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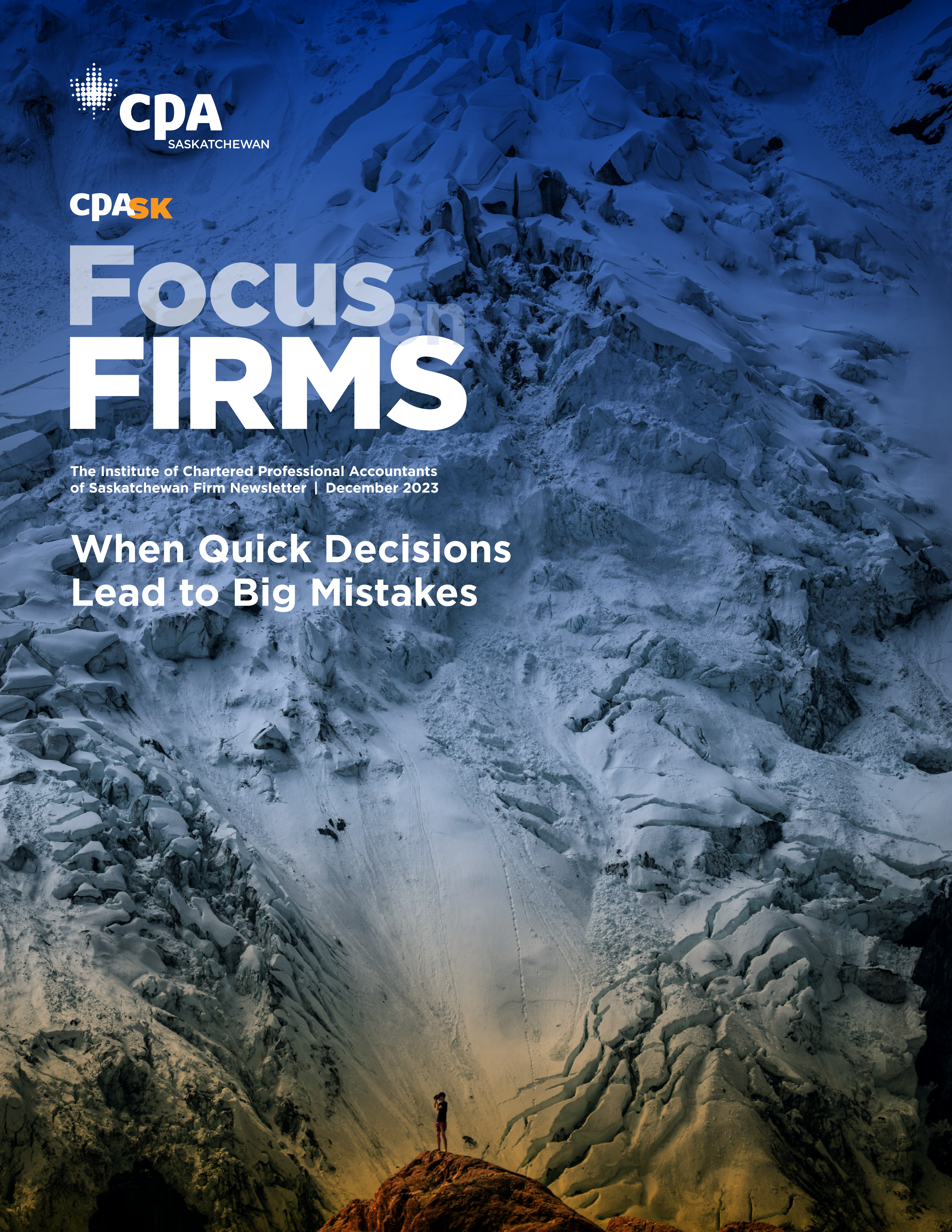
Focus on FIRMS

The Institute of Chartered Professional Accountants of Saskatchewan Firm Newsletter | December 2023

When Quick Decisions Lead to Big Mistakes



INTRODUCTION

The content in this firm newsletter comes from our collective experience as a regulatory body. This edition is focused on guidance and supports to prevent you, as a member in a firm, from making errors when making quick decisions. Quick decisions can lead to poor results for several reasons:

1. **Lack of Information:** Making a hasty decision often means you haven't gathered enough information or considered all the relevant facts. Without a comprehensive understanding of the situation, you're more likely to overlook important details and exercise poor professional judgment.
2. **Emotional Impulsivity:** Quick decisions are often driven by emotions, such as stress, anger, or excitement. Emotional decision-making can cloud your professional judgment and lead to impulsive choices that you might regret later.
3. **Cognitive Biases:** Our brains are prone to cognitive biases, which are systematic patterns of deviation from norm or rationality in judgment. Making quick decisions can make you more susceptible to biases, leading to incorrect or biased conclusions.
4. **Pressure and Stress:** When under time pressure or stress, people are more likely to make errors in judgment. Quick decisions can create a sense of urgency, and this added pressure can lead to suboptimal choices.
5. **Incomplete Analysis:** Quick decision-making often means you haven't thoroughly evaluated all available options and tend to focus on short-term outcomes, while neglecting the potential long-term consequences. This approach can lead to decisions that benefit you in the short run but harm you in the long term.
6. **Lack of Reflection:** Quick decisions often bypass the process of reflection and deliberation, which are crucial for making well-informed choices. Without time to think and weigh the pros and cons, you may make decisions that you later regret.

