



Report On Industry



**Report on Industry is a bi-monthly
e-newsletter for CAs in industry**

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March 2005

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Welcome to the fourth issue of the *Report on Industry* (ROI). We hope you will find this issue to be a valuable tool for keeping up-to-date on news, research, events, best practices, standards and regulations, recent publications and other information relevant to CAs in industry.

We welcome your comments and suggestions for future issues. Please e-mail us at industry@cica.ca. To view our privacy policy, go to www.cica.ca.

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SMEs Potential for International Trade Remains Untapped

While half of Canada's small businesses have embraced the benefits of international trade, the potential remains untapped. A CFIB survey of 9,577 small businesses across Canada sets out the challenges of expanding into new markets and outlines strategies for success. The Report concludes with policy directions for governments to better help small trading businesses become medium and large international firms.

To read the Report, go to:

www.cfib.ca/research/reports/rr3001.pdf

Online Resources for Small Businesses:

The website of the Canadian Federation of Independent Business (CFIB) offers complimentary surveys, reports and other timely resources for small business owners.

www.cfib.ca

CFOs Take Strategic Leadership Role in Performance Management

CFOs are increasingly being called upon to guide and improve business performance across their organizations. The IBM Report, *CFOs: Rising to the Challenge of Performance Management* discusses the challenges and opportunities as CFOs shift their focus from efficiently "running the business" to effectively "managing and optimizing the business". The key is finding new ways to align and integrate people, technology and information with core business processes.

To read the full Report, download the PDF at:

www-1.ibm.com/services/ondemand/business/performance_management.html

The Path to the Executive Suite: Then and Now

The path to the executive suite and the characteristics of the executives who get there have changed significantly over the last two decades. The study *The Path to the Top: Changes in the Attributes of Corporate Executives 1980 to 2001* compares Fortune 100 executives in 1980 with their counterparts in 2001. Today's executives are younger, more likely to be hired from the outside and less likely to have Ivy League educations. What's more, they are getting to the executive suite faster and holding fewer jobs along the way than their counterparts of 1980.

See the article *The CEO's Path to the Top: How Times Have Changed* at:

<http://knowledge.wharton.upenn.edu/index.cfm?fa=printArticle&ID=1121>

The study is available at:

<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewCat&CID=10>

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STANDARDS AND REGULATIONS



Impact of Financial Instruments Standards

An Interview with Paul Cherry

Paul Cherry, Chair of the CICA Accounting Standards Board (AcSB), provides a high-level look at the impact of the new Financial Instruments Standards in an interview given to ROB-TV Business News. (Video 5:52 minutes.)

www.cica.ca/HTML/PaulCherry.html

Government of Canada Takes Leadership Role in Adopting Full Accrual Accounting

The CICA Public Sector Accounting Board (PSAB) has presented an *Award for Excellence in Reporting* to the Honourable Reg Alcock, President of the Treasury Board, recognizing the Government of Canada's adoption of full accrual accounting in the 2003 Public Accounts of Canada a full three years in advance of the new standards effective date of April 1, 2005. The new full accrual reporting model standards provide improved information that will help Canadian taxpayers better understand the finances of our national government.

For details, read the PSABulletin at:

www.cica.ca/index.cfm/ci_id/24714/la_id/1.htm

Proposed Canadian Rule on Internal Reporting

Members of the Canadian Securities Administrators, other than British Columbia, have published for comment, a proposed rule on internal control reporting and a revision to the rules for certification of disclosure in the annual and interim filings of public companies. The proposal is substantially the same as the requirements of Section 404 of the *Sarbanes-Oxley Act* (2002) and the related rules issued by the SEC.

Copies of the proposed instruments and explanatory staff notice are available on several CSA members' websites. Comments on the proposals are requested by June 6, 2005.

See the KPMG publication *Proposed Canadian Rule on Internal Control Reporting* for a summary of the key provisions of the proposals at:

www.kpmg.ca/en/services/audit/internalControl.html

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TECHNOLOGY MATTERS



Anytime, Anywhere Computing Means Competitive Advantage

The increasing affordability of mobile technologies is rapidly making "anytime, anywhere" computing a competitive advantage. Organizations that are harnessing the benefits of wireless technologies are extending the reach of critical business processes, improving customer service and increasing revenues.

The white paper, *Always Available Computing: Best Practices for Empowering Today's Mobile Work Force*, discusses the systems architecture and applications, including the key considerations companies need to address when developing mobile strategies.

www.adessosystems.com/downloads/whitepapers/Adesso_Always_Available_WP.pdf

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HUMAN RESOURCES



Older Workers are a Plus

As employers come to depend more on older workers as the bulk of their workforce, they must recognize the unique stressors that are faced by older workers in addition to the strengths that they bring to the workplace. The Warren Shepell Research Report *The Aging Workforce: An EAP's Perspective* puts forth that older workers are a net competitive advantage when workplaces are healthy and programs and services exist to address their unique needs and issues.

