.6	85.3	79.4	78.8	81.1	80.6	-1.0	-0.5
Kootenays	76.5	67.5	69.0	67.4	71.9	71.2	-5.3	-0.7
Southwest BC	1,418.2	1,446.9	1,468.2	1,537.3	1,586.5	1,607.4	189.2	20.9
Northwest BC	40.7	39.1	42.2	42.1	42.5	43.1	2.4	0.6
Northeast BC	39.8	38.5	40.1	39.1	38.5	39.6	-0.2	1.1
Thompson-Okanagan	246.6	249.0	250.0	248.3	259.7	255.2	8.6	-4.5
Vancouver Island/Coast	362.2	352.0	357.3	366.5	386.6	396.6	34.4	10.0
British Columbia	**2,265.60**	**2,278.40**	**2,306.20**	**2,379.50**	**2,466.80**	**2,493.60**	**228.0**	**26.8**
Goods	*442.10*	*449.90*	*459.10*	*470.10*	*491.70*	*500.00*	*57.9*	*8.3*
Services	*1,823.50*	*1,828.50*	*1,847.20*	*1,909.40*	*1,975.10*	*1,993.60*	*170.1*	*18.5*

Source: Statistics Canada, *Labour Force Survey 2018*.

Unemployment

BC's unemployment rate declined by 0.4 ppt to 4.7%. This was the tenth consecutive year of improvement for this indicator. The greatest reduction took place in the Kootenays, where the unemployment rate dropped by 2.0 ppt to 5.3%. Cariboo's unemployment rate declined by 1.8 ppt to 5.6%, while Thompson-Okanagan's unemployment rate declined by 1.0 ppt to 6.1%. In all three cases, a smaller labour force contributed to this improvement.

At 4.3%, Southwest BC's unemployment rate remained the lowest in the province. Vancouver Island/Coast followed at 4.7%. Northeast BC's unemployment rate dropped by 0.2 ppt to 5.7%, while Northwest BC actually grew a marginal 0.1 ppt to 5.9%.

[1] The job vacancy rate represents the number of job vacancies expressed as a percentage of labour demand—that is, the sum of all occupied and vacant jobs.

[2] Northwest BC consists of the Nechako and North Coast development regions. Data for these two regions is sometimes combined, as in table 1 of this article.



KenCanning/E+/Getty Images

Investing in regional BC

Business and investment activity

Between the fourth quarter of 2017 (Q4 2017) and Q4 2018, the estimated cost of all major projects that were underway, proposed, completed, or on hold increased by 1.6%, reaching $409.0 billion.

Industrial projects, valued at $256.1 billion, made up the largest share (62.6%) of BC's capital projects in Q4 2018. The second-largest share (13.6%) of capital investment was infrastructure—utilities, roads and highways, and other—which was valued at $55.8 billion and distributed across all of BC's development regions. Residential capital investment was the third-largest share (12%) of all capital investment in Q4 2018, valued at $49.1 billion, and it was concentrated almost entirely in the Vancouver Island/Coast, Southwest BC, and Thompson-Okanagan regions.

Business bankruptcies

This indicator is a bellwether for the provincial economy, rising during tough economic times and declining when economic growth is strong.

The number of business insolvencies, including bankruptcies and proposals, declined last year, continuing a 10-year trend. Overall, the number of business insolvencies in BC fell by 29.0% in 2018, down to 103 reports.

All development regions except North Coast and Northeast BC experienced declines in business insolvencies in 2018, reaffirming the strength of the provincial and regional economies. Southwest BC saw the most dramatic improvement, declining by 36.8% to 67 reports.

In absolute terms, there were two fewer business incorporations in BC in 2018 compared to 2017. Only three of the eight development regions saw an increase in the number of business incorporations: Cariboo, the Kootenays, and Thompson-Okanagan.

Table 2: Business Bankruptcies in All Development Regions, 2013-2018

							Change	
Region	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**5-Year 2013-18**	**1-Year 2017-18**
Cariboo	2	2	5	3	5	1	-1	-4
Kootenays	7	6	1	3	2	1	-6	-1
Southwest BC	118	168	146	125	106	67	-43.2%	-36.8%
Nechako	0	0	0	2	1	0	0	-1
North Coast	0	0	2	1	0	1	1	1
Northeast BC	3	3	3	5	0	2	-1	2
Thompson-Okanagan	62	30	26	30	15	15	-75.8%	0.0%
Vancouver Island/Coast	64	44	37	26	17	15	-76.6%	-11.8%
British Columbia	**255**	**256**	**222**	**199**	**145**	**103**	**-59.6%**	**-29.0%**

Source: Office of the Superintendent of Bankruptcy Canada.

Living in regional BC

Educational attainment

BC's long-term trend towards improved educational attainment in the labour force continued in 2018. The share of the labour force between ages 25 and 54 with post-secondary credentials rose by 0.7 ppt to 72.1%, up from 67.9% five years earlier.

Northeast BC had the largest gain, but it continued to have the lowest level of workforce educational attainment in the province. The Kootenays, Cariboo, and Thompson-Okanagan also experienced an improvement; this was largely caused by a shift in the makeup of the labour force, as many individuals with a high school diploma or some high school education left the workforce, and a significant number of individuals with post-secondary credentials (especially at the bachelor's level) entered the workforce.

Consumer insolvencies

BC's consumer insolvency rate remained stable in 2018, at 2.5 per 1,000 adults over age 18.

Table 3: Annual Consumer Insolvency Rates* per 1,000 Adults (Aged 18 Years and Older), All Development Regions, 2013 to 2018

							Percentage change	
Region	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**5-Year 2013-18**	**1-Year 2017-18**
Cariboo	3.9	3.8	4.0	4.1	3.4	3.1	-20.5%	-8.8%
Kootenays	3.2	2.9	2.9	2.6	2.5	2.3	-28.1%	-8.0%
Southwest BC	2.8	2.7	2.7	2.4	2.2	2.2	-21.4%	0.0%
Nechako	2.0	2.3	1.7	2.2	1.7	1.9	-5.0%	11.8%
North Coast	1.2	1.1	1.3	1.5	1.9	1.5	25.0%	-21.1%
Northeast BC	1.7	1.6	2.1	3.8	3.6	3.4	100.0%	-5.6%
Thompson-Okanagan	3.7	3.3	3.3	3.1	2.9	3.0	-18.9%	3.4%
Vancouver Island/Coast	3.8	3.7	3.7	3.4	2.9	3.1	-18.4%	6.9%
British Columbia	**3.1**	**2.9**	**2.9**	**2.7**	**2.5**	**2.5**	**-19.4%**	**0.0%**

Sources: Office of the Superintendent of Bankruptcy Canada and Statistics Canada.
**Insolvency rate calculations include both bankruptcies and proposals.*

The forecast for 2019

After several years of strong growth, BC's economic growth rate slowed to 2.0% in 2018 and ended the year on a mixed note due to the effects of a slowing housing market and a tight labour market, offset by ongoing construction.[3] TD Economics is forecasting a GDP growth rate of 1.4% in 2019, due to an extended housing market correction and a moderation in consumer spending.[4]

This prediction notwithstanding, BC has a strong labour market with rising wages, good export prospects, and respectable government finances. As a result, its growth rate is expected to remain above the national average for the next few years.

Still, the forecast is mixed. The signing of the US-Mexico-Canada Agreement (USMCA) in November 2018 brought some reassurance, but it is not expected to be ratified for the foreseeable future. The recent end to steel and aluminum tariffs is a silver lining, but it's clouded by the threat of a looming US-China trade war, which is affecting Canada-China relations. Furthermore, the arrest of Huawei executive Meng Wanzhou in late 2018 has led to some trade repercussions, including China's blockade against imports from two major Canadian canola oil producers.

On the upside, however, BC's labour market shortage may encourage businesses to invest more in machinery and equipment, and non-residential construction is expected to continue to grow.[5] Moreover, the construction of the LNG Canada project will also inject growth into our provincial economy. ■

Marlyn Chisholm is the principal of Chisholm Consulting and the lead economist on CPABC's annual BC Check-Up *report, a summary of which will appear in the November/December 2019 issue of* CPABC in Focus.

