



Report On Industry



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

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Welcome to the April issue of *Report on Industry* (ROI) with highlights of the latest trends and views, research, standards and regulations, information technology, human resources, legal matters, 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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TRENDS AND VIEWS

Building a Continuity Plan

A business continuity plan must involve not only the providers or the organization's information technology services but also the business areas using those services, and senior management responsible for the life and health of the organization. KPMG's survey of 254 senior executives shows that awareness of the need for effective business continuity planning is well entrenched in Canadian companies. Read the highlights of the survey at:

www.kpmg.ca/en/services/advisory/err/documents/BusinessContinuity.pdf

Transforming Corporate Governance

Has the pendulum on corporate governance swung too far? Allan C. Hutchinson writes that "it is less that the pendulum is swinging and more that we need an entirely new clock". See the article "The Companies We Want" in *Management Ethics*, a quarterly publication of EthicsCentre CA.

www.cica.ca/html/roi/E_04_2006_001.pdf

Accountability, Responsibility and Transparency

As demand grows for higher standards of corporate social responsibility, companies are being judged not only on the financial performance of their organizations, but also on whether they are good corporate citizens. And at the heart of corporate citizenship is organizational ethics.

EthicsCentre CA is a registered charity governed by volunteers and supported by organizations and individuals who share a commitment to ethical values. For events, articles, speeches and other timely management resources, visit their website at:

www.ethicscentre.ca

Managing a Family-Owned Business

When close relatives work together, emotions often interfere with business decisions. Challenges can arise in matters such as the control of daily operations, a high turnover rate among non-family members or relatives who oppose ploughing profits back into the business. The Canada-Ontario Business Service Centre offers practical guidance and techniques for managing the family-owned business effectively and profitably at:

www.cbsc.org/servlet/ContentServer?pagename=CBSC_ON%2Fdisplay&lang=en&cid=1081945276597&c=GuideFactSheet

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STANDARDS AND REGULATIONS



Centre for Enhanced Corporate Reporting

The Centre for Enhanced Corporate Reporting (CECR) is a new research centre, founded in mid-2005 under the joint sponsorship of the University of Alberta's School of Business and the Canadian Institute of Chartered Accountants. Its scope is broad, viewing "enhanced reporting" as any reporting, qualitative or quantitative, financial or non-financial, that goes beyond that currently mandated for the formal financial statements, and "corporate" as businesses but also other entities reporting to the public.

To access the CECR's research papers, links to other sources and other information, go to:

www.bus.ualberta.ca/cecr

Regulation and Enhanced Corporate Reporting

The CECR is calling for research and papers for a conference to be held in the spring of 2007. The conference, entitled *Enhanced Corporate Reporting in the Presence of Regulation*, will examine the interaction between regulation and enhanced reporting value.

For further information, see:

www.cica.ca/multimedia/Download_Library/Research_Guidance/Academic_Research/CECR_call_for_research_March_2006.pdf

Accounting Update

See the March issue of *FYI* for articles on business combinations, the AcSB's project on private companies, and the new standard-setting approach proposed for auditing and assurance standards in Canada.

www.acsbcanada.org/index.cfm/ci_id/4340/la_id/1.htm

IFRS Canadian GAAS Comparison

The Auditing and Assurance Standards Board (AASB) has approved a strategic plan to move to international auditing standards. Auditing and Assurance Standards staff have prepared a useful overview of the differences between Canadian auditing standards and the ISAs. This comparison focuses primarily on differences in respective requirements.

www.cica.ca/multimedia/Download_Library/Standards/ASB/English/e_ISA_comparisonDec05.pdf

Reporting on Internal Control over Financial Reporting

The AASB agreed to revise the Draft "An Audit of Internal Control over Financial Reporting," to reflect the requirements of the Canadian Securities Administrators' Proposed Multilateral Instrument 52-111 and Companion Policy 52-111CP. For details, see:

www.cica.ca/index.cfm/ci_id/17044/la_id/1.htm

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Offshoring of Knowledge Work

According to *A Fine Balance: The Buying and Selling of Canada*, a report released by PricewaterhouseCoopers (PwC) in association with independent analyst David Ticoll, Canada trails its competitors in the offshoring of knowledge work. Canada needs to identify the occupations where we can compete and win – and support these jobs with technology investments and business innovations. At the same time, we need to be open to the movement of other knowledge jobs to lower cost geographies.