To read the Report, go to:

www.warrenshepell.com/research/latest.asp

Hot HR Issues Raise Great Expectations

Human resource management is taking centre stage in many organizations. CEOs are paying attention and are requiring HR to make a business contribution. So how will HR executives deliver on these great expectations? The Conference Board of Canada's paper *Hot HR Issues for the Next Two Years* sets out eight strategic issues.

www.conferenceboard.ca/humanresource/HR-briefing.pdf

Line Held on Pay Increases – Except for Top Performers

Outstanding performers are receiving above-average pay increases, while those employees rated as satisfactory are receiving average increases or less. The Conference Board of Canada's annual compensation survey finds budgets for 2005 are once again forecast at 3.4 per cent. Only 3 per cent of organizations are expecting salary freezes next year.

See the *Compensation Planning Outlook 2005* at:

www.conferenceboard.ca/humanresource/excerpts.htm

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US MONITOR



AICPA Addresses Fraud in Audit Committee Guidance

As part of its ongoing fraud-prevention program, the American Institute of Certified Public Accountants (AICPA) has issued guidance to help U.S. audit committees understand one of the most significant of fraud risks: management override of internal controls. The guidance outlines specific steps audit committees can take to address the risk of management overriding established internal safeguards.

The 26-page document, *Management Override of Internal Controls: the Achilles' Heel of Fraud Prevention – The Audit Committee and Oversight of Financial Reporting*, is available free-of-charge at:

www.aicpa.org/audcommctr/spotlight/achilles_heel.htm

Sarbanes-Oxley 404 Guidance Resources

Investors will soon be looking at new reports from management and auditors about whether adequate internal control over financial reporting is in place. To help investors – individual and institutional, small and large – understand the new internal control reporting, Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP, and PricewaterhouseCoopers LLP have developed two resource guides:

- *Internal Control over Financial Reporting: An Investor Resource* – a broad overview of SOX 404, providing the background and rationale for the internal control reports, a description of these new types of reports and a discussion of control deficiencies, management's report and the independent auditor's opinion.
- *Perspectives on Internal Control Reporting: A Resource for Market Participants* – a detailed discussion in question and answer format of specific topics related to SOX 404, including material weaknesses and potential implications of the new reporting.

The Guides are available on an informational website sponsored by the four firms at:

www.s-oxinternalcontrolinfo.com

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FOR YOUR LIBRARY

Registered Charities

The Accountant's Manual

Publisher: CICA

Recently added to *The Accountant's Manual*, the chapter *Registered Charities* provides information about the organizational process (particularly incorporation), the application for registered charity status for income tax purposes, compliance requirements for charities after incorporation and registration, and other topics such as the taxation of charities and fund-raising. The appendices provide contact information across Canada and a list of related CRA forms and publications.

To view the Table of Contents of this valuable addition to *The Accountant's Manual*, go to:

www.cica.ca/html/roi/e_03_2005_001.pdf

Canada's Registered Charities

For a list of registered charities, visit the Canada Revenue Agency (CRA) website at:

www.cra-arc.gc.ca/charities

The M&A Transition Guide

A 10-Step Roadmap for Workforce Integration

By Patti Hanson

Publisher: Wiley

Acquisitions are an important part of many companies' growth strategy, yet too often poor workforce integration leads to M&A failure. Written for executives, managers, and HR professionals, this book helps managers survive the transition with its 10-step plan of action that encompasses the entire M&A process from due diligence to employee retention strategies.

The Knowing-Doing Gap

By Jeffrey Pfeffer and Robert Sutton

Publisher: Harvard Business Press

Knowing what to do is not enough. Pfeffer and Sutton confront the challenge of turning knowledge about "how to improve performance" into "actions that produce measurable results". The book includes dozens of examples showing how some firms overcome the knowing-doing gap, why others try but fail, and how still others avoid the gap in the first place.

Web-Based Human Resources

The Technologies and Trends That Are Transforming HR

By Alfred J. Walker, Editor

Publisher: McGraw-Hill

How can HR professionals use online technologies to offer more services to more employees at a lower cost? Walker offers concrete tips on which approaches are most effective in small, medium, and large organizations, provides a framework for transforming HR from a support function to one centred on organization-wide productivity and learning, and explains all the key Web technologies and trends that are changing the HR function for the better.

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CONFERENCES

In-depth PST Course

May 16-18

Toronto Marriott Bloor – Yorkville, Toronto, ON

In co-operation with KPMG LLP

A three-day course combining lectures and small facilitated workgroups. Provincial sales tax experts will provide valuable insight and up-to-date knowledge of the mechanics of PST in the five PST provinces – applications, current interpretations and jurisprudence, proven approaches to reduce risk and cost of PST for your clients.

www.cica.ca/index.cfm/ci_id/20331/la_id/1.htm

The CICA In-depth GST Course

Part I: May 29-June 3, 2005

Part II: June 12-16, 2005

Blue Mountain Resort & Conference Centre, Collingwood, ON

The most complete and comprehensive GST training available. The In-depth GST Course – Parts I and II, are in-residence training programs for the serious commodity tax professional. Using a proven design that combines classroom lectures and real-life case studies in small facilitated workshop groups has earned this course the recognition as "*the #1 GST training program in Canada*".

www.cica.ca/index.cfm/ci_id/1126/la_id/1.htm

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