[3] TD Bank Economics, *Provincial Economic Forecast, Taking a Scalpel to 2019 Provincial Growth Prospects*, March 14, 2019. Note that this growth rate for 2018 has been downgraded from TD Bank's projection in January 2019, cited in our regional reports earlier this year.

[4] Ibid.

[5] Ibid.

The Key to Success for Netflix? Its Decision-Making Model

By Dan Pontefract



Dan Pontefract is a leadership strategist and the author of three best-selling books, including his latest, *Open to Think: Slow Down, Think Creatively, and Make Better Decisions*. Dan is the CEO of the Pontefract Group and an adjunct professor at the University of Victoria. To hear more of his insights on leadership and corporate culture, attend CPABC's Fall Pacific Summit in Whistler this September, where he will be one of two keynote speakers along with innovation specialist Lee-Anne McAlear. You can also check out Dan's blog and podcast at **danpontefract.com**. Photo by Denise Lamarche.

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In October 2018, Netflix announced plans to issue roughly US$2 billion in bonds to fund corporate activities, including content development and acquisitions.[1] According to its SEC filings, this issuance would push the company's total long-term debt and short-term obligations to more than $18 billion.[2]

Yet no one on Wall Street seemed the slightest bit worried. That's because the company continued to dazzle with healthy subscriber growth. By October of last year, its number of global subscriptions had rocketed to 137 million.[3] By April 2019, that number had risen to 148.8 million.[4]

How does the company continue to balance a high debt load and lofty subscriber growth targets with the need to offer creative programming to its growing audience? In part, the answer lies in the company's decision-making DNA. Other organizations would be wise to take notice.

Netflix has long been a favoured story in Silicon Valley because of its organizational culture. The company published a slide presentation in 2009 that soon became a manifesto of sorts, known colloquially as the Netflix "culture deck." The document, put together by former chief talent officer Patty McCord with contributions from many Netflix employees, detailed the company's culture, its corporate values, and its expectations for employee behaviour.

Officially titled "Netflix Culture: Freedom & Responsibility,"[5] the 2009 slide deck listed nine valued behaviours and skills. The first value, titled "Judgment," is particularly worthy of our attention, as it outlines the company's decision-making ethos and the judiciousness expected of employees. Netflix has since updated the document, placing new emphasis on inclusion, integrity, and respect, but judgment remains a core value and the first described in the manifesto.[6]

Notably, Netflix encourages its employees to "make wise decisions despite ambiguity" and empowers its team members not only to make decisions but to do so "based on the long term, not near term."[7] Debt is not the primary concern—instead, the company's main priority is ensuring that staff are able to make strategic, informed decisions based on data and facts. After all, if employees aren't making informed decisions with the company's money, what good is the debt in the first place?

Furthermore, Netflix expects its employees to "identify root causes, and get beyond treating symptoms."[8] In a world where so many of us are low on time, addicted to busyness, and distracted by mobile phone notifications, Netflix is insisting that its employees focus on ideas. The company encourages its staff to take the time to be creative *first*—to ensure that options and opportunities are properly conceived—and only then to begin making decisions for the long term.

1 David Ng, "Netflix Is Selling $2 Billion in Junk Bonds to Fund New Shows," *Los Angeles Times*, October 22, 2018.

2 Ibid.

3 Associated Press, "Netflix Shares Surge After Streaming Giant Posts Strong Third-Quarter Earnings," *Los Angeles Times*, October 16, 2018.

4 Frank Pallotta, "Netflix Added Record Number of Subscribers, but Warns of Tougher Times Ahead," *CNN Business*, April 17, 2019.

5 Archived version at **slideshare.net**.

6 Gartner, "Netflix Updates Its Famous Culture Document with Focus on Inclusion and Respect," *Talent Daily*, June 22, 2017.

7 **jobs.netflix.com/culture**

8 Ibid.



andresr/E+/Getty Images

This "Judgment" value system stems in part from the teachings of the Greek philosopher Aristotle—specifically, his concept of "first principles," which could be summarized (albeit reductively) as fundamental truths.[9] Netflix co-founder and CEO Reed Hastings adopted the concept of first principles as a means to help define the organization's decision-making model. In a 2017 interview with LinkedIn founder Reid Hoffman,[10] Hastings explained that he wanted his team to prioritize principles over processes, saying, "We ask people to do what you would think is best for the company. We don't give them any more guideline than that."[11]

Hoffman, for his part, noted that first-principle thinking is big in Silicon Valley and described first-principle thinkers as those who continually ask questions like: "'What's best for the company?' and 'Couldn't we do it this other way instead?'"[12]

It's an excellent directive for many of us: Question the status quo, act and use judgment in the best interests of the company, and never rest on the laurels of a past decision.

With Netflix, Hastings has created a culture in which staff have such autonomy to make decisions that he himself is free to make none. "I pride myself on making as few decisions as possible in a quarter," he told TED curator Chris Anderson in 2018. "Sometimes I can go a whole quarter without making any decisions."[13]

These statements epitomize the Netflix culture—in particular how its senior leaders empower employees to exercise wise judgment at all times. Hastings also insists that employees at all levels of the company have access to information, decisions, and ideas, saying nothing gets hoarded. "What we're trying to do," he told Hoffman, "is build a sense of responsibility in people and empower them to do things."[14]

The takeaway here is that an organization's primary operating principle should be good judgment, not good administration. When senior management empowers employees to make sound decisions on behalf of the company's long-term goals, this act of trust becomes a recipe for operating a highly engaged workforce.

As Patty McCord once said: "We very much valued people who had good judgment and made the right calls. We wanted people to be able to do the right thing with plenty of context and make the right calls because they were smart people with good judgment."[15]

In other words, sound judgment is at the root of the thriving Netflix culture. The company may currently possess approximately $10 billion in debt,[16] but because of its firm belief in the importance of decision-making, it will most likely continue to be successful in the long term, even as other big hitters—such as Disney, AT&T, and Comcast—enter the streaming market.[17] ■

9 Aly Juma, "Aristotle and the Importance of First Principles," *The Startup*, January 16, 2017.

10 Podcast, "Netflix's Reed Hastings in Culture Shock," *Masters of Scale with Reed Hoffman*, June 27, 2017. (**stitcher.com**)

11 Zameena Mejia, "Elon Musk and Reed Hastings Both Used This Ancient Mental Strategy to Grow Their Billion-Dollar Businesses," *CNBC Make It*, July 5, 2017.

12 Ibid.

13 TED, "How Netflix Changed Entertainment—and Where It's Headed," April 2018. (**ted.com**).

14 Ibid.

15 Knowledge@Wharton, "Learning from Netflix: How to Build a Culture of Freedom and Responsibility," May 29, 2018. (**knowledge.wharton.upenn.edu**)

16 Molly Smith, "Netflix to Sell $2 Billion of Bonds in Return to Junk Market," *Bloomberg*, April 23, 2019.

17 Frank Pallotta, "Netflix Added Record Number of Subscribers, but Warns of Tougher Times Ahead," *CNN Business*, April 17, 2019.

CPABC Regulatory Report to the Public

CPABC's *Regulatory Report to the Public* outlines the initiatives and resources implemented by the organization to ensure that BC CPAs adhere to professional and ethical standards, as part of our commitment to protecting the public. Here is a snapshot of this year's report.

As at March 31

CPABC member numbers were...



As at March 31, 2019, **5,381** students were pursuing the CPA designation, including **5,212** students in the CPA Professional Education Program (PEP) and **169** students in a predecessor program.

Over the past four years, an average of 1,037 BC students graduated annually from the CPA or legacy programs.

During the fiscal year,
1,560 new members
were admitted into the profession and
739 members left
the profession.

Where Members Work

In BC, almost half of CPABC's members in industry work in small or medium-sized businesses where they are often the only designated accountant in the organization.

Continuing Professional Development (CPD)

29,870 active members are required to self-report compliance with CPD. Action is taken against members who do not comply with the requirements. This action can result in suspension or cancellation of membership.

98% comply by the deadline

CPABC verifies a minimum of **1%** of CPD required reporters annually. Members who do not comply with the CPD verification process risk being referred to the CPABC investigation and discipline processes, where they could have their membership suspended or cancelled for non-compliance.