In many cases, it's advisable to take the time to gather information, assess your options, and reflect on the potential consequences before making a decision, especially when dealing with complex or high-stakes situations. While there are instances where quick decisions are necessary, such as in emergencies, they should be the exception rather than the rule to reduce the risk of significant errors.

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Disclaimer

The content within this newsletter is provided for informational purposes and is not an official interpretation of any applicable rules or standards.

We live and work on lands covered by Treaties 2, 4, 5, 6, 8, and 10. These are the territories of the Anihšināpēk/Saulteaux, Dakota, Dene, Lakota, Nakoda, nêhiyaw/Plains Cree, néhinaw/Swampy Cree, nehithaw/Woodland Cree, and Stoney Nations. They are also the homeland of the Métis/Michif Nation. We pay our respects to the First Nations and Métis ancestors of this place and reaffirm our relationship with one another.

We respect and honour the Treaties that were made on all territories, we acknowledge the harms and mistakes of the past, and we are committed to moving forward in partnership with Indigenous Nations in the spirit of reconciliation and collaboration.

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When Quick Decisions Lead to Big Mistakes

WHEN QUICK DECISIONS LEAD TO BIG MISTAKES: COMMON TRENDS IN DISCIPLINE

I've never once spoken to a member who was excited at the prospect of being engaged in a conduct investigation or discipline hearing. Most of us spend our careers avoiding that very thing. Yet, it happens. But, why? And what is the root cause to these actions?

Generally, broadly and anecdotally, it's often a case of not taking time to make a good decision.

CPAs are held to high ethical standards – by themselves, their colleagues and their professional regulator. CPA Saskatchewan, the regulatory body for Chartered Professional Accountants in the province, is committed to ensuring that its members adhere to these standards. Through various discipline decisions, CPA Saskatchewan addresses common trends and issues to maintain public trust in the accounting profession.

DISCIPLINE DECISIONS OVERVIEW:

CPA Saskatchewan regularly publishes discipline decisions as part of its commitment to transparency and accountability. These decisions highlight instances where members have been found guilty of professional misconduct.

1. Inadequate professional judgment

A common trend is the inadequacy of exercising professional judgment. CPAs are expected to exercise sound professional judgment in their decision-making processes. Discipline decisions often highlight cases where members failed to apply their expertise appropriately or made decisions that compromised the integrity of financial reporting. Dishonesty, fraud, or misrepresentation are prevalent in discipline decisions, which most members find shocking to read. In 2022/23, the five cases that went through a discipline proceeding each had a charge related to lack of integrity. In two of those five cases, registrants knowingly signed opinions they knew were not in compliance with standards or the regulation of the profession. In one case, a registrant used another registrant's signature without permission under pressure to complete an engagement.

CPAs must adhere to the principles of honesty and transparency to preserve the public's confidence in the accounting profession.

2. Failure to maintain independence

One recurring theme in discipline decisions is the failure to maintain independence. Independence is a core element of the objectivity ethical principle; CPAs are required to ensure that they provide unbiased service. The ease of making the journal entry, running the payroll, providing consulting advice or taking an engagement when you're on the Board can make it seem like doing those things is not bad, or worse, that "no one will notice." CPAs are in a position of trust. And, it gets noticed. Those quick decisions that breach your ethical code have been the subject of many discipline cases in Saskatchewan and other provincial bodies.

3. Non-cooperation with the regulation of the profession

Discipline decisions frequently address instances where members have failed to comply with the requirements and obligations of the profession. In two cases last year, a registrant signed an assurance engagement, when their licence was restricted or practiced without proper firm registration and then did not cooperate with an investigation. Blatant disregard for the regulations of the profession is usually combined with issues related to documentation, reporting, and other procedural requirements in engagements for clients. Adhering to regulation is essential for ensuring the accuracy of information and reliability of CPAs, and discipline decisions serve as a reminder of the consequences of non-compliance.

Use these discipline decisions as valuable learning tools. Understanding the consequences of professional misconduct is essential for fostering a culture of accountability and integrity within the profession.

When in Doubt, Check it Out.

Concerned about making an ethical decision? Contact us.

Free and confidential member advisory services are available through CPA Saskatchewan. Contact monitoring@cpask.ca.

PERSONAL INCOME TAX:
DO YOU TAKE YOUR CLIENTS' WORDS AT FACE VALUE?

Copy obtained with permission from CPA Quebec, with edits made for Saskatchewan requirements.

"Here are the documents you need to prepare my taxes. Nothing has changed from last year." Have you ever had a client tell you this before? If so, did you assume your client had reviewed their situation thoroughly, or did you still ask questions before filing the returns? It cannot be stressed enough: Always perform due diligence!

MAKING THE SAME ERROR YEAR AFTER YEAR: THE RISK IS ALL TOO REAL

An error that has crept in from the start of the tax engagement work with that client will be repeated every year if no validation is performed. As a result, the more years that pass, the more the issue may snowball, potentially causing serious consequences.

In a real case, a CPA used the wrong rate over several years to deduct expenses related to a rental property held in co-ownership. When the error was finally detected, both affected taxpayer filings had to be retroactively amended, with all the associated additional penalties and interest costs.

TAX RULES FOR FAMILY AND EMPLOYEE BUSINESS TRANSFERS RELEASED FOR 2024 ONWARDS

Budget 2023 announced two sets of tax rules to consider where owners transfer their businesses to family members and employees. Read CPA Canada's blog to find out how these measures might apply to business succession in 2024 and later years.

