

E-SCAN is a regular newsletter distributed electronically as a means of maintaining timely communication of, and encouraging a dialogue on, topics relevant to Chartered Accountants and students of the Nova Scotia Institute. Copies of recent issues can be obtained from the Institute web-site at www.icans.ns.ca

Nova Scotia CAs Vote in Favour of New Independence Standards

"We have a quorum." was a definite understatement made by ICANS President Bob Bean, as over 170 members attended the special members' meeting on Thursday, 27 November 2003, at the World Trade Convention Centre in Halifax to consider adoption of a new Rule 204 relating to Independence (just for the record, 12 is the required quorum). Following brief opening comments by the President, several members spoke for and against the motion, prior to the completion of the voting process. After counting the ballots, the independent scrutineers announced that the motion, which had required a majority of two-thirds, had passed. Similar favourable voting results were experienced by all other Provincial Institutes (except Quebec, where implementation requires approval by the government), which means that a harmonized standard has been adopted across Canada and in Bermuda.

The core principle of the new standard is that every effort must be made to eliminate all real or perceived threats to the auditor's independence. "From the start of this process of developing a new independence standard, protecting the public interest was our first and constant priority," said David Smith, FCA, president and CEO of the Canadian Institute of Chartered Accountants. "I want to thank and congratulate our members for approving this standard."

The new standard, first released for public comment in September, 2002, is effective for engagements starting after 31 December 2003, with some transitional provisions for implementation. The standard marks a shift to a more rigorous 'principles-based' approach, meaning its applicability goes beyond any specific situation and mandates a proactive approach, based on clearly articulated principles. It contains a framework describing apparent and actual threats to auditor independence. The standard also recognizes that there are certain activities for which there are no adequate safeguards, so it prohibits specified activities and relationships.

"The development of this standard involved a thorough and at times lively consultative process," said Donald G. Wray, FCA, who chaired the profession's Public Interest and Integrity Committee, which developed the standard. "The consultation resulted in revisions to the standard which protect the public interest while at the same time meeting the needs of small owner-managed entities." The Nova Scotia Institute arranged for Don to speak to Nova Scotia members on three different occasions, as part of the Institute's commitment to full consultation and communication.

While the adoption of this standard demonstrated the willingness of the profession to self-regulate its members, it was agreed that there are issues that must be addressed, not only in Nova Scotia but also on a national level. To this end, President Bean assured those in attendance at the meeting that the dialogue would continue and that the Institute would commit itself to assisting members in education and implementation.

CCRA Sends Warning About "Donation Schemes"

Each tax filing season brings a growing number of advertisements for tax shelter donation arrangements, which generally involves a promise of a tax receipt for a considerably higher amount than the original cost of any items donated. CCRA has recently announced that it is paying special attention to the legitimacy of such "buy low, donate high" arrangements, and that taxpayers may expect a strong possibility of an audit.

This public announcement comes as good news to many of the CA practitioners who attended the recent CCRA Consultation Conference held in November. As one CA stated, some clients see a CA who advises against such tax arrangements as being "overly-conservative", and it would appear that some promoters are actively directing business to "more friendly tax preparers". Since the meeting, a CCRA factsheet titled "Tax Shelter Donation Arrangements" has been posted on the CCRA website at www.ccra-ardc.gc.ca.

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These CCRA Consultation Conferences have operated for some time in Sydney and in Halifax, and are attended by tax practitioners and representatives of the three accounting bodies as a means of encouraging a good working relationship between CCRA and the tax practitioners. The next meeting is scheduled for May 2004.

2002 PD Reporting Results Confirm The Facts

In introducing the mandatory minimum PD requirement in 2001, one of the biggest arguments against it was that it was unnecessary – as professionals, CAs were already taking the required steps to maintain their competence through continuous learning throughout their careers. Despite this argument, the Institute recognized the need for a self-regulatory profession to have measures in place to demonstrate the necessary safeguards, and accordingly introduced a system which mandated a minimum PD requirement but did not result in significant administration and red-tape to demonstrate compliance.

The PD Committee completed its review of the results for the 2002 calendar year, and are pleased to announce that the results confirm both that virtually all CAs are reporting activities meeting or exceeding the mandated requirement, and that the members are able to comply with the reporting requirements without difficulty.