During the year ended March 31, 2019

- **127** members had their memberships suspended for CPD non-compliance
- **64** of the suspended members had their memberships cancelled



Protecting the public is our core responsibility.

Read the full report at **bccpa.ca/protectingthepublic**.

for Fiscal Year 2018/2019

Regulation of Public Practice

THERE WERE...

4,008

public practitioners operating in 2,727 public practice offices in BC as at March 31, 2019. The majority of practitioners work in small businesses where 98.5% of the firms are owned by fewer than five professional accountants.



Practice Review

DID YOU KNOW

Sanctions may be imposed in cases where there are more serious issues. There were 809 practice reviews conducted this past year. This number includes 60 re-inspections that were undertaken in situations where standards had not been met.

Ethics & Discipline Process

119 Total Complaints in 2018-2019

- **27** Under review
- **50** Complaints dismissed/ Not accepted
- **42** Investigations authorized

If a complaint is within CPABC's jurisdiction, and there are grounds for the complaint, an investigation into the matter is undertaken.

Investigations Closed in 2018-2019

- **8** No grounds
- **8** Not pursued
- **25** Resolutions – D&R*
- **6** Referred to disciplinary panel

**Determination and Recommendation Agreement*

If a matter moves forward and there is a breach, the CPA may agree to accept a reprimand, take courses, pay fines and/or expenses, agree to public disclosure of the breach, or any combination of the above. The outcomes of matters settled through the Investigation Committee can be found on CPABC's website.

Disciplinary Hearing Activities in 2018-2019

7 Resolution Agreements
8 Outcome pending

Generally the most serious matters are handled by the Disciplinary Committee. Findings can be enforced without a member's consent. A CPA could receive a reprimand, have their membership suspended or cancelled, have conditions applied for continued membership, and be fined.

All Disciplinary Panel findings are publicly disclosed on CPABC's website. Decisions can be appealed to the Supreme Court of BC.

How Secure Are Your Business Records?

From CPABC's Professional Conduct Department



erhui1979/DigitalVision Vectors/Getty Images

All CPAs have ethical and legal obligations with regard to how they handle sensitive and confidential information, whether this information relates to their own business or to their customers or employees.

Accordingly, members need to stay up to speed about threats to data security and implement best practices to ensure that they stay onside of the rules set out by the *CPA Code of Professional Conduct* (CPA Code) and by various pieces of privacy and regulatory legislation. Otherwise, they face considerable fallout, including:

- Damage to their reputation, brand, or business relationships;
- Legal liability and regulatory sanctions;
- Customer or employee distrust; and
- Accusations of deceptive business practices.

What are the rules?

Rule 208 of the CPA Code (Confidentiality of Information) requires members to maintain the records of present and former clients or employees securely and confidentially. It also requires members to obtain the consent of these individuals when preserving the information and ensure that the information is used appropriately. Rule 208.3 states:

"A registrant shall:

a) take appropriate measures to maintain and protect confidential information of any client, former client, employer or former employer, as the case may be and to ensure that access to such information by another person is limited to those with legitimate purpose to access the information; and

b) obtain the written agreement of any such person to carefully and faithfully preserve the confidentiality of any such information and not to make use of such information other than as shall be required in the performance of appropriate professional services."

In addition to the rules set out in the CPA Code, members should be aware of the requirements set out in the following legislative acts:

- BC's ***Personal Information Protection Act*** (PIPA) applies to provincially regulated private sector organizations in BC that collect, use, or disclose personal information. PIPA describes how these private sector organizations must handle the personal information of the public and their employees, and establishes rules regarding the collection and disclosure of this information. An organization that contravenes PIPA can be sued by affected individuals for "damages for any actual harm suffered."[1]
- BC's ***Freedom of Information and Protection of Privacy Act*** (FOIPPA) applies to BC public bodies and organizations that provide services to these public bodies. FOIPPA creates rules for the collection, use, disclosure, and storage of personal information in a public body's custody or control. It also stipulates that certain violations are finable offences.[2]
- Canada's ***Personal Information Protection and Electronic Documents Act*** (PIPEDA) creates rules for the collection, use, and disclosure of personal information by federally regulated private sector organizations in BC or by BC private sector organizations that have clients in other Canadian jurisdictions.[3]
- The United States' ***Internal Revenue Code*** makes it a criminal offence for anyone—including preparers and handlers of US tax returns—to "knowingly or recklessly" disclose the confidential information of any US taxpayer.[4] This law also requires tax return preparers to have "adequate data protection safeguards" in place when sending or receiving returns outside of the United States.

"As a minimum, when selecting a subcontractor, CPAs should review and ensure that they understand the subcontractor's privacy and security policies and procedures. CPAs should also understand how subcontractors screen, train, and monitor their own employees who have access to client data."

Rule breaches – some examples

In recent years, CPABC has encountered several situations in which CPAs have failed to securely maintain the integrity of their files. The following examples are based on real-life situations, though some details have been altered:

- One firm stored client file boxes in plain view of its front window. Client names were prominently displayed on each box and visible to anyone passing by.
- Another firm routinely transferred physical client files between its head office and its branch offices elsewhere in BC. Although transported in the back of a locked truck, the files were visible to passersby, and—on more than one occasion—they were left unattended overnight.
- Confidential documents destined for shredding were placed in a communal bin that a firm shared with other tenants in the same building. Thus, every tenant had access to the firm's discarded materials before these materials were shredded.
- Clients of another firm were given unsupervised access to the office of a partner following his death. While the purpose, ostensibly, was to enable clients to retrieve personal material, the firm unwittingly gave each client access to other clients' files as well.

By compromising the confidentiality and integrity of their clients' files, the firms involved in these examples breached the CPA Code. Several were sanctioned as a result.

While the above examples all involve physical files, it's important to note that breaches of confidentiality can also apply to the transmission and storage of electronic data. This is increasingly true in the digital age. Here are a few examples of improper actions:

- Emailing sensitive information that is not encrypted or password-protected;
- Sending information to the wrong recipient;
- Uploading confidential information to a public network or website; and
- Failing to maintain proper cybersecurity measures.

A word about subcontractors

CPAs often use subcontractors to provide services such as payroll and document storage. With their access to large amounts of electronic data pertaining to the CPA's clients or organization, a subcontractor could create havoc in mere minutes.

Consider this fictionalized nightmare scenario: A forensic accounting and litigation support practice employs a subcontractor to transcribe audio files of various interviews conducted for clients. Among these audio files are interviews with employees who've been suspected of misconduct. The subcontractor downloads the audio files from the firm's *private* website, transcribes them, and then uploads them (unencrypted and without password protection) to the firm's *public* website. The transcripts are subsequently indexed by Google and other search engines, effectively making them available to anyone searching the employees' names online.

This hypothetical scenario is based on a real-life situation described in the *Journal of Accountancy* in 2015, in which a company failed to adequately train a subcontractor on the proper use of its technology.[5] The resulting breach of privacy led to significant sanctions for the company, and the requirement that it report on its security systems to the US Federal Trade Commission for the next 20 years.[6]

Breaches like the one above can happen in any industry. And since CPAs cannot subcontract their legal obligations, how can they ensure that subcontractors adhere to the same high standards of confidentiality and security?

As a minimum, when selecting a subcontractor, CPAs should review and ensure that they understand the subcontractor's privacy and security policies and procedures. CPAs should also understand how subcontractors screen, train, and monitor their own employees who have access to client data. If these policies or procedures raise concerns, CPAs should consider how best to mitigate against these risks and ensure that subcontractors are adequately trained about the CPA's policies and procedures, including those related to technology.

1 PIPA, Part 12, Section 57(1).

2 FOIPPA, Part 6, Section 74.1. Maximum fines are $2,000 for individuals, $25,000 for partnerships or individuals who are service providers, and $500,000 for corporations.

3 Information about PIPEDA is available at **priv.gc.ca**. The site also features a number of resources, including a "Privacy Toolkit" for businesses.