SOME THINGS TO CONSIDER FOR AN EFFECTIVE VALIDATION:

1. A good starting point is checking your software's **comparison and diagnostic tools**. Even though they are not a substitute for a client's answers to specific questions, they have become increasingly efficient at finding issues.
2. If a client answers 'no' to one of your questions, don't stop there. Ask **follow-up questions** to determine whether new tax rules or measures apply.
3. **Review the data in your client's file periodically** (rent paid by a family member, children's birthdates, vehicle expenses, etc.). Do this even if the client assures you that their situation has not changed.
4. **Keep records OR notes** (notes on the client's situation, summaries provided, relevant email exchanges, notes from telephone conversations, etc.), even during the hectic tax season. The lack of documentation in client files is one of the main weaknesses observed during practice inspections.

By implementing reliable client information gathering and validation processes, you'll be better able to fulfill your duty to advise, as well as provide your clients with the best options available and a quality product.

REVIEW: A SHARED RESPONSIBILITY BETWEEN YOU AND YOUR CLIENT

As a professional, you are obviously committed to performing quality work, and nobody understands the complexity of tax rules better than you. Your clients almost trust you blindly, with some barely reviewing the returns you provide. Don't hesitate to make them aware that they are stakeholders in the review process as well, even if they don't have any tax training. Be sure to document the client's review and understanding of their return on the appropriate CRA form before filing. Despite your vigilance, an error may still occur, and your clients should know that it will be much simpler to correct the mistake before filing the returns with the tax authorities.

TIPS ON RUNNING A HIGH-QUALITY TAX PRACTICE

Bruce Ball, FCPA, FCA, CFP

This article was written and originally published by CPA Canada and has been republished and amended by CPA Saskatchewan with permission.

Practicing tax is complex and missteps are costly. Learn about some common issues leading to recent professional liability claims and how you can mitigate tax risk to make your practice more productive and profitable.

Tax is one of our profession's most challenging areas and continues to be as Canada's tax system evolves. So, when it comes to insurance claims, it's easy to understand why tax tops the list. In fact, statistics show tax service issues are the largest source of professional liability insurance claims against small and mid-sized firms — in both volume and value.

TAX CLAIMS ON THE RISE

The latest statistics from CPA Canada Liability Plan Inc. (CPA Plan) show that in the last ten years, tax claims have climbed by 60 per cent, while costs per claim have tripled.

CPA Plan EVP Malcolm D'Souza shared with us some of the persistent issues that are fuelling these claims. They are:

Rectifications

In the past, rectification orders served as a useful way for taxpayers to correct a variety of tax mistakes. However, the Supreme Court of Canada decisions in Canada (Attorney General) v Fairmont Hotels Inc. (2016 SCC 56), and Jean Coutu Group (PJC) Inc. v Canada (Attorney General) (2016 SCC 55) have greatly restricted the ability to use this remedy. This makes it even more important to implement good quality control processes in your practice to avoid unnecessary tax mistakes.

Estate planning

The volume of estate planning work done by members is increasing significantly. Tax planning in this area can be extremely complicated — so complicated that related claims have doubled in the past five years.

These risks and how to manage them are discussed in more detail later in this article.

We also continue to see tax-related claims arising from the same issues we saw in the past: inadequate technical expertise, lack of attention to detail, inadequate communication, and lack of documentation. See CPA Canada's previous blog for more information.

BEST PRACTICES OF A HIGH-QUALITY TAX PRACTICE

CPA Canada asked a number of small and medium practitioners (SMPs) to share the best practices they have in place to mitigate tax risks in their firms. The feedback received was consistent, allowing CPA Canada to identify the key actions these firms are taking in three crucial areas:

- education and training
- systems
- communications and documentation

Each of these areas are discussed below. At the end of the article, you'll find a checklist setting out the key features of a high-functioning tax practice in each area. Experience shows that SMPs that implement these practices and adhere to them closely not only attract fewer insurance claims but also win gains in efficiency.

PRACTICE MANAGEMENT, ADVISORY, COMPILATIONS AND TAX GUIDE (PACT)

Take advantage of this effective resource which provides guidance, templates, and useful links for practitioners in the areas of practice management, advisory, compilations, and tax.

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Education and training

Tax rules are constantly changing. If you and your staff do tax work for clients, you need to ensure your tax knowledge is up-to-date, relevant, and appropriate for that work. Formal professional learning and development is important. It's equally vital to encourage learning through informal, on-the-job discussions while performing work.

You also need to ensure that you have the knowledge and skills to not only perform your services, but to also determine when to call in an expert. Engaging expert advice is an excellent way to reduce risk. It can also improve efficiency by allowing you to focus on work that is squarely within your competence.

Systems

A good tax practice is founded on strong systems designed to flag and mitigate areas of tax risk. This includes policies and processes for client acceptance, risk tolerance, and the tracking and management of files and deadlines. Issues around cybersecurity and privacy should also be considered.

Of course, the best practices will only succeed if they are closely followed. Small and medium sized practitioners should also develop checklists and other tools for performing and monitoring these processes.

Communications and documentation

For a well-run practice, it's imperative to maintain records of the work you perform on an engagement and all of the related communications, whether with internal colleagues, clients, the Canada Revenue Agency (CRA), or others.

This record keeping should start by having a signed engagement letter in your files that sets out the engagement's agreed scope. A high-quality tax practice also has guidelines on how to document communications and work performed during an engagement. Developing clear directions on what is expected for each file will help create consistency across all your firm's work and ensure you have the right records in place if a dispute arises later on.

MANAGING COMMON TAX RISKS: CAPITAL DIVIDEND ELECTIONS AND ESTATE PLANNING

Two common areas of concern and how to reduce the related tax risks are discussed below.

