

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.

In This Issue

And The Survey Says ...Quick Feedback Survey Results
Congratulations
Public Accountants Board releases New Standards for Licensing
Update on Rule Changes Under Consideration
Dinner with the Minister of Finance —Joint Institute/FEI Event
Volunteers Wanted/Key Dates

And The Survey Says ...

Thanks to all of you who took the time to take part in the fast-feedback survey included as part of the last newsletter. The great news is that 100% of respondents reported they found the newsletter worthwhile — the bad news is that only 2% of you responded. This type of initiative takes time and resources and should only be continued if members support it. We'll conduct another survey in a few months to re-assess member support.

Congratulations to....

All **50 Successful 2002 UFE Writers** and especially **Heather Jackson, Dirk Teunissen** and **Rodney Beliveau** who finished with the highest marks in Nova Scotia. Heather attained the tenth highest mark in Canada as well as the highest mark in Atlantic Canada, and Dirk tied for fifteenth highest mark in Canada. All successful writers deserve congratulations on their accomplishment, and will be receiving more formal recognition at the Convocation Dinner on February 8th.

J. D. (Jim) Eisenhauer, P.Eng, CA of Lunenburg on being presented with the 2002 Ross L. Towler CA of The Year Award at the Annual Members Luncheon held on December 20th in Halifax. You'll receive the current printed SCAN newsletter in a few days which provides an overview of why Jim so clearly deserved this recognition.

Donald Clow FCA, J. Gregor Fraser FCA, Brad Langille FCA, Nancy Tower FCA, and George Wayne FCA who were elected as Fellows of the Institute at the December 13th Council meeting. These five deserving individuals will be more formally recognized at the Convocation Dinner as well.

The Public Accountants Board Releases New Standards for Licensing

At its December 19th meeting, the Public Accountants Board issued revised standards for licensing in Nova Scotia, after several months of study and the preparation of many drafts which were circulated for comment.

The standards, and related interpretations, establish that an individual generally has to be a member of a recognized professional accounting body, as well as demonstrate sufficient education and experience to be granted a license. The majority of the revised standards deal with the criteria the Board feels the professional accounting body must meet in order for its members to be recognized.

Some may point out that the new standards do not provide CAs with exclusive practice rights in Nova Scotia, but it should be remembered that the former standards never have required a licensed public accountant to be a CA or even hold a professional accounting designation. Individuals who had completed the CA course of studies or equivalent, but had never passed the UFE, could be eligible for licensing. The former experience requirement was also considerably lower than the standard CAs required for membership.

Rather than seeing the new standard that recognizes CA, CMA, or CGA designations as broadening access to licensing, the new standard now generally restricts public accounting to professional accountants, who are accountable not only by the Board but by their professional accounting profession, which should be viewed as tightening of the standard. It was particularly frustrating for CAs in public practice to compete on an even playing field with individuals who had never passed the UFE, or even former CAs who chose to resign from the Institute rather than comply with a new rule of conduct or other requirement to practice public accounting. Not only was there potential exposure to the public, but considerable confusion in the market place as to whether the licensed accountant was in fact a CA.

In addition to requiring licensees to hold a professional accounting designation, another significant improvement to public accounting standards is the PABNS' release of accompanying interpretations. The Public Accountants Act, and the former standards, used out-dated terminology which required interpretation and may have led to confusion in its application. For example, the Act's definition of public accounting bears little relationship to the terminology used by today's accountants. The new interpretations make it clear that the PABNS will continue to license individuals who perform what is termed "assurance engagements" which require independent assurance provided by an external public accountant – commonly referred to as audits and review engagements. Compilation engagements, in which the reader draws no assurance, continue to be outside the definition. The PABNS had limited its jurisdiction to audit and review engagements throughout its existence, but the new interpretations provide far greater clarity of its authority.

The **new standards are not all good news to CAs**. While the Institute's standards and rules are largely in accordance with the PABNS', there are a number of instances where the Board has established a higher standard than the Institute feels is necessary. For example, the PABNS requires a minimum \$1 million of liability insurance, which is higher than currently required by the Institute. Although the Institute had argued that its minimum \$250,000 requirement appears sufficient in light of experience to date, the PABNS has decided that a higher minimum is more appropriate. In the coming months, the Institute will have to carefully analyze the entire set of new standards and consider appropriate action if it wishes to ensure that CAs are not subject to multiple levels of conflicting requirements.