4 Internal Revenue Service, "Section 7216 Frequently Asked Questions," **irs.gov**. The maximum penalty is US$1,000 and one year of imprisonment *for each violation*, which can make for a very severe punishment! For example, a breach that affects 10 years' worth of returns for 10 taxpayers could equate to 100 violations.

5 Joseph Wolfe, "Due Diligence with CPA Firm Subcontractors," *Journal of Accountancy*, June 1, 2015. (**journalofaccountancy.com**)

6 United States Federal Trade Commission, "Provider of Medical Transcript Services Settles FTC Charges That It Failed to Adequately Protect Consumers' Personal Information," (press release), January 31, 2014, **ftc.gov**.



erhui1979/DigitalVision Vectors/Getty Images

Tips for proper handling of business records

The following list offers common-sense control measures that every organization should implement to protect physical and electronic data:

- **Access control:** For electronic files, it is important that access be controlled using passwords, firewalls, and/or encryption. This is especially true if the information is saved on physical storage devices such as USB drives. Of course, effective protection of electronic files must be supported by an effective approach towards cybersecurity. For physical files, it is important that access be controlled using physical locks and other similar security measures.
- **Confidential disposal of documents:** Most businesses still deal with paperwork on a daily basis. Any confidential paperwork should be shredded before it leaves the office premises. Or, if using a subcontractor for this service, it is imperative that the firm be judicious in the hiring process (as described in the previous section on page 33).
- **Secure transportation and delivery of documents:** If physical documents must be delivered, CPAs should use a trusted courier or delivery service with its own security and confidentiality policies. If digital documents need to be sent, CPAs should consider using encryption and password protection.
- **Training:** An employee or subcontractor's ignorance can pose a significant risk to data security. Employees and subcontractors should be trained on and kept up to speed about the organization's policies, procedures, and technology.
- **Communication with clients:** If you're a practitioner, make sure that your clients are made aware of any third-party software you use to process or store their data. For example, if your software providers track keystrokes or store data outside of Canada, you should inform your clients, as each client has their own privacy concerns and risk tolerance.
- **Tone at the top:** Employees often adopt similar attitudes to those displayed by their bosses. Therefore, the "tone at the top" must be one that emphasizes the importance of maintaining and promoting strong business and confidentiality controls.

Do you need guidance?

CPABC has professional standards advisors who are here to help you understand the CPA Code. All discussions are confidential, non-binding, and unofficial. Contact the advisors by email at **professionaladvisory@bccpa.ca** or call:

- Stella Leung, CPA, CA, at 604-488-2609
- Brigitte Ilk, CPA, CGA, at 604-629-8363
- Both can also be reached using our toll-free number at 1-800-663-2677.

In complex situations, you may also want to consider obtaining independent legal counsel. The *Chartered Professional Accountants Act*, *CPABC Bylaws*, *CPABC Bylaw Regulations*, and *CPABC Code of Professional Conduct* can be accessed online at **bccpa.ca/regulatory/act-bylaws-rules**.

Comments or questions about this article?

Contact the professional conduct department at **professionalconduct@bccpa.ca**. ■

Guides for best practice

The following guides are available at **cpacanada.ca** to help CPAs assess, develop, and improve their organization's privacy policies.

- ***The Canadian Privacy and Data Security Toolkit***, published by CPA Canada, is designed to help business professionals and business owners address privacy and data security issues within their organizations.
- ***Generally Accepted Privacy Principles***, published by the American Institute of Certified Public Accountants (AICPA) and CPA Canada, advises members on how to conduct their business.
- The ***AICPA/CPA Canada Privacy Maturity Model***, also published by the AICPA and CPA Canada, can be used to assess your organization's existing privacy policy against 73 established generally accepted privacy principles.


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BC's Financial Regulator Is Undergoing Some Big Changes

By Ron Muller, CPA, CGA



DrAfter123/DigitalVision Vectors/Getty Images

Ron Muller is the managing director of financial institutions regulation at FICOM. In addition to his CPA, CGA designation, Ron has an MBA and holds the CBV, ASA, and CIM designations. He also holds the CFF (certified in financial forensics) credential.

The Financial Institutions Commission of British Columbia (FICOM), BC's integrated financial services regulator, turns 30 this year. But after three decades as a core government agency within the Ministry of Finance, FICOM is getting a new name and transitioning to a Crown corporation with greater independence and transparency. As the BC Financial Services Authority (BCFSA), it will be engaging with credit unions, pension plans, insurance and trust companies, and mortgage brokers in some new and more effective ways. So, as FICOM begins this process of transformation, now is an opportune time to explain what we do, how we do it, and what the upcoming changes mean for financial services regulation in BC.

What does FICOM do?

Initially created in 1989 with a mandate letter from the Minister of Finance, FICOM operates as a regulatory agency of the BC government. The agency administers six statutes that regulate the pension and financial services industries in British Columbia. These regulations are primarily designed to ensure:

- The ongoing solvency of institutions and pension plans in these sectors;
- Adherence to market conduct requirements for these sectors;
- The suitability of individuals who participate in financial service markets; and
- The insurance of credit union deposits and non-equity shares (through the Credit Union Deposit Insurance Corporation or CUDIC).[1]

Day-to-day regulatory and operational decisions are administered by FICOM's superintendent and CEO, who serves in several regulatory capacities, including as superintendent of financial institutions, superintendent of pensions, registrar of mortgage brokers, and CEO of CUDIC under the corresponding legislation.[2]

BC's 41 credit unions, 4,000 mortgage brokers, 677 pensions plans, and 200+ insurance and trust companies all fall under the purview of FICOM

FICOM's core regulatory business

FICOM has four core business areas organized around its areas of regulatory responsibility:[3]

1. Credit unions and trusts

- FICOM regulates credit unions and trust companies under the *Financial Institutions Act* and the *Credit Union Incorporation Act*.
- FICOM administers deposit insurance for credit unions through CUDIC.

2. Insurance

- FICOM regulates insurers under the *Financial Institutions Act*, the *Insurance Act*, and the *Insurance (Captive Company) Act*.
- The Insurance Council of BC is responsible for licensing insurance sales agents and adjusters.
- FICOM's superintendent and CEO may appeal disciplinary decisions of the Insurance Council of BC and is responsible for investigating unlicensed insurance activities.

3. Pensions

- FICOM regulates pension plans registered in British Columbia under the *Pension Benefits Standards Act*.

4. Mortgage brokers

- FICOM regulates mortgage brokers under the *Mortgage Brokers Act*.

1 fic.gov.bc.ca/index.aspx?p=about_us/mandate

2 fic.gov.bc.ca/?p=about_us/organizational_structure

3 fic.gov.bc.ca/index.aspx?p=about_us/core_business_areas

4 fic.gov.bc.ca/index.aspx?p=about_us/mandate

How significant are the financial services regulated by FICOM?

In British Columbia, there are 41 credit unions with more than $64 billion in assets, 4,000 mortgage brokers, 677 pension plans with approximately $158 billion in assets, and over 200 insurance and trust companies—all of which fall under the purview of FICOM. The agency is not responsible, however, for regulating the province's securities industry. Banks are regulated by the Office of the Superintendent of Financial Institutions, an independent agency of the federal government, and most banks also have an ombudsperson who handles complaints.

What is FICOM's strategic approach to regulation?

As described earlier, FICOM supervises and regulates credit unions, insurers, trust companies, and pension plans to determine whether they're in sound financial condition and complying with governing laws and supervisory standards.

FICOM´s supervisory framework was first introduced in 2003, with a focus primarily on compliance. Since then, significant developments in the financial services industry have changed the nature of both risks and risk management. Accordingly, FICOM now uses a risk-based supervisory framework to identify imprudent or unsafe business practices and intervenes on a timely basis, as required. A forward-looking approach to risk assessment ensures that issues or problems are identified early, and allows for timely intervention if corrective actions need to be taken, thereby increasing the likelihood of a satisfactory resolution.[4]



"The new BCFSA is designed to improve accountability and oversight in alignment with international best practices."

Where did the idea of Crown status for the regulator come from?

An independent review in 2017 recommended that FICOM be established as a Crown agency, and this recommendation was also supported by BC's Auditor General. In April 2019, the provincial government tabled the *Financial Services Authority Act*, the enabling legislation that will allow for FICOM's transition to the new BCFSA. This transition will move the organization into the ranks of other provincial Crown regulators, including the BC Securities Commission and the BC Oil and Gas Commission.