Capital dividend elections

Issues related to a corporation's capital dividend account (CDA) and capital dividends are a perennial source of significant tax risk.

These issues arise because of the two steps involved in paying a capital dividend: declaring a dividend under corporate law and then electing to treat that dividend as a capital dividend. Mistakes are often made either by paying the dividend at the wrong time or by paying an excess amount. In either case, an excessive election may have been made and Part III tax would apply, or an election would have to be made to treat the excess amount as a separate taxable dividend.

The two-step process makes dealing with the excess difficult – you need to either adjust the amount of the dividend or the timing of its payment, raising legal issues, and potentially requiring rectification. Given the Supreme Court's recent findings on rectifications, additional caution is warranted to avoid these issues.

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PRACTITIONER'S PORTAL

Find resources to advance your career, learn about the latest technical changes, and enhance your skillset with useful tools such as:

- The Professional Engagement Guide (PEG)
- Audit Quality and Tax Blogs
- Podcasts
- Webinars and e-learning

Find all of this and much more at Home | CPA Canada

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Any time a capital dividend is declared, some key questions you should ask include:

Questions about the capital dividend amount:

- When was the CDA balance last verified with the CRA? Have differences between their calculation and yours been investigated?
- Are you dealing with a new client? If so, do you have their complete history? Does the CDA balance factor in the effects of, for example, assessments and corporate reorganizations?
- What source are you relying on for the balance: the CRA, the client, or the client's previous accountant? Whatever the source, be sure you communicate it to the client in the engagement letter.

Questions about timing:

- Is there more than one component of CDA? Has each component been calculated accurately and specifically considering timing?
- Are trusts or partnerships involved? If so, bear in mind that when a capital dividend is flowed through a trust or partnership, the timing is different than when a corporation receives a capital dividend directly from another corporation. Similar issues arise for capital gains and other amounts allocated to beneficiaries and partners.
- When completing Schedule 89, has the timing of all other transactions been reviewed?

These sorts of issues can be effectively addressed through a checklist such as the one provided with this article.

As mentioned above, we believe that a key step is to compare your CDA calculation to that of the CRA. Although the CRA calculation is a powerful tool, it should not be relied upon without independent verification. Should the CRA become aware of additional CDA information after they provide a calculation to you, they will assess based on the revised balance.

Estate planning

With the aging population, tax practitioners are facing more demand for estate planning work. These engagements bear higher than usual risk, and not just because of the technical issues. The risk starts with the term "estate planning" itself since it can mean different things to different people. This makes it especially important to have a clear engagement letter that specifies the work you will do.

Other factors that create engagement risk in this area are as follows:

- Multiple generations or different family members are often involved, and it may be difficult for you to work for all of them without creating a conflict. Be sure to clarify which family members you are taking instructions from and whether others have their own advisors.
- Expertise beyond tax is often required, and issues involving family law, corporate law, financial planning, and other areas may need to be dealt with. Many CPAs act as a quarterback to coordinate this work. A clear plan of who is doing what is critical.
- Family dynamics need to be considered. A good technical plan may fail if these issues are not properly integrated.
- Each specific estate planning area has its own technical issues. Making sure these are recognized is crucial.

For this work, communication and documentation are key. Having a comprehensive checklist of issues to consider in an estate planning engagement is one of the best ways to help identify, manage, and mitigate the risks.

WATCH FOR MORE DETAILS

If you adopt the practices suggested in this article, you'll be on your way to making your tax practice even more effective and efficient. We will continue to look for opportunities to develop further tools and resources to support your tax practice, and we'll update you on the latest developments.

See next page for a snapshot checklist of key best practices in tax to implement within your firm.

THE CRA HAS ANNOUNCED CHANGES TO FILING REQUIREMENTS FOR BARE TRUSTS

In response to concerns brought forward by CPA Canada, there will be no penalties for those who file a return for a bare trust after the deadline for the 2023 tax year. Click here to review the updated requirements.

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CHECKLIST: KEY BEST PRACTICES FOR TAX

Education and training

The following common practices are strongly recommended for education and training:

- ☐ set a professional development expectation for staff who do tax work to stay current on tax developments
- ☐ ensure those doing higher-level tax planning work have the right specialist tax training, for example, by having this work completed or reviewed by a staff member who has completed CPA Canada's In-Depth Tax Program or a Master's in Tax program
- ☐ subscribe to appropriate tax resources, such as tax research platforms and professional development newsletters
- ☐ foster an environment of continuous learning and information sharing within your firm by having regular discussions or meetings on developments within the practice
- ☐ use staff feedback and evaluations as opportunities to educate and explore learning opportunities

Systems

Elements that your systems should incorporate include:

- ☐ a clear set of client acceptance protocols for identifying the risk involved in the engagement, potential conflicts, and whether you have the technical expertise to accept the engagement, as well as consideration of client factors such as litigation history, fee disputes, shareholder or family disputes, and frequent advisor changes
- ☐ a system for determining appropriate skill sets and allocation of tax work, whether a second-level review is required, and also whether you will need to bring in a tax specialist or other professional (e.g. a lawyer, valuator etc.)
- ☐ a comprehensive file management system to keep files organized and well documented, and to help track timelines and filing deadlines
- ☐ the use of tax checklists and manuals
- ☐ up-to-date tax software and systems
- ☐ IT system controls to manage cybersecurity and privacy issues

Communications and documentation

Here are some leading practices for communications and documentation:

