

Report On Industry



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

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Dear Subscriber:

Welcome to the March 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

Restructuring the Corporate Ethics Function

Many organizations still struggle with the best way to manage the corporate ethics function. Managers are often thrust into their role with little preparation or training. The Conference Board of Canada's report, *The Evolving Role of the Ethics and Compliance Officer*, provides guidance on restructuring and resourcing this key corporate function, including the skills, knowledge, professional qualifications, experience and personal attributes needed to effectively lead ethics and compliance programs in large organizations. To download the report, go to:

www.conferenceboard.ca/documents.asp?rnext=1833

Lax Internal Controls a Ticking Time Bomb?

Canadian firms that have recently prepared internal control reports under the U.S. Sarbanes-Oxley Act (SOX) have worrisome accounting weaknesses, according to recent research from Queen's School of Business. Although the sample size was small, the research team, led by Professor Steven Salterio of Queen's University, feels these initial reports could be indicative of widespread poor internal controls in Canada.

Read the first-ever study of Canadian SOX compliance at:

www.cica.ca/index.cfm/ci_id/36485/la_id/1.htm

See Queen's press release *Ticking Time Bomb? Initial Sarbanes-Oxley results show lax Canadian internal control practices* at:

business.queensu.ca/news/2006/12-18-2006-sox.php

CEOs and Union Leaders Viewed as Least Trustworthy

A recent survey indicates that Canadians do not find union leaders or CEOs to be particularly trustworthy. Out of 30 professionals and institutions, CEOs rated 26th and trade unions ranked 27th. Notably, accountants ranked 10th. The most trusted professions were firefighters, nurses and pharmacists. The least trusted were local and national politicians and car salespeople. See the report of the Ipsos Reid survey: *When it Comes to Professions, Whom Do We Trust?* at:

www.cica.ca/index.cfm/ci_id/36486/la_id/1.htm

Corporate Giving

A recent web-survey undertaken by COMPAS for the Financial Post under sponsorship of BDO Dunwoody LLP found Canada's CEOs and business leaders feel strongly that staff should not be mandated to donate to charity. Respondents also expressed mixed feelings about the issue of matching staff donations, as seen during the recent disaster charity campaigns. Read the report at:

www.bdo.ca/library/polls/documents/19Feb07-FPCEOPollCorporateGiving.pdf

Secrets to Small Business Success

Small business owners are often looking for ways to increase their bottom line. This report examines the small firms that are outperforming their peers in revenue growth over the past three years and identifies the characteristics of these successful businesses.

www.cibc.com/ca/pdf/sb-secrets-for-success-en.pdf

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STANDARDS AND REGULATIONS



Canada's Move to International Financial Reporting Standards

The AcSB staff has prepared a bulletin for public companies regarding frequently asked questions about Canada's move to International Financial Reporting Standards. Bulletin #4 will be of interest to Boards of Canadian public companies, their management, accountants and auditors. To read this bulletin, go to:

www.cica.ca/index.cfm/ci_id/35840/la_id/1/document/1/re_id/0

For More Information

Background material, research and public responses are available at:

www.acsbcanada.org

Defining Publicly Accountable Enterprises

At its second public meeting, the IFRS Advisory Committee (IAC) discussed the definition of "publicly accountable enterprises" and the extent to which modifications might be made to IFRSs on adoption.

For more information go to:

www.cica.ca/index.cfm/ci_id/35556/la_id/1/document/1/re_id/0

Exposure Drafts to Adopt ISAs

The AASB has issued the following two Exposure Drafts of proposed Canadian Auditing Standards (CASs): CAS 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*, and CAS 580, *Written Representations*. The comment period ends March 23, 2007.