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The BCFSA is expected to officially launch later this year.

Will governance at the regulator change?

FICOM is currently governed by a panel of Commission members. Through the exercise of powers assigned to it under the *Financial Institutions Act* and the *Credit Union Incorporation Act*, the Commission makes major regulatory decisions regarding incorporations, business authorizations, amalgamations, liquidations, and windups.[5]

Under its new Crown status, the BCFSA will have a board of directors with the same statutory powers under the *Financial Institutions Act* and the *Credit Union Incorporation Act* that the Commission has now. The board will also have the authority to oversee the operations and appoint the CEO of the BCFSA. It will not, however, have statutory decision-making authority under the *Pension Benefits Standards Act* or the *Mortgage Brokers Act*.

What else is changing?

The new BCFSA is designed to improve accountability and oversight in alignment with international best practices. As FICOM transitions to the BCFSA, there will be an overall increase in public disclosure, as required by a new mandate letter; the Service Plan, which outlines how FICOM plans to hold itself accountable to the public in executing its mandate; and other reporting requirements.

Following its establishment, the BCFSA will be mandated to administer enhanced regulatory authority from the proposed substantive amendments to the *Financial Institutions Act* and the *Credit Union Incorporation Act*. These amendments are on a different legislative track and are currently being led by the Ministry of Finance. These proposals could include:

- **Powers of FICOM/BCFSA:** Authority to issue enforceable guidelines/rules;
- **Capital and liquidity:** Modernization of the capital and liquidity regime for the credit union sector; and
- **Consumer protection:** Requirement for codes of conduct that will establish a standard for fair treatment of consumers.

[5] fic.gov.bc.ca/?p=about_us/organizational_structure

"... those interested in financial services regulation will have lots to watch for in the months ahead."

More information on these legislative changes can be found in the BC government's second consultation paper, *Financial Institutions Act & Credit Union Incorporation Act Review*, published in 2018.[6]

How will real estate be regulated?

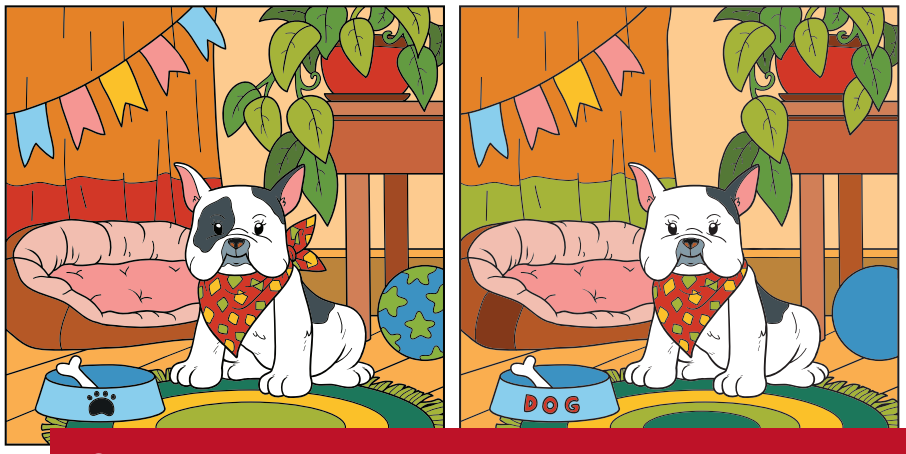
In September 2018, as part of an announcement on anti-money laundering in real estate, the BC government released a report detailing its independent review of real estate regulators in BC.[7] The report examined the roles and responsibilities of the Real Estate Council of British Columbia (RECBC) and the Office of the Superintendent of Real Estate (OSRE) in protecting the public's interests, and provided several recommendations, including that the regulatory responsibilities of both OSRE and RECBC be merged with those of FICOM/BCFSA to form a single regulator. These recommendations are currently under consideration by government, which has indicated that it will be working collaboratively with FICOM/BCFSA, OSRE, and RECBC to understand what a single regulator model would look like.

Stay tuned

The Greek philosopher Heraclitus said the only constant in life is change, and that's certainly true for BC's financial services industry. And with substantive amendments to the *Financial Institutions Act* and the *Credit Union Incorporation Act* still in the works, those interested in financial services regulation will have lots to watch for in the months ahead. ■

[6] Ministry of Finance, *Financial Institutions Act & Credit Union Incorporation Act Review: Preliminary Recommendations*, March 2018, **www2.gov.bc.ca**.

[7] BC Gov News, "Province Launches Probe into Dirty Money in Real Estate," September 27, 2018, **news.gov.bc.ca**.



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Watch Out for the Latest FAD (Rules)

By Devon Pannu, CPA, CA, and Shane Onufrechuk, FCPA, FCA



Devon Pannu is a senior manager in tax at KPMG LLP in Vancouver, where she specializes in Canadian corporate tax with a focus on industrial markets.



Shane Onufrechuk is a partner in tax at KPMG LLP in Vancouver, and chair of both the CPABC Professional Development Taxation Program Advisory Group and the CPABC Taxation Forum. He is also involved in teaching and course development for the CPA profession.

What are the FAD rules and why should you care?

The 2019 Federal Budget includes proposed amendments to foreign affiliate dumping (FAD) rules that would greatly expand their scope and potentially deepen their already considerable complexity.

The FAD rules were originally introduced in the 2012 Federal Budget to target cross-border transactions that were perceived to be eroding the Canadian tax base. These rules are very complex and fact-specific. Generally, the rules apply when a corporation resident in Canada (CRIC) that is controlled by a non-resident corporation ("foreign parent") makes an investment in a foreign affiliate (FA). The most common types of investment made by a CRIC in an FA are acquisitions of the FA's shares or of an amount owing by the FA, and capital contributions or loans to the FA.

When the FAD rules apply, two results are currently possible:

1. Absent any further action, the CRIC is deemed to have paid to its foreign parent (FP)—and the FP is deemed to have received from the CRIC—a dividend equal to the fair market value of the investment in the FA. This deemed dividend is subject to Canadian withholding taxes, potentially reduced by any applicable tax treaty.
2. Alternatively, in certain circumstances, the CRIC may reduce the paid-up capital of its cross-border shares (or its shares of a related Canadian corporation).

There are three key exceptions to the application of the FAD rules. First, there is an exception for a pertinent loan or indebtedness (PLOI). A PLOI election can be made on the amount owing by an FA to a CRIC, thereby excluding the loan from the FAD rules. The PLOI is subject to interest imputed at the greater of the prescribed rate or the rate applicable on any debt obligation incurred by the CRIC to fund the PLOI.

Second, there is an exception for "more closely connected business activities" (detailed later in this article), which allows the CRIC to invest in an FA if the business of the FA is more closely connected to the business of the CRIC, subject to certain other conditions being met.

Third, there is an exception for—among other things—certain rollover transactions or corporate reorganizations that involve the acquisition of FA shares from related or predecessor corporations.

Thus far, advisors have generally only ever had to consider the FAD rules in the context of Canadian companies that are part of large multinational groups. That's because the existing FAD rules apply only when an FP is a non-resident corporation.

What the new amendments propose

The 2019 Federal Budget proposes to extend the application of the FAD rules to include CRICs that are controlled by non-resident individuals, non-resident trusts, or groups of persons that do not deal at arm's length (that is, a combination of any non-resident individuals, non-resident trusts, and non-resident corporations). For many small businesses and other private companies, these proposals could have unintended consequences, as the new rules could apply to scenarios that, historically, have not been on the radar of these businesses or their advisors.