www.pwcglobal.com/extweb/pwcpublishations.nsf/docid/A5E4CF5BEE78A572852570CA00178F7C

The Impact of Offshoring IT Services

The 2005 study builds on the 2004 study titled *A Fine Balance: The Impact of Offshore IT Services on Canada's IT Landscape*, which predicted the migration of 75,000 IT jobs as well as an equal number of non-IT jobs by 2010. See the Executive Summary at:

www.pwcglobal.com/extweb/pwcpublishations.nsf/docid/35148AD1425A581B852570CA00178BF6

Cyber Attacks More Targeted

IBM's 2005 Global Business Security Index Report anticipates a fundamental shift in cybercrime from pervasive global outbreaks to smaller, stealthier attacks targeted at specific organizations for extortion purposes. An equally alarming trend is that criminal groups possessing technical sophistication are replacing the lone hackers. Read the article *Surge in Criminal-driven Cyber Attacks* at:

www-03.ibm.com/press/us/en/pressrelease/19141.wss

Costs of Cybercrime

The costs of cybercrime include lost revenue, loss of current and prospective customers and loss of employee productivity. U.S. businesses are making it very clear how seriously they take cybercrime threat, both from internal and external sources. And this is a battle they cannot fight wholly on their own.

See the article *U.S. Businesses: Cost of Cybercrime Overtakes Physical Crime* at:

www-03.ibm.com/press/us/en/pressrelease/19367.wss

EU XBRL Outpacing U.S. XBRL

In the future, companies that want their financial statements to be more accessible to investors and analysts will have another reason, apart from Sarbanes-Oxley, to offer their securities in the EU and to report their financial results in IFRS. Read the article *XBRL: Give Them the Tools and They Will Finish the Job* at:

http://us1.institutionalriskanalytics.com/www/WWS_XBRL.asp

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HUMAN RESOURCES



Grandma and Grandpa Back at Work

There has been a quiet but steady increase in the labour force participation rate for older Canadian workers over the past decade. With an older workforce, we should expect growing pressure for changes in the nature of employment, compensation and benefits to satisfy their particular needs. See the article at:

www.conferenceboard.ca/economics/gg-inside.htm

Helping Employees Feel Valued

What can managers do? A study conducted by Maritz Research shows there is a significant gap between how employees are currently recognized in the workplace and how they actually want to be recognized. Employee recognition programs cannot only reduce employee turnover but can also help the company attract a more talented, productive pool of workers.

Read the article at:

www.maritzresearch.com/release.asp?rc=291&p=1&T=P

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LEGAL MATTERS



Proposed Amendments to BIA and ITA Impact RRSP Planning

Proposed amendments to the *Bankruptcy and Insolvency Act* (BIA) and the *Income Tax Act* (ITA) will have an impact on certain aspects of planning for RRSPs. Fasken Martineau's latest Estate Planning Bulletin discusses the protection afforded to RRSPs from the claims of creditors and the deferral opportunities available when RRSPs are directed to be left to a mentally or physically disabled dependant. See *Planning for Registered Retirement Savings Plans* at:

www.fasken.com/EstatePlanningBulletin_Mar06

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U.S. MONITOR



Cutting Costs without Compromising Compliance

Sarbanes-Oxley has placed enormous pressure on U.S. companies. While executives are under pressure to achieve lean operations through aggressive cost cutting, how can they do so without jeopardizing compliance and risking a material breakdown in controls? What is the key to reconciling the seemingly irreconcilable?

Deloitte's publication, *Lean and Balanced: How to Cut Costs Without Compromising Compliance* discusses a control rationalization approach, which is based on two principles: a top-down, risk-based methodology and a lean and balanced control design.

www.deloitte.com/dtt/cda/doc/content/us_Sarbanes_ControlRationalization%20e-version.pdf

PROFESSIONAL RESOURCES

Building the Best: Lessons from Inside Canada's Best Managed Companies

By Anthony Grnak, John Hughes, Douglas Hunter
Publisher: Penguin Group (Canada)

Deloitte partners Anthony Grnak and John Hughes, and award-winning writer Douglas Hunter chose 10 exceptional businesses that exemplify success from among the more than 500 winners of Canada's 50 Best Managed Companies program, one of this country's most prestigious business awards. With perspective provided by Deloitte and commentary from top-ranked Queen's School of Business, **Building the Best** provides practical insight into achieving business excellence through anecdote, industry-specific analysis as well as candid and revealing interviews with founders, owners and senior executives.