“We have had 1,393 members report this year, representing a 100% reporting of all members in good standing, with an overall average of 63.9 hours reported,” noted Bruce Densmore, Chair of the PD Committee. The required minimum is 25 hours per annum. “Eighty percent of the members reported hours between 25 and 100 hours, with 4% of the members reporting more than 200 hours for the year.” Further follow-up determined that generally these individuals were involved in education or were in the process of completing a further designation.

Although the results indicate overwhelming compliance, 37 members who reported less than 25 hours were considered by the Committee. “It is reasonable to assume that, in any given year, some members will be unable to complete their planned PD activities for a variety of reasons,” Densmore noted. “The bylaw anticipates this and provides the Committee with the discretion to consider what further action is required.” After reviewing the amount of any shortfall, explanations received, and the undertaking to make up shortfalls in the coming year, only 10 members were directed to make up the shortfall in 2003 or face further action, representing less than 1% of the membership. “Failure to report 25 hours in a given year obviously doesn’t reflect on a member’s continued competence, and we are confident that these members will either make up the shortfall or provide a satisfactory resolution.”

The 2002 results also confirm the role that ICANS’ PD program plays in the members’ continuing education. The program continues to show high attendance, and receives top scores from the participants for the quality of the seminars and their value-for-money, but is only considered one of many potential sources of our diverse membership’s training needs. Only 37% of the members reported attending an ICANS seminar, and 23% of those attended less than 10 hours of seminars in total.

Finally, there had been some initial concern that allowing members to claim informal PD activities, as well as formal activities such as ICANS and other formal seminars, would lead to potential abuses. An analysis of the reports indicate that members reported an average of less than 20% of their PD activities were informal in nature, regardless of the total number of hours reported. Average reported amounts of informal activities ranged from a low of 13.4% for members reporting 25 to 50 hours, to a high of 18.4% for members reporting from 100 to 200 hours. It is clear that the average member finds that their continuous learning is best met by a combination of formal seminars and training, supplemented by a reasonable amount of informal or unstructured activity.

Promoting CAs In The Community - The Herald’s Business Forum

You may have noticed that each Monday the Herald runs a feature column that asks business leaders for their response to a question regarding the Nova Scotia business community. The Institute encourages members to participate in this column as a means of demonstrating the various roles CAs play in the community and also the fact that they hold a diverse range of views. Please take part if the Herald contacts to do so. Also, from time to time, the Business Editor contacts the Institute for suggestions on questions or on respondents – let us know if you’d be interested by contacting communication@icans.ns.ca.





Changed Effective Date For New Qualification Required on Non-GAAP Financial Statements

Chartered Accountants who are responsible for the preparation of non-GAAP financial statements for entities and their auditors should be aware that the effective date for the new Section 5600 *Auditor's Report on Financial Statements Prepared Using a Basis of Accounting Other Than Generally Accepted Accounting Principles* has changed from that indicated in the Exposure Draft (ED). Although the ED had proposed the change for fiscal years commencing after October 1, 2003, the final standard stipulated an effective date for audit and review reports issued after that date. Accordingly, some entities now have one less year to consider any changes to be made to their financial statements. For example, Service Nova Scotia is currently considering whether changes can and should be made to the Municipal Accounting and Reporting Manual, which prescribes the accounting policies to be followed by municipalities throughout the province prior to the fiscal 31 March 2004 year-ends.

Members are reminded that this new section applies to entities which prepare financial statements in accordance with (i) regulatory or legislative requirements to meet specific needs of a regulator; or (ii) contractual requirements such as may be set out in trust indentures or buy/sell agreements. When reporting for the above situations, there is now a requirement to include an additional paragraph after the opinion paragraph explaining to readers that the financial statements have not been, and were not intended to be, prepared in accordance with GAAP and that they are intended for the information and use of the intended users and may not be appropriate for any other purposes. Section 5600.07 states that **general purpose** financial statements prepared on a basis other than GAAP would require a reservation as set out in section 5510.

Additional material on this new requirement is being provided to practitioners in *Practitioners View*.

New Services Available on CA Source

The CICA Members Services has arranged for Catalyst Careers to offer customized career services to CAs across Canada through the Canadian Institute of Chartered Accountants' (CICA) career site, "CA Source."

The *Résumé Review* service provides CAs with a comprehensive 60-point critique of their existing resume. The *Résumé Preparation* service offers CAs the option of having a professionally-designed résumé written for them by a certified résumé consultant. These services are offered at a reduced cost to CICA members and will allow CAs to provide confidential information through a secure site. Members may have their existing résumé reviewed, or have a new résumé professionally-designed.