The bycatch of the FAD extensions

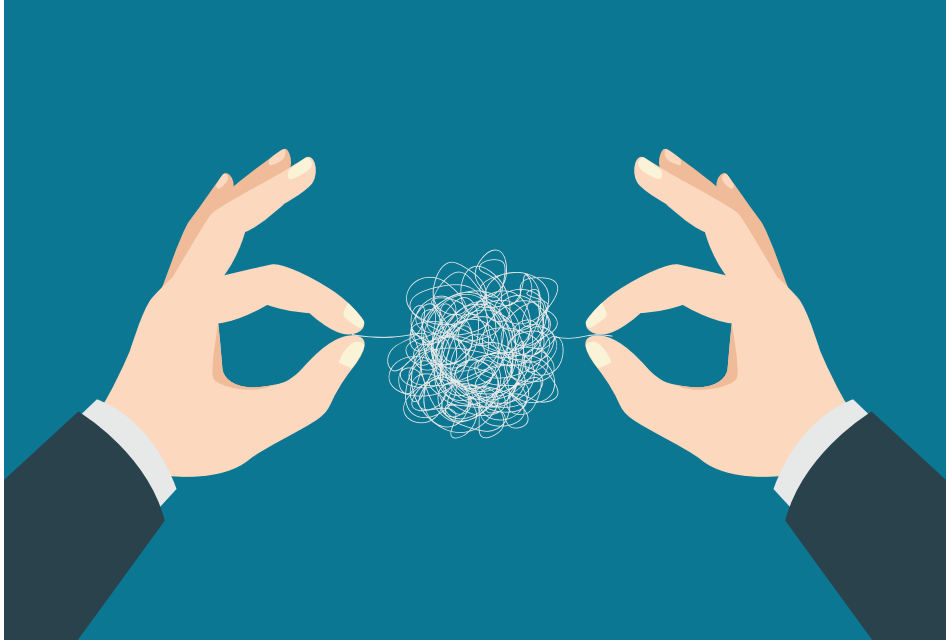
By casting the net wider to include Canadian companies owned by non-resident individuals, non-resident trusts, and/or certain resident trusts with non-resident beneficiaries, the proposed extension of the FAD rules has the potential to catch taxpayers whose circumstances do not seemingly meet the rules' original policy intent.

One of the more surprising circumstances under which the new FAD rules could apply is where a Canadian corporation is controlled by a trust (Canadian or foreign) that has non-resident beneficiaries. This is because the proposed amendments include a special rule to assist in determining if a non-resident person controls a Canadian corporation where the shares of the corporation are held by a trust. In particular, the rule would deem each trust to be an "assumed corporation," and—where the trust is a discretionary trust—it would deem each beneficiary of that trust to own all the shares of the assumed corporation. As a result, the non-resident beneficiary of the discretionary trust would be deemed to indirectly control the CRIC (by virtue of controlling the trust, which, in turn, would control the CRIC).

A common scenario in which this could happen is when a private company has been reorganized in an estate freeze and the growth shares of the company are held by a discretionary family trust. Under the proposed changes to the FAD rules, if one of the beneficiaries of this trust were to move to a foreign jurisdiction, they would now need to be concerned about the possible application of the FAD rules to any investment in FAs made by the private corporation (in this case, the CRIC).

More closely connected business activities

Canadian corporations with shareholders that are non-resident individuals or trusts and that have made foreign investments would be caught in the widened net of the proposed FAD rules. However, all hope may not be lost, because there is a possible exception to the deemed dividend that would be triggered by the CRIC under the FAD rules for "more closely connected business activities": the "Closely Connected Exception" found in subsection 212.3(16) of the *Income Tax Act*. While this exception is intentionally very narrow in scope, it could potentially provide relief in some private company situations where the expanded FAD rules would otherwise overreach in their application.



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In general terms, the following three conditions must be met in order for the Closely Connected Exception to apply to an investment in an FA (otherwise known as a subject corporation or SC) made by a CRIC:

1. The business activities of the SC and any companies owned by the SC must be more closely connected to the business activities carried out by the CRIC and other Canadian companies that do not deal at arm's length with the CRIC than to the non-resident person who owns the CRIC;
2. The officers of the CRIC or the other Canadian companies that do not deal at arm's length with the CRIC had and exercised the principal decision-making authority in respect of making the investment in the SC, and were resident and worked in Canada at the time of the investment; and
3. At the time the investment was made, it was reasonably expected that:
   a. Officers of the CRIC or the other Canadian companies that do not deal at arm's length with the CRIC would have and exercise the ongoing principal decision-making authority regarding the investment in the SC;
   b. A majority of these persons were resident and working principally in Canada; and
   c. The performance, evaluation, and compensation of such officers would be based on the results of the SC's operations to a greater extent than would be the performance, evaluation, and compensation of a non-resident person who did not deal at arm's length with the CRIC.

In situations where the expanded proposed FAD rules could apply solely because a Canadian resident family trust that controls the CRIC has a non-resident beneficiary, the trust may be able to find relief under the Closely Connected Exception. This would be particularly relevant in cases where the non-resident beneficiary is a family member who is in no way involved with the business of either the CRIC or the FA.

In any event, given the very stringent (and subjective) limitations set out in the Closely Connected Exception, a thorough review of the facts and circumstances would have to be completed before relying on this exception to avoid the application of the proposed FAD rules.

Conclusions

The amendments to the FAD rules proposed in the 2019 Federal Budget would greatly expand the scope and potential complexity of what are already very complicated rules for foreign affiliate dumping. We hope the Department of Finance Canada will amend these proposals to prevent them from being applied to businesses that should clearly be exempt, given the original policy intent of the FAD rules. However, as these rules are proposed to apply to all new investments made after the 2019 Federal Budget date, advisors need to consider the possible application of the rules to any scenarios in which a Canadian business has foreign ownership. ■

PD EXPERTS

Tools to Thrive in a World of Change

By Scott Orth, M.Sc., CPCC

"Change has never happened this fast before, and it will never be this slow again."
*—Graeme Wood, digital entrepreneur**

For most of us, this quote is unnerving. If I'm having trouble keeping up with it all right now, how will I ever cope if things change even faster?

Why many of us experience change negatively

The very notion of progress means that things *change*. Innovation often makes the old way of doing something obsolete. Yes, much of the progress we experience in both our personal and professional lives comes with incredible benefits. Changes in technology make things we once only dreamed of into day-to-day realities. Communication is faster and easier. Information is more accessible than ever before. So why would we resist these changes? Here's why: Our palaeolithic survival brain can interpret changes in our lives as threats to our need for certainty. If there are too many changes, we feel destabilized or even overwhelmed. This can show up in our lives as frustration, anxiety, mistrust, and conflict. To successfully navigate a rapidly changing world, we need to learn how to manage our survival brain to reduce its innate threat response, allowing us to see wiser and more creative options.

Finding stability amid change

While technological innovation is continuously bringing change into both our personal and professional lives, there are still many aspects of life that remain constant, and focusing our attention on these constants can have a stabilizing effect on our anxious mind.

Among these constants are our innate needs to positively contribute to the lives of others and our desire for human connection.

Here are two ways we can satisfy both of these needs within a constantly changing environment:

1. **Finding meaning in our work and home lives –** The more we can see the big picture, the easier it is to see the value we're contributing to the lives of others both professionally and personally. For example, learning a new software program at work may be frustrating, but if you envision the benefits that using this new software will have on the services you provide to your clients, you'll see why your efforts are worthwhile.

   The same can be said about your personal life. Sure, trying to figure out how to use a new virtual assistant program such as Alexa or Google Assistant may seem overwhelming, but think of the added efficiencies this technology can provide to you and your family.
2. **Connecting with others –** In our increasingly digital world, we need human-to-human connections and meaningful relationships more than ever. Making time for and fostering relationships within our teams, families, and communities can create a sense of security amid change. Carve out time to meet someone for a coffee. Go to the lunch room and sit down with your colleagues instead of working through lunch at your desk. Proactively engage in a mentoring conversation with a younger colleague.

   Genuinely connecting with others reminds us of our shared humanity, and it benefits everyone. Also, the stronger your personal relationships, the easier it will be to manage change *together*.



Scott Orth is a mindfulness and resiliency trainer and coach who gives leaders and busy professionals the tools they need to thrive in an often chaotic and distracting world. He was previously the national HR leader for one of Canada's largest employee-owned engineering and science consulting organizations. Photo by Mela Hands of MelaMarie Photography.