- ☐ have a signed engagement letter for each engagement to ensure your client clearly understands the scope and terms
- ☐ set documentation guidelines that ensure the appropriate level of documentation for the engagement, including how to document research, analysis and conclusions made, discussions with clients, and confirmation of client instructions
- ☐ ensure all material advice is made in writing
- ☐ establish rules on the use of email and ensure the review of all advice conveyed by email
- ☐ ensure all client instructions are documented in the file
- ☐ identify which individuals (e.g., client staff, family members etc.) should be communicated with
- ☐ ensure all parties are aware of any material developments

KEY TIPS FOR

MANAGING PRIVACY AND CYBERSECURITY RISKS WITH VENDORS

Kristél Kriel, Nathan Schissel, Jihan Hosein, Nicole Graham

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As organizations increasingly outsource services to vendors, the need to effectively manage vendor risks has grown.

Failure to manage vendor risks can result in business interruptions, financial losses, lawsuits, reputational damage, and regulatory investigations and proceedings. This is particularly the case because you are accountable for all personal information you transfer to service providers. You can reduce these risks by performing due diligence, putting appropriate contractual safeguards in place, and conducting ongoing monitoring.

DUE DILIGENCE AND RISK ASSESSMENT

Completing appropriate due diligence activities prior to selecting a vendor helps you determine the risk of doing business with a vendor.

Due diligence activities help verify whether the vendor:

- is reputable and honest
- has the experience, skill, and resources to carry out the contract
- has reasonable compliance programs and internal controls in place
- has conducted external assessments or certifications
- has a history of incidents or non-compliance

Due diligence activities help you assess the vendor's privacy and cybersecurity program by determining what information the vendor receives, how it will be stored, who has access to the information, whether the vendor's employees receive appropriate training, and whether appropriate safeguards are in place for the information.

By identifying any "red flags" or gaps as part of this review, you can determine whether and how you would like to proceed with the vendor, and how to best manage these risks going forward.

PUT APPROPRIATE CONTRACTUAL SAFEGUARDS IN PLACE

Contractual safeguards can further reduce the risks arising from your relationship with the vendor. Examples of such safeguards include, among other things:

- Providing a clear requirement that the vendor take steps to comply with applicable laws
- Requiring the vendor to maintain policies and procedures acceptable to your organization
- Authorizing your organization to monitor and audit the vendor on an ongoing basis
- Requiring the vendor to immediately notify and cooperate with you in the event of an incident
- Requiring the vendor to have insurance coverage for privacy or cybersecurity incidents
- Limiting the vendor's ability to sub-contract and assign its obligations
- Indemnifying your organization and limiting its liability for any damages stemming from incidents experienced by or on account of the vendor's action or inaction
- Establishing consequences for the vendor's failure to meet its obligations with respect to privacy and cybersecurity
- Including clear rights to terminate for convenience where appropriate

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CONDUCT REGULAR MONITORING

Conducting due diligence is an ongoing task – the job does not end when a contract is executed. Periodic reviews and audits should be completed to verify that contractual requirements continue to be met. Any incidents or allegations of misconduct should be investigated, with steps taken to ensure compliance with applicable laws. As gaps are identified throughout the life of the contract, they should be addressed.

TAKEAWAYS FOR YOUR ORGANIZATION

The risk associated with storing personal and other confidential information is heightened when the information is transferred to service providers. By properly vetting your vendors and carefully drafting contractual protections, you can reduce these risks significantly.

Likewise, by putting procedures in place to monitor the contract following its execution, you can verify that vendors continue to meet their contractual obligations.

The lawyers in the MLT Aikins Privacy, Data Protection & Cybersecurity group have extensive experience advising on and assisting with due diligence activities as well as reviewing and drafting contracts to mitigate risks from a privacy and cybersecurity perspective. They can also help you choose the right vendor management program for your operations. Contact MLT Aikins to learn more.

Note: This article is of a general nature only and is not exhaustive of all possible legal rights or remedies. In addition, laws may change over time and should be interpreted only in the context of particular circumstances such that these materials are not intended to be relied upon or taken as legal advice or opinion. Readers should consult a legal professional for specific advice in any particular situation.

REMINDER: BE SKEPTICAL!

Our Code of Conduct presumes the existence of a profession; however, the word "profession" has lost some of its precision due to its widespread application. The courts have generally stated that a profession includes the following elements, which are stated in more detail in our Code of Conduct:

1. A mastery of intellectual skill through ongoing training and education;
2. An objective outlook;
3. A responsibility to place public interest above personal interest;
4. An acceptance of being governed by a Board;
5. Independent standard setters; and
6. A Code of Conduct.

The feature of focus for this reminder is "an objective outlook." If you ask 10 CPAs what it means to be objective, you would get similar answers – to be skeptical, to question things, to not accept information at face value, to be open to conflicting information, to corroborate.

Carrying out your work with skepticism is important because it allows professional accountants to investigate before taking action or making a decision. It gives us the necessary pause to gather more information, process what we're hearing, and follow-up on conflicting information, which is all then used to form a more balanced opinion. Skepticism is a key part of critical thinking and requires additional evidence before accepting someone's claim as true.

So, be skeptical, be objective!

QUALITY MANAGEMENT GUIDANCE RESOURCES

New quality management standards, both at the firm and engagement levels, could impact all practitioners. CPA Canada's free guidance materials will help you implement these changes and advise your teams on the desired outcomes.