The Exposure Drafts may be accessed at:

www.aasb.ca

Fair Value Measurements

The International Accounting Standards Board (IASB) has published a discussion paper, *Fair Value Measurements*, setting out its preliminary views on providing consistency in the measurement of fair value. The Canadian Accounting Standards Board (AcSB) encourages Canadian constituents to comment on the proposals. Following its strategic objective to converge with International Financial Reporting Standards (IFRS), the AcSB will propose to adopt the IFRS on fair value measurements into Canadian GAAP once finalized. The comment period ends April 2, 2007.

www.iasb.org/.../fair_value_measurements.htm

For More Information

Background material and status of the Canadian project are available at:

www.cica.ca/index.cfm/ci_id/23019/la_id/1.htm

Income Trusts - Financial Statement Commentary

Many observers have expressed concerns about the financial reporting by income trusts, which are a significant part of Canada's financial markets. This commentary expresses the author's views on how certain aspects of generally accepted accounting principles (GAAP) should be applied to the financial statements of income trusts.

www.cica.ca/index.cfm/ci_id/35497/la_id/1.htm

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Passwords Pose Significant Security Risks

RSA security's 2nd annual password management survey polled 1,300 business professionals worldwide on issues pertaining to password management. Notably, 26% of the respondents knew of a security breach that had occurred because an employee's password was compromised. The survey confirmed that the burden of multiple passwords continues to pose significant security risks and encourages end-user behaviour that endangers compliance initiatives.

Read the report at:

www.rsa.com/products/SOM/whitepapers/PASSW_WP_0906.pdf

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FRAUD



Internet Marketing Click Fraud

Click fraud is a billion-dollar problem – and it seems to be getting worse. This type of Internet crime occurs in pay-per-click online advertising when a person, automated script, or computer program imitates a legitimate user of a web browser clicking on an ad, for the purpose of generating a charge per click.

Read the article *The Constant Sound of One Hand Clicking* at:

www.cica.ca/index.cfm/ci_id/36487/la_id/1.htm

Sound Too Good to be True?

Is that business opportunity legitimate or not? *The Business Link - Business Fraud and Scams* provides links to useful sites for finding information about questionable business practices, fraudulent activities and preventative practices.

www.cbcs.org/servlet/ContentServer?cid=1104766631477&pagename=CBSC_AB%2FCBSC_WebPage%2FCBSC_WebPage_Temp&c=CBSC_WebPage

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HUMAN RESOURCES



Today's Hottest Issues in Employment Law

Employers are constantly confronted with new challenges as issues in employment law continuously arise and evolve. In some areas - like whistleblower protection and criminal liability in occupational health and safety incidents - the evolution is a result of new legislation. In others - employment contracts, restrictive covenants, termination and duty to accommodate - it's recent jurisprudence, precedent-setting court decisions that change the way the law is interpreted.

The article *Today's Hottest Issues in Employment Law* reviews the latest developments in employment law and provides some suggestions for ways that employers can foster healthy employment relationships and minimize the possibility of legal action.

www.cica.ca/index.cfm/ci_id/36488/la_id/1.htm

HR's Role in Effective Internal Control

The way that HR recruits, hires, deploys, trains, develops and rewards (and terminates) employees determines the success of an organization. All that responsibility has a flip side – it becomes a major source of risk. And risk is managed with effective internal controls.

The article *HR's Role in Internal Control* provides a brief history of the global movement to strengthen internal controls and examines the relationship between HR and internal control to help you understand why HR must be considered one of the cornerstones of an organization's internal control processes.

www.cica.ca/index.cfm/ci_id/36489/la_id/1.htm

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LEGAL MATTERS



Bid-Rigging under the Competition Act

Recently, two of Quebec's main suppliers of light-emitting diode and two of their directors were charged with bid-rigging following an investigation by the Competition Bureau. The charges stem from a call for tenders by Quebec City, in which the Competition Bureau alleges that the parties entered into an illegal agreement to share the contract.

See Fasken Martineau's *Antitrust/Competition & Marketing Bulletin* at:

www.fasken.com/AntitrustCompetitionMarketingBulletin/Nov06

Corporate Compliance Programs

In June 2006, the Competition Bureau (the "Bureau") requested comments with respect to updating its Bulletin on Corporate Compliance Program. The Bulletin was published in 1997. This article discusses stakeholder comments submitted. The Bureau is currently in the process of reviewing the Bulletin and the input received from stakeholders.

See Fasken Martineau's *Antitrust/Competition & Marketing Bulletin* at:

www.fasken.com/AntitrustCompetitionMarketingBulletin/Nov06

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PROFESSIONAL RESOURCES

CA Tax Suite & CA Tax Suite Premium

Because all CAs do not require the same range of tax reference resources, the CICA has designed two different packages, available to members only, to provide you with the specific tax reference information you need:

- The *CA Tax Suite* is designed for the CA who needs a complete collection of legislation, official materials, and commentary for federal income tax, GST, and taxes for one province or region.
- The *CA Tax Suite Premium* is designed for the CA who needs a comprehensive library of reference materials to thoroughly research tax issues for federal income tax, GST, and taxes for all provinces and territories.