Training your brain to be more agile

In his book *David and Goliath: Underdogs, Misfits, and the Art of Battling Giants*, Malcolm Gladwell provides a surprising new perspective on the parable we thought we knew. The small boy David, armed with only a staff and sling, confronts the large, heavily armoured, and undefeated Goliath. But David, who is typically portrayed as an underdog ill-prepared for battle, does not engage in traditional hand-to-hand grappling and instead takes Goliath out with a single shot from his sling.

As Gladwell tells it, if we knew what David's mindset was going into battle, we wouldn't be overly surprised at the outcome. This is because David doesn't approach the battle with a one-size-fits-all mentality. Instead, he examines the situation from a number of different perspectives and finds the solution that works for him.

*graewood.blogspot.com

Essentially, David has an agile mind, and this is key. Whenever we find ourselves repeatedly battling the same proverbial giant with our tried-and-true tools, we are essentially operating on autopilot. Autopilot is our brain's instinctive ability to learn a pattern, develop a skill, and turn it into a habit that can be repeated without much thought or effort. This ability generally serves us well, until a situation arises that shakes things up.

Tools that can help increase mental agility:

1. **Be curious –** Don't be as quick to revert to your usual way of solving a problem, particularly if that approach hasn't been working lately. Often in frustrating situations, we dig our heels in and try to force the world to co-operate. Instead, be open to new ways of thinking.
2. **Challenge your assumptions –** You may believe, for example, that people can't work productively from home, that standard work hours are when people are most productive, or that financials only need be reviewed quarterly. Our beliefs and the assumptions behind them are endless, and our days are filled with activities that support our assumptions. Goliath assumed hand-to-hand combat was the most effective way to win the battle. David saw things differently.
3. **Ask different questions –** Learn to ask *different* questions. For example, ask "What if we had half the time (or resources) we thought to do this?" "How else could we view this situation?" "What are people in a completely different industry doing?" "How would my mother approach this problem?" Different questions will open your mind to curiosity and free you from seeing only one course of action.

Why mindfulness?

Effectively adapting to change starts with understanding how our palaeolithic brain works and remembering that it can interpret too much change as destabilizing, throwing us into fight or flight mode. This reactive mindset greatly compromises our ability to see options and to be creative or innovative. We need to learn how to pivot with change rather than fighting it—to see our changing world through fresh eyes and adapt, as resistance and frustration only waste precious energy and resources.

More and more leaders are turning to mindfulness skills to help them manage their reactive brain, as mindfulness teaches us how to be more present and aware of our thoughts and emotions, and, accordingly, less judgmental or rigid in our thinking and behaviour. Mindfulness helps leaders learn to push "pause" and stay open and curious. These are the skills that are helping leaders become more agile and resilient in their world. What skills do you need to thrive in yours? ■

SEE THE AUTHOR IN PERSON

Scott Orth will be presenting the keynote session "Developing a More Open Mindset to Thrive in a World of Change" at PD Nexus: Business Insights Victoria on July 9 and at PD Nexus: Business & Leadership Insights Vancouver on July 12. Visit **pd.bccpa.ca** for details.

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– Zahra Nerval, CPA, CMA

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– Helen Imber, The Oppenheimer Group

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EVENTS

Stronger Together: CPABC's Spring Pacific Summit

CPABC's Spring Pacific Summit proved yet again to be an informative and engaging professional development and networking event for BC's chartered professional accountants.

Themed "Stronger Together," this year's summit, held at the Vancouver Convention Centre East from May 15 to 17, offered multiple ways for CPAs to increase their knowledge and expertise through the power of inclusion, collaboration, and diversity. With 20 PD sessions to choose from, attendees built agendas customized to their specific learning needs and interests. The summit's three learning streams—devoted to technology and emerging issues, leadership, and business and technical matters—provided development opportunities for CPAs of all career levels and business areas.

Among the most popular sessions were those focused on cybersecurity, automation, and adapting to workplace change. Delegates also had the unique opportunity to attend four complimentary PD sessions sponsored by Receipt Bank, ADP, the Vancouver Chapter of the Appraisal Institute of Canada, and Horizon Recruitment.

Also enthusiastically received were the summit's three keynote presentations. Leadership expert and award-winning coach Ivan Joseph, PhD, kicked things off, sharing strategies to increase self-confidence, performance, and team unity. Next, future of work expert Eric Termuende, co-founder of NoW Innovations, offered insights on how to increase a sense of community and belonging at work. Finally, diversity and inclusion consultant Ritu Bhasin, president of bhasin consulting inc., encouraged delegates to embrace differences and authenticity.

The summit agenda also included two panel presentations that explored new business areas and ways of working. The first, "Cannabis 2.0: Expansion, Consolidation, and the Rise of Consumer Product Companies," focused on the emerging cannabis industry and included perspectives from several cannabis C-suite executives. In the second, "Future of the Office," four C-suite CPAs discussed how they're preparing for the future of work, what workplace changes the next generation of CPAs can expect, and strategies for building a multi-generational work culture.

Delegates also had the chance to catch up with colleagues and make career connections on the trade show floor and at two exclusive networking events. At the Exhibitor's Welcome Reception on May 15, delegates connected with peers while learning about new services and products to support their businesses. The following night, more than 130 CPAs attended the summit's Thursday Evening Social, a lively New Orleans-inspired evening at Chewies Steam & Oyster Bar in Coal Harbour.



For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.

Did you miss the Spring Pacific Summit? Join us for the Fall Pacific Summit from September 25 to 27 in Whistler! Registration is now open. (See facing page).

















1. Keynote speaker Ivan Joseph, PhD, shares his insights on team performance. 2-4 & 7. Delegates chat and share best practices. 5. Keynote speaker Eric Termuende discusses community, collaboration, and the future of our workforce. 6. Keynote speaker Ritu Bhasin describes the power of diversity and inclusion. 8. Delegates enter one of several prize draws at the trade show. Photos by Jon Benjamin Photography.

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Keynote Speakers



Lee-Anne McAlear

Innovation Specialist and Program Director, York University

Lee-Anne McAlear is a highly regarded innovation specialist who helps Fortune 500 companies around the globe adopt a reliable, strategically focused approach to innovation and change management.



Dan Pontefract

Leadership Strategist and CEO, The Pontefract Group

Dan Pontefract helps people and organizations enhance their corporate cultures and collaboration practices as head of the TELUS Transformation Office, a future-of-work consulting group. He provides critical insight on the importance of leadership, culture, and purpose.

Registration for the Fall Pacific Summit will open in June 2019. Visit **bccpa.ca/pacificsummit**.

ANNOUNCEMENTS AND ACCOLADES

Kudos!



Connie Fair, CPA, CMA, president and CEO of the Land Title and Survey Authority of British Columbia (LTSA), has received a 2019 Women of Distinction Award from YWCA Metro Vancouver in the "Business & the Professions" category. The award recognizes her innovative leadership at the LTSA, one of BC's largest statutory corporations.



Eric Finnsson, CPA, CA, has been appointed chief financial officer of GLG Life Tech Corp. in Richmond. Prior to this appointment, Eric worked as an independent consultant following a 25-year career with KPMG working in Canada, China, Hungary, Slovakia, and KPMG International's headquarters in the Netherlands.



Erfan Kazemi, CPA, CA, chief financial officer for Sandstorm Gold Royalties in Vancouver, was one of three finalists for the 2019 Canada CFO of the Year Award. As a finalist, Erfan was profiled for the award's Behind the Boardroom series (**cfoy.ca/behindtheboardroom**).



Wendy Lewis, CPA, CA, a private enterprise partner with MNP LLP's Courtenay office and the firm's regional succession services leader for Vancouver Island, has been appointed to the board of directors for the Comox Valley Airport Commission. Wendy was previously recognized with a 2011 Early Achievement Award from her legacy accounting body.



Sang-Kiet Ly, CPA, CA, an enterprise partner with KPMG LLP's Victoria office, has received the 2019 Member of the Year award from the Victoria Innovation, Advanced Technology and Entrepreneurship Council (VIATEC) for his long-standing and dedicated service to VIATEC and the Greater Victoria tech community. Sang-Kiet was previously recognized with a 2007 Early Achievement Award from his legacy accounting body.