DIGITIZED QUALITY MANAGEMENT GUIDE – QMG CLOUD

New digitized guide, QMG Cloud, helps practitioners adhere to Canadian Standards on Quality Management (CSQM) and supports the effective design, implementation, monitoring, and evaluation of your firm's system of quality management (SOQM).

MINIMIZE FEE DISPUTES

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A SIMPLE STEP TO MINIMIZE FEE DISPUTES

Do your clients know what to expect when they receive your bill? Has a client ever expressed surprise at the amount of your fee? With "busier" season fast approaching, it is time to remember the importance of your engagement letter. The contents of this letter, when properly explained at the beginning of the engagement, can help to ensure that your client understands exactly what services will be performed and how your fee for those services will be determined.

Consider including in your engagement letter matters such as the nature and extent of work to be performed, the client's responsibility to provide certain information on a timely basis, the expected timing of the finished product, and the basis on which your fee will be charged.

Take a moment now to review the contents of your engagement letters, update them to reflect the changing needs of your clients, and discuss the contents with each client before you commence the engagement. Reduce or eliminate the expectation gap through proper communication!

This discussion, along with clear and timely communication throughout the engagement, particularly if you find that you are unable to meet your original commitment with respect to timing or fees, will minimize fee disputes and improve client relationships.

DO YOU KNOW AN OUTSTANDING CPA DESERVING OF RECOGNITION?

Nominate them for a CPA Saskatchewan Member Recognition Award today! Please visit the CPA Saskatchewan website to review member eligibility requirements and download a nomination package.

Nomination categories are as follows:

Fellow Chartered Professional Accountant (FCPA)

CPA Saskatchewan formally recognizes those members who have rendered exceptional services to the profession, or whose achievements in their careers or in the community have earned them distinction and brought honour to the profession, by the awarding of the title and designation Fellow Chartered Professional Accountant (FCPA).

Early Achievement Award

The Early Achievement Award (EAA) is awarded to a recent CPA graduate (less than 10 years of membership) who has demonstrated excellence, innovation, and an ongoing commitment to the designation in the areas of career, profession, community, volunteer service, charitable involvement, or other service.

Lifetime Achievement Award

The Lifetime Achievement Award (LAA) is awarded to a CPA Saskatchewan member with 20 or more consecutive years of service, who has demonstrated leadership in the profession by supporting the CPA SK Mission and Vision throughout their career as a CPA.

In Practice

COMPILATION ENGAGEMENT REMINDER

Across Canada, a significant number of firms are

NOT COMPLIANT

in performing CSRS 4200 compilation engagements

IMPORTANT NOTICE REGARDING COMPILATION ENGAGEMENTS

Over the last several months, inspections of compilation engagements across Canada have highlighted some significant deficiencies in the application of the new Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements.

WHAT ARE OUR SIGNIFICANT FINDINGS?

- Financial statements were compiled under the previous standard, Section 9200, Compilation Engagements, rather than the new standard effective for compiled information for periods ending on or after December 14, 2021.
- File documentation did not adequately evidence engagement acceptance or continuance procedures.
- Neither the intended use of the compiled information nor the assessment of whether conditions were met to perform a compilation engagement were documented.
- There was inadequate documentation of the understanding of the entity, its systems and the basis of accounting used.
- The disclosure of the basis of accounting was incomplete or misleading. Notably, some entities disclosed that financial information was compiled using Accounting Standards for Private Entities (ASPE), but they did not comply with all ASPE disclosure requirements (e.g., no cash flow statement, significant missing notes).

WHAT CAN YOU DO?

- Read CSRS 4200 in its entirety to understand the new requirements.
- Register for relevant training activities.
- Download tools and guidance from CPA Canada.
- Update firm tools and methodology, including the engagement letter, compilation programs and reporting templates.
- Contact monitoring@cpask.ca for further questions.

PREPARE FOR WHAT'S NEXT!

Firms that perform only compilation engagements must implement the new Canadian Standard on Quality Management (CSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements by December 15, 2023, one year later than assurance engagement firms. Find out more information by reviewing this Practitioner Guide and prepare by downloading the *Implementation Tool for Practitioners Canadian Standards on Quality Management*.

DID YOU KNOW???

Licensing is required for all compilation engagements carried out by CPAs in Saskatchewan, effective since December 14, 2021. Contact us at licensing@cpask.ca with any questions as to whether the compilation engagement reports you receive or use are from a licensed member or if you wish to carry out your own compilations.

KEY LICENSING REMINDERS
FOR CPAS PRACTICING IN COMPILATIONS

1. CPAs CANNOT issue Notice to Reader reports along with financial statements. ONLY Compilation Engagement Reports issued by a licensed CPA are permitted.
2. Licensing is in addition to member registration. A separate application for a licence is required.
3. Licensing is **required** for the practice leader authorizing the Compilation Engagement Report.
4. A firm registration is required, even when authorizing only one compilation engagement report, regardless of who the client is or whether you receive any fees.
5. A cease and desist and penalty is issued if practicing professional accounting while unlicensed.
6. To report a licensing violation, email licensing@cpask.ca.

Click to learn more.

PSAB'S NEW REPORTING MODEL ISSUED

PSAB's new Reporting Model is now available in the PSA Handbook. A significant milestone for financial reporting in the Canadian public sector, this new Reporting Model will help increase the accountability, value, and understandability of public sector entities' financial statements for users.

ANNUAL FIRM AND PROFESSIONAL CORPORATION RENEWAL

You are required to complete the renewal form and pay the renewal fees online through the Portal **by December 31, 2023.** To assist with your renewal, we have published a guide and walkthrough video on our website.