Rule Changes Under Consideration

Upcoming Changes to Rules Governing Advertising and Solicitation

At its 20 December meeting, Council approved amendments proposed by the national Ethics Standards Harmonization Committee to the present rules regarding solicitation, advertising, and fee quotations. Once the amendments are reviewed by legal counsel, the amendments will be subject to approval by the general membership, likely at the Annual Meeting in June. **Members are cautioned that until the amendments are approved by the membership, CAs are required to comply with the rules currently in effect, and the Institute will continue to enforce them without consideration of any proposed changes.**

Greater Guidance Against Abuses of "Fringe GAAP"

It is also expected that a revision to Rule 206 will be approved by Council in time for presentation at the Annual Meeting. The proposed changes will apply not only to members in public practice but also to all CAs who have final responsibility for an entity's financial statements which are prepared in accordance with generally accepted



accounting principles.

The proposed revision to the Rule and related Council Interpretations will provide greater guidance to the CA on the steps that should be taken to ensure that the financial statements are prepared in accordance with the generally accepted standards of the profession, especially in situations when considerable judgement must be exercised in the selection of the appropriate accounting policies and the necessary disclosure for fair presentation.

While the changes were under discussion well prior to the Enron and similar related failures, there is little doubt that these recent events have drawn attention to the need for such changes.

Rule 206 is still under discussion by the EHSC, but it is expected that any proposed changes should be subject to a brief period of public exposure prior to them being brought to the membership for approval.

Dinner with the Minister of Finance —Joint Institute/FEI Event

The Members Events Committee is co-offering a joint dinner event with the Financial Executives International (FEI) Nova Scotia Chapter which will have the Honorable Neil LeBlanc as the dinner speaker.

A registration form is attached for your use.

Volunteers Wanted

The Legal Information Society of Nova Scotia is seeking volunteers to serve on its Finance Committee. The Society is a registered charity which provides Nova Scotians with legal information and resources and helps them to find out about and understand their legal rights and responsibilities. The Finance Committee meets 4-5 times a year generally at 5:00 PM. For more information contact Maria Franks, Executive Director, Legal Information Society of Nova Scotia, 5523B Young Street, Halifax, Telephone 902-454-2198 and email lisns@attcanada.ca. More information is available on the Society's website at www.legalinfo.org.

Reminder — Important Upcoming Dates

January 20, 2003

Distant Learning Courses Begin

January 22, 2003

FEI/ICANS Dinner with Minister of Finance

February 7, 2003

Deadline for university scholarship applications

February 8, 2003

Annual Convocation Dinner and Dance

At-a-glance

- ICANS was established in 1900 with just ten founding members. Today, our members number over 1,750, including students registered with the Atlantic School of Chartered Accountancy.
- The Canadian Institute of Chartered Accountants, together with the provincial and territorial Institutes/Ordre, represents over 76,000 CAs and students in Canada and Bermuda.
- Research indicates that more than 50% of companies listed in the *Report on Business* ROB 1000 for the past several years have had at least one CA in the top five positions; CEO, President, CFO, COO or Corporate Secretary. Even more important is the contribution that CAs are making to their companies. ROB 1000 companies that had a CA as their top officer have consistently performed better.

Source: Multiple ROB 1000 Listings

E-SCAN is a monthly publication of the Chartered Accountants of Nova Scotia, and is sent to members by e-mail.

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

Institute of Chartered Accountants of Nova Scotia

1791 Barrington Street
Suite 1101
Halifax, Nova Scotia
B3J 3L4
Tel: (902) 425-3291
Fax: (902) 423-4505
icans@icans.ns.ca
www.icans.ns.ca

Executive Director

Robert Caswill, CA
rcaswill@icans.ns.ca

Director of Professional Standards

Wenda Bennett, CA
wbennett@icans.ns.ca

Director of Professional Development

Kathie Slaunwhite
kslaunwhite@icans.ns.ca

Membership Registrar

Soula Keramaris
skeramaris@icans.ns.ca

Administrative Assistant

Cindy Mombourquette
cmombourquette@icans.ns.ca