Dhanasagiri (Vanessa) Pillay, CPA, has joined Indochino in Vancouver as the vice-president of finance. Vanessa, who also holds a chartered accountant designation in South Africa, previously worked as the finance lead and group controller for Microsoft's Johannesburg office for seven years.

Katie Rodgers, CPA, CMA, an accomplished artist and active member of the Federation of Canadian artists, is currently exhibiting at North Van Arts' District Foyer Gallery in North Vancouver. Her solo show "Skyviews" runs until August 5.



Former CPABC Board Chair Receives Okanagan College's Highest Honour



Heather Banham, FCPA, FCGA, DBA, retired dean of the Okanagan College School of Business and a former chair of the CPABC Board of Directors, has been recognized by Okanagan College with a Distinguished Service Award—described as "the highest honour bestowed upon a former employee"—for her outstanding service to the College and her community. During her 24-year career with the school, Heather served as a professor, department chair, associate dean, and dean before retiring in 2017. She has also shared her leadership with the profession for many years, serving on several boards and committees with CPABC and her legacy accounting body. Heather received her legacy body's Ambassador of Distinction Award in 2012 and was elected to fellowship in 2014.

Giving Back—CPAs in the Community

CPABC members, candidates, and students participated in a number of recent charitable events to support causes in their communities:

- **CRA Community Volunteer Income Tax Program (CVITP)** – Between January and April, more than 300 BC CPAs volunteered their time and expertise to prepare personal tax returns for low-income individuals at tax clinics hosted by community groups through the program (**canada.ca**). While most CVITP clinics are held in March and April, many community groups continue to offer them throughout the year.
- **Easter Seals House** – In April, the CPABC Vancouver Chapter volunteered to help with an outdoor cleanup at Easter Seals House (**eastersealsbcy.ca**), which provides family members of children receiving treatment at local hospitals with a place to stay.
- **Douglas College Foundation** – In June, at a Douglas College Foundation event sponsored by CPABC entitled "Your Data Knows More than You Think!" Han Shu, CPA, CA, chair of the CPABC Burnaby/New Westminster Chapter, announced the creation of a new multi-year award for third- and fourth-year BBA students enrolled in the Data Analytics in Accounting Concentration program. You can read more about the program in the cover story on pages 18-22.
- **Great Canadian Shoreline Cleanup** – Also in June, members of the CPABC Richmond/South Delta Chapter participated in a shoreline cleanup event (**shorelinecleanup.ca**) at Terra Nova Park. Last year, volunteers across Canada participated in 87 cleanup events and collected 943 kilograms of litter from 545 kilometres of Canadian shoreline.

Want to get involved in upcoming events?

If you'd like to participate in upcoming CPABC events, be sure to check your local chapter website (**bccpa.ca/members/chapters**) for community engagement opportunities. And if you have a community event you think CPABC members, candidates, and students may be interested in supporting, contact your local chapter leader online or email David Chiang, CPA, CA, CPABC's vice-president of member advice and programs, at **dchiang@bccpa.ca**.



Above: Han Shu, CPA, CA (third from left), chair of the CPABC Burnaby/New Westminster Chapter, and Lorena Christensen, CPA, CMA (third from right), CPABC's director of student recruitment and employer relations, pose with the "Your Data Knows More than You Think!" panellists (l to r): Scott MacEachern, CPA, CA (SFU Beedie School of Business); Cathy Zhang, CPA, CGA (Douglas College); Michael Favere-Marchesi, PhD (Beedie); Gerry Akkerman (TransLink); and Nicholas Mobilio, CPA, CA (PwC). Below: Members of the CPABC Vancouver Chapter help clean up the grounds at Easter Seals House.







Do you have an announcement you'd like to share in the magazine? Email us at: ***infocusmag@bccpa.ca***



Nastco/iStock/Getty Images

CONVOCATION

Congratulations to the Class of 2019!

It was a day for celebration on May 25, 2019, as the Chartered Professional Accountants of British Columbia recognized 947 graduates from BC (945) and the Yukon (2) at its annual Convocation ceremony, held at the Vancouver Convention Centre West.

Convocation day marks the culmination of years of commitment and hard work. Each graduate pursued a demanding educational program and devoted countless hours to studying and completing practice cases as they worked towards passing the Common Final Examination (CFE), an important milestone along the path to becoming a CPA. A crowd of more than 2,400 people—including family members, friends, and colleagues, dignitaries, and representatives from post-secondary institutions—attended Convocation to cheer on the graduates and celebrate their accomplishments.

The ceremony began with welcoming remarks from CPABC's incoming Board Chair Ben Sander, FCPA, FCA. Outgoing Board Chair Barry Macdonald, FCPA, FCA, then took the stage to highlight the many career opportunities available to CPAs, saying, "Whether you aspire to be a mould-breaking entrepreneur, a business advisor to a promising new startup, or a C-suite executive, you have the knowledge and practical experience to advance business and society, and to reshape every landscape." He also stressed the importance of applying professional skills in ways that give back to the community and encouraged graduates to think about how they could use their expertise to serve their community and profession. "There is no limit to the positive change you can accomplish through volunteerism," he said.

Next to the stage was Terry LeBlanc, FCPA, FCGA,* chair of CPA Canada's board of directors, who described the ethical responsibilities that underpin the designation. "As CPAs, we are committed to protecting the public and acting in the public interest," said LeBlanc. "Always follow your ethical compass. Whether it is at work or play, lead by example and be ethical in all your dealings."

The Convocation program also included an address from class valedictorian Daniel Gardiner, who achieved top results in the September 2018 writing of the CFE. Gardiner encouraged his fellow graduates to maintain their dedication to hard work and achievement, even amid the constant distractions of modern-day life. "No matter what roads we decide to travel, it will serve us well to keep our heads up off our screens and to remember the value of commitment," said Gardiner. "Moving forward, we can leverage our proven trait of commitment to better our lives and the lives of others."

The ceremony concluded with final remarks from the outgoing chair, and the festivities continued into the evening with dinner and dancing at the graduates' gala.

*Terry LeBlanc is an FCPA, FCGA, in New Brunswick.





Above: Graduates pose for shots while waiting for the procession to begin. Below: It's a packed house as the ceremony gets underway.



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









Ceremony video at youtube.com/user/cpabritishcolumbia







1. Shan Lin (far left) receives an honour roll certificate and a National Firm Award from (l to r): Jim McGuigan, CPA, CA, BC regional managing partner for PwC; Terry LeBlanc, FCPA, FCGA, CPA Canada board chair; and Barry Macdonald, FCPA, FCA, outgoing CPABC board chair. Certificates and National Firm Awards were presented to all 14 of the BC candidates who achieved honours standing on the 2018 CFE. 2-5. Each graduate has their moment to shine. 6. Daniel Gardiner provides the valedictory address. 7-12. Happy graduates capture the moment with friends and family.











Employment Opportunities



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We have "a lot of gas in the tank" but want to re-energize ourselves with younger professionals who are committed to public practice and thrive on growth. This is a "win-win" opportunity as our systems, In-Depth tax practitioners, and approach will help you grow your business through value-added advisory and tax consulting services and you will help us fulfill our future succession plans.

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SNAPSHOT:

Kate Furber, CPA, CA

The job: Audit and assurance partner and BC lead for private company services with PwC Canada.

Recent accolades: In 2019, Kate received an Influential Women in Business Award from *Business in Vancouver* and was named one of BC's Most Influential Women in Finance by *BCBusiness*.

Passionate about: Mentorship and gender equity. Kate is very active as a mentor in PwC's award-winning Women in Leadership program. "I really enjoy sharing personal learnings, connecting participants with others who have relevant experience … and building overall confidence."

Ethos: "[I'm] focused on building genuine, valuable relationships with people, contributing to the profession and the broader community, and ultimately using my influence to create opportunities for others to progress."

Goals: "I'm keen to pursue my passion for strategy and governance and undertake more board work. I'd also like to continue to give back to the CPA profession. In my personal life, the list is long—but most importantly, I want to help raise happy and healthy children, live life to the fullest, and get my golf handicap under 10."

Read the full interview at **IndustryUpdate.ca**.



This photo and photo on page 3 courtesy of *Business in Vancouver*

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