"In any profession a well-written résumé gives an edge in job hunting. This new résumé service offered in cooperation with Catalyst Careers will enhance career opportunities for CAs, and is an exciting additional feature of our popular CA Source," said Cairine Wilson, CICA's Vice President, Member Services.

If you haven't checked out *CA Source* yet, you should. It's a valuable resource for CAs, which is readily available through the CICA website at www.cica.ca.

New Members

The following individuals were recently admitted to membership through affiliation:

John Alexander Hudson CA (from New Brunswick)

Chris William Leaae CA (Prince Edward Island)

NOTICE OF ANNUAL GENERAL MEETING THE CANADIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

The Annual General Meeting of the Canadian Institute of Certified Public Accountants (CICPA) will be held on Friday, February 27, 2004, commencing at 9:00 a.m., in the Council Chamber of the Institute of Chartered Accountants of Ontario, 69 Bloor Street East, Toronto, for the consideration of any proposed bylaw amendments and the transaction of other statutory business.

Those not expecting to attend may complete and lodge with the secretary-treasurer a proxy form, available through the CICPA administrative secretary, at the Institute of Chartered Accountants of Ontario offices, nominating C.E. Gibb, FCA, or, in her absence, another CICPA member in good standing, as an appointee to vote on their behalf at the Annual General Meeting. To be effective, proxies must be filed with the secretary-treasurer at the above address by 5:00 p.m., Tuesday, February 24, 2003.

D.P. Webb, FCA, Secretary-Treasurer
The Canadian Institute of Certified Public Accountants

Here And There With Members

David Arnold CA is now Director of Finance with The Hardman Group Limited.

John Bennett CA has left Intershop Communications and is now with Hewlett-Packard in Pleasanton California.

Suzanne Gould CA has accepted the position of Comptroller at Schooner Industrial Limited.

Dr. Wai Ping Lam FCA has recently been appointed to the rank of Professor Ermitus at the University of Windsor

Laurie MacKeigan CA is now Head of Finance at Orbis Investment Management Limited in Bermuda.

Rachel Martin CA has recently purchased the Halifax leasing business of Maritime Office Equipment Rental Limited which is now known as Maritime Office Equipment Leasing Ltd.

Jeff Pringle CA, formerly with Lyle Tilley Davidson, is now Manager of Finance at CanJet Airlines.

Alana Tutty CA has left Ernst & Young LLP and is now with Deloitte & Touche LLP, still in Chicago.

Jason Varner CA, formerly with Crossley Carpet Mills Limited, has now returned to public practice with WBLI Chartered Accountants in Truro.

CAreer Opportunities On The Website

Check for recent career postings that are added to the site on a weekly basis. Current postings are:

Director of Finance – Service Provider, Dartmouth

Assistant Controller, Financial Services Department – Mount Allison University, Sackville NB

Audit Seniors – Bermuda

Audit Senior – Cayman Islands

Audit Senior – British Virgin Islands

Financial Controller – British Virgin Islands

Chartered Accountant — WBLI Chartered Accountants

Other career opportunities, together with valuable information and guidance on career counselling, etc., can be found at CA Source, on the [CICA Website \(www.cica.ca\)](http://www.cica.ca).

We Have a Winner !

The winner of the Toshiba e 350 Pocket PC is **James Nowlan**, a student at Acadia University. The computer was offered as a draw prize at the ICANS booth at various events this fall, as well as for completing a members' communication survey. Thanks to all participants.

Volunteer Opportunities

Volunteer Opportunities are posted regularly on the ICANS website under News. At the present time, the following opportunities are available:

Provincial Treasurer — Girl Guides of Canada, Nova Scotia Council

Treasurer — The Epilepsy Association of Nova Scotia (EANS)

Treasurer — Planned Parenthood Metro Clinic (PPMC) – Halifax

Treasurer — Wee Care Developmental Day Care

Reminder — Important Upcoming Dates

December 12, 2003

Members Luncheon, Halifax

Convocation Dinner and Dance - WTCC

February 14, 2004

*Have a Safe and Joyous Holiday
Season And Best Wishes for a
Happy 2004!*

Bob, Wenda, Kathie, Soula and Cindy



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Copies of current and past issues are available on the Institute's website at www.icans.ns.ca

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