CPA ASSISTANCE AND WELLNESS PROGRAM
HOW IT WORKS

STEP 1: GET IN TOUCH

Contact Forbes at 1-855-596-4222 or cpaforbes@telus.net

Always leave your name and a direct line phone number.

STEP 2: COMPLETE AN INTAKE

The purpose of the intake process is to:

a) Get a sense of the issue(s) requiring counselling;
b) Identify any therapist requirements (gender, location, etc); and
c) Assess your best fit with a potential therapist.

STEP 3: GET CONNECTED

A pre-determined therapist will contact you to set up appointments and discuss logistical details.

At any point in the process, if you feel your therapist is not the right fit for you, contact Forbes Psychological Services for re-assignment. It is important you are comfortable and feel your match is the right fit for you!

STEP 4: ENGAGE IN TREATMENT

You and your therapist can determine the right plan for your situation and how many sessions you need.

Assist
CPA ASSISTANCE AND WELLNESS PROGRAM

CPA Assist is a mental health and wellness program that provides CPAs, candidates, and their immediate families free professional counselling services through Forbes Psychological Services, who are dedicated to providing the highest quality of confidential service by experienced and qualified counsellors.

NEW for 2023! You spoke, we listened: counselling session hours have increased to six hours per person, per issue!

CPA Assist works with Forbes Psychological Services to accommodate you; please get in touch with Forbes if you require any changes, have concerns, or to ask questions at any time.

Interested in learning more about CPA Assist and what resources are available to you and your family? Check out cpa-assist.ca.

ANTI-MONEY LAUNDERING

This article was originally published by CPA British Columbia and has been amended and republished by CPA Saskatchewan with permission.

Proceeds of crime (money laundering) and Terrorist Financing Act

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (the "Act") came into effect on June 23, 2008. The legislation brought about several changes that affect reporting, record keeping, client identification, and implementing a compliance regime. Regarding the compliance regime for accountants, one of the major changes is the new requirement for a risk-based approach to processes and documentation requirements.

Cross-border transfers of currency

There are two parts to the Act: one part of the Act deals with the transfer of currency or monetary instruments across borders and it applies to EVERYONE. When someone sends cash or monetary instruments over $10,000 across the Canadian border, the person or entity must complete a Currency and Monetary Instrument Reporting form for CRA, who then sends a copy to FINTRAC.

Financial intermediaries

The other part of the Act deals with record keeping and reporting of suspicious transactions and prescribed financial transactions. This section does not apply to CPAs engaged in the performance of audits, reviews, or compilations carried out in accordance with the recommendations set out in the CPA Handbook. It does apply if the CPA has been engaged to act as a financial intermediary, which would include the performance of any of the following activities:

1. Receiving or paying funds. For example, are you making GST payments or receiving GST refunds on behalf of your clients?
2. Purchasing or selling securities, real property, or business assets or entities. For instance, if you are involved in wealth management activities, do you give instructions regarding your client's investments?
3. Transferring funds or securities by any means. For example, do you have the authority to transfer funds to the payroll account on behalf of your client, in regular circumstances, or even just when your client is on holidays?

Financial transactions and reports analysis centre of Canada

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's financial intelligence unit. Its mandate is to facilitate the detection, prevention, and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control.

FINTRAC has provided guidance for accountants and accounting firms that engage in the activities numbered 1 to 3 listed above. The guidance can be accessed here and discusses reporting requirements with regards to suspicious and/or large cash transactions as well as record keeping, ascertaining the identity of individuals and entities, use of personal information, and establishing a compliance regime.

Compliance regime

If members are acting as financial intermediaries, then they must implement a compliance regime covering the recording and reporting of suspicious transactions and prescribed financial transactions, as well as reporting cross-border transfers of currency or monetary instruments at or above a specified threshold (more on these transactions below). This regime also includes, as far as practicable, the following:

- Obtaining a commitment from senior management (partners in the case of CPA firms).
- Appointing a compliance officer.
- Developing compliance policies and procedures.
- Monitoring the effectiveness of the compliance system.
- Providing ongoing training for employees and agents.

Members should be aware that FINTRAC has the power to enter the premises of a financial intermediary at any reasonable time, without a search warrant, to determine whether they are complying with their obligations to report and record transactions.

Suspicious and prescribed transactions

Where members are acting as financial intermediaries, members must report to FINTRAC any transactions where there are reasonable grounds to suspect the transactions are related to the commission of a money laundering offence or a terrorist activity financing offence. Members must use their professional judgement, as there is no ready definition of

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what constitutes a suspicious transaction. However, they can look to Guidelines from FINTRAC for guidance in assessing whether a transaction is suspicious and should be reported.

When acting as financial intermediaries, members must keep a large cash transaction record, unless the cash is received from a financial entity or a public body. In addition, members must:

- Ascertain the identity of the person involved in the transaction.
- Take reasonable measures to determine whether the individual who gives the cash is acting on behalf of a third party.
- Obtain and retain a third party disclosure statement signed by the client if they are acting on behalf of a third party, or if there are reasonable grounds to conclude this is the case.
- Starting January 31, 2003, members acting as financial intermediaries must report the following transactions:
  - Large cash transactions involving amounts of $10,000 or more.
  - Sending or receiving international electronic funds transfers of $10,000 or more.
  - Foreign exchange transactions at a rate that exceeds the posted rate, and the payment by an individual of transaction fees that exceed the posted fees.