For more information, visit:

Information and Technology PolicyPro (ITPP)

By Jeffrey D. Sherman, B.Comm., M.B.A., C.A. and Steve Goldwasser, B.Sc.

Publisher: CICA and First Reference

With ready-to-use model policies, expert analysis and a powerful software application, ITPP is a fast, simple, cost-effective way to develop, manage and distribute an IT policy and procedure manual. Because the ITPP policies and procedures are tied to the CICA's *Information Technology Control Guidelines* (ITCG) and the COBIT framework, ITPP is an excellent way to build a solid internal control framework within your company's IT organization.

For further information,

www.policypro.ca/categories/itpp.asp

Optimizing Company Cash

A Guide for Financial Professionals

By Michele Allman-Ward, CTP Cert ICM and Peter Allman-Ward, CPA, FICAEW

Publisher: AICPA

Optimizing Company Cash is a comprehensive resource for all elements of cash management in a business. The guide explains how financial professionals and financial managers can manage a company's short-term resources to sustain ongoing activities, mobilize funds and optimize liquidity. It also provides diagrams of work flows, step-by-step checklists, templates, and treasury tips for making the most of working capital and short-term resources.

For more information, visit :

www.cpa2biz.com

Revved!

An Incredible Way to Rev Up Your Workplace and Achieve Amazing Results

By Leader author Harry Paul

Publisher: McGraw-Hill Professional

What happens when you, as a manager, discover that you're the cause of poor performance? Author of *Fish!* Harry Paul teams up with renowned business psychologist Ross Reck to create this powerful management parable that gives you the secret to motivating people. *Revved!* reveals techniques that can help you overcome common behavioural obstacles and reach ever-increasing levels of success in today's workplace. These techniques include ways to engage employees, control negative emotions and develop a contagious positive attitude that will spread throughout your company.

[Click here for more information](#)

Succession Planning Toolkit for Business Owners

Publisher: Canadian Institute of Chartered Accountants

So many years of hard work go into building a successful business. And yet, many business owners lack a proper succession plan and vision for the future. The CICA's new publication *Succession Planning Toolkit for Business Owners* covers the key issues business owners face when exiting their business and provides a structured process for analyzing your options and preparing for a smooth transition.

The 10-chapter book and accompanying CD feature:

- Guidelines for creating and discussing your plans with your family members and other key stakeholders.
- Numerous tips and checklists to help you through your succession planning journey.

Just \$29.95! For more information, visit:

www.cica.ca/businessowners

Labour-Management Partnerships Program

HRSDC's Labour-Management Partnerships Program (LMPP) supports labour-management initiatives aimed at promoting productive, innovative workplaces, fairer, more accessible workplaces and improved labour-management relations and understanding. Only pilot or demonstration projects are eligible for funding under LMPP. Funds are not available for activities which represent the ongoing operations or business plan of an organization, job-training activities, business start-ups, or the introduction of new technologies.

For details about eligibility, project assessment, the amount of financial support available and the application process, go to:

www.hrsdc.gc.ca/asp/gateway.asp?hr=en/lp/fmcs/07LMPP.shtml&has=pzp

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CONTINUING EDUCATION



In-depth PST Course

May 23-25, 2007

Holiday Inn on King, 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 and proven approaches to reduce the risk and cost of PST in your organization.

www.cica.ca/2/0/3/3/1/index1.shtml

In-depth GST Course

June 3-8, 2007

Blue Mountain Resort, Collingwood, ON

Completely revamped for 2007, the in-depth GST course begins with web-based, self-study lessons, followed by six days of in-residence lectures and small facilitated workgroups. This comprehensive training course is an excellent refresher for controllers, treasurers and financial executives and Federal and Provincial government staff.

www.cica.ca/1/1/2/4/index1.shtml

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Visit the *Report on Industry* Online Archives

Visit the *Report on Industry* archives now to catch up on any prior issues you may have missed.

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

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Vice-President, Member Services
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