[Click here for more information.](#)

Leading Leaders

How to Manage Smart, Talented, Rich, and Powerful People

By Jeswald W. Salacuse
Publisher: Amacom

The potential contributions of the talented and powerful that work in and around any organization are vital, but the likelihood of friction is also high if you don't manage relationships carefully. How do you leverage the assets of these elites while making sure that egos remain unbruised? **Leading Leaders** breaks the challenge down into the Seven Daily Tasks of Leadership for establishing leadership roles based on a shared, vested interest in the organization's goals.

[Click here for more information.](#)

Managing Your E-mail: Thinking Outside the Box

By Christina Cavanagh
Publisher: John Wiley & Sons, Inc.

E-mail is one of the best things to happen to business communication since the telephone. But inbox overload, spam, and other common hazards have made it the bane of many people's workday. Based on the author's extensive studies of e-mail and its discontents, **Managing Your E-mail** can help users and organizations recognize e-mail traps, avoid e-mail's perils, and take full advantage of its potential.

[Click here for more information.](#)

Online Resources

Canadian Charities Directorate

The Canadian Charities Directorate has enhanced its website to provide four listings:

- Canadian registered charities
- Newly registered charities
- Recently revoked charities
- Recent annulments.

The lists are updated daily. User-friendly enhancements allow you to search by charities listing, name, business/registration number or other fields by entering information or using drop-down menus.

www.cra-arc.gc.ca/tax/charities/online_listings/charity_listings-e.html

Online Resources

E-commerce Security and Privacy Guide

The *Online E-commerce Security and Privacy Guide*, available at Industry Canada's website, provides useful information for conducting risk assessments into important and topical areas – security and privacy. We are pleased to note that the Guide includes links to CICA privacy resources such as the Privacy Compliance Guide noted below.

http://privacyguide.cebi.ca/electronique_ecommerce/securite_security/default_e.asp

Privacy Compliance: A Guide for Organizations & Assurance Practitioners

This 80-page guide defines "privacy", summarizes the requirements of the PIPEDA legislation, and identifies issues to consider in developing, implementing, and monitoring an organization's privacy program. For members in industry and businesses in general, the guide provides advice on developing, implementing, and monitoring their privacy policies and procedures. It also includes a privacy readiness assessment checklist. To download the guide for free, go to:

www.cica.ca/index.cfm/ci_id/1009/la_id/1.htm

Online Resources

Service Canada

Service Canada brings together 320 points of service across the country to provide a knowledgeable first point of contact for the Government of Canada and support one-stop service delivery.

www.servicecanada.gc.ca

New CICA Member Benefit

Take advantage of a new exclusive agreement with Starwood Hotels & Resorts Worldwide. As a CICA member you are entitled to complimentary membership in the Corporate Preferred level of Starwood Preferred Guest® (SPG) and the best rates on hotel stays at Sheraton, Westin, W and other hotels in the Starwood Family. Enroll for free at:

www.cica.ca/starwood

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CONTINUING EDUCATION



National IT Conference and Showcase for Accountants

June 12-13, Toronto Hilton Hotel, Toronto

This all new conference features a productive mix of keynote addresses, case studies delivered by users, independent analysis, and informative vendor panels. The Showcase will bring together the most important IT vendors, solution providers and suppliers, with IT decision makers in industry and government, and practicing CAs – the de facto IT decision makers for thousands of small and medium-sized businesses across Canada.

www.cica.ca/index.cfm/ci_id/29356/la_id/1.htm

In-depth PST Course

May 8-10, Sheraton Centre Hotel, Toronto, ON

A three-day course combining lectures and small facilitated workgroups. 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 in your organization and for your clients. This course is ideal for the novice PST advisor in practice or manager/director in industry or government. It is also an excellent re-energizer for experienced professionals responsible for, or overseeing, PST issues for clients and organizations.

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

Continuing Education 2006 Conferences and Courses

The Continuing Education 2006 Conferences and Courses listing is available online. To download a copy, or to have a copy mailed to you, click below:

www.cica.ca/index.cfm/ci_id/645/la_id/1.htm

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www.cica.ca/index.cfm/ci_id/25048/la_id/1.htm

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The Canadian Institute of
Chartered Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2, Canada
Tel. 416-977-3222
Fax: 416-204-3414

Publisher – Cairine Wilson,
Vice-President, Member Services
Editor – Kathleen Aldridge, B.A., Dip. Ed.
Designer – Megan Kennedy