Implications for audit, review, and compilation engagements

Members providing audit, review, and compilation engagement services do not have any statutory responsibility to report under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. However, should you encounter circumstances that suggest money laundering activities, you should be aware of the increased risk of misstatement in the financial statements and other forms of fraud. Most of all, you need to consider the effect on your reputation and other possible legal consequence. If in doubt, seek legal advice.

Be sure to review CAS 240, *The Auditor's Responsibilities to Fraud in an Audit of Financial Statements*, if you encounter such unusual circumstances during an audit. If you are performing a review, consider whether there are areas of material misstatement and consider performing additional review engagement procedures. If you are performing a compilation and the circumstances lead you to believe that the financial statements are misleading, you should request additional or revised information. If that is not forthcoming, consider not releasing the statements and resigning from the engagement.

Members' responsibilities

Members are reminded that the requirements for implementing a compliance regime and the reporting of suspicious transactions and prescribed financial transactions are required only if you are providing services deemed to be that of a financial intermediary. Failure to comply with the Act can result in serious penalties: five years imprisonment and/or a fine of $2 million.

Members are urged to review carefully the range of services they provided to their clients. If you are acting as financial intermediaries, then you should consider developing a communications strategy to disclose, in writing, your reporting obligations and other requirements under the Act. This is something you need to discuss with your clients because the statutory requirement for financial intermediaries to report suspicious transactions overrides our Code of Professional Conduct with respect to client confidentiality.

June 2016 update to *the Act* and transition period

In June 2016, the federal cabinet approved amendments made to the Act by FINTRAC. The amendments and associated regulations changed the methods reporting entities can apply to ascertain the identity of clients. After June 17, 2017, reporting entities must use the new methods to identify individuals and confirm existence of entities.

Accountants and accounting firms are subject to record keeping obligations when they engage in or give instructions in respect of any of the following activities on behalf of an individual or entity (other than their employer):

- Receiving or paying funds;
- Purchasing or selling securities, real property, or business assets, or entities; or
- Transferring funds or securities by any means.

CPA Canada and CPA provincial and territorial bodies are collaborating in the fight against money laundering. Click here for resources on what CPAs need to know to comply and protect themselves, their clients, and their organizations.

WHAT YOU NEED TO KNOW
ABOUT INTERNATIONALLY DESIGNATED ACCOUNTANTS

Thinking about hiring an internationally designated accountant? There are a few things you should know!

In today's labour market, professionals are in high demand. When recruiting for a CPA, applicants with international accounting credentials will often apply. As you consider those applications, it is important to remember the following:

1. Not all International Designations are equivalent to the Canadian CPA.

On behalf of all Canadian provincial and regional CPA bodies, CPA Canada has signed Mutual Recognition Agreements (MRAs), Reciprocal Membership Agreements (RMAs), and Memorandums of Understanding (MOUs) with a number of international accounting organizations.

Only MRAs and RMAs provide direct access to the Canadian CPA, meaning that an applicant is eligible to apply for membership with CPA Saskatchewan without having to complete any components of the Common Final Examination (CFE) or Practical Experience Requirements.

The applicable agreements are with the following international accounting organizations:

- American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA)
- Ordre des Experts-Comptables de France (Quebec only)
- Instituto Mexicano de Contadores Públicos (IMCP) and Comité Mexicano para la Práctica Internacional de la Contaduría (COMPIC)
- Chartered Accountants Australia New Zealand (CA ANZ)
- Chartered Accountants Ireland (CA Ireland)
- Hong Kong Institute of Certified Public Accountants (HKICPA)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Institute of Chartered Accountants of Scotland (ICAS)
- The South African Institute of Chartered Accountants (SAICA)
- Institute of Chartered Accountants of Zimbabwe (ICAZ)

There are MOUs with the following international accounting organizations, which require that the designate either take all or components of the Common Final Examination (CFE):

- Chartered Institute of Management Accountants (CIMA)
- Institute of Chartered Accountants of India (ICAI)
- Institute of Chartered Accountants of Pakistan (ICAP)

If you have an applicant that does not hold an international accounting designation with an organization noted above, they should contact the CPA Western School of Business to have their international accounting designation assessed. The CPA Western School of Business will advise which components of the CPA Certification Program the applicant is required to successfully complete to obtain the Canadian CPA.

The list of international accounting bodies with agreements is subject to change. Visit [Information for international members seeking the CPA designation | CPA Canada] to check for updates.

2. There is no conferring of rights to practice professional accounting.

None of the agreements with the international accounting organizations above confer rights to practice professional accounting. Meaning, the internationally designated accountant will not be licensed and will not be able to authorize the issuance of an audit, review, or compilation engagement report. Only once registered as a CPA in Saskatchewan may they apply for a licence.

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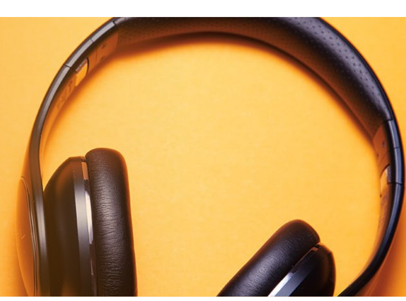
FORESIGHT: THE CPA PODCAST

Season 5, Episode 1: The rise of the continuous audit

Kevin Kolliniatis, CPA, looks at the impact the continuous audit could have on the accounting profession, and what this means for businesses, accountants, and stakeholders as new technology and ways of working continue to develop.



INTERNATIONALLY DESIGNATED ACCOUNTANTS *continued from page 20*

3. Their standing with the international body should be checked.

International accounting organizations often have online registries where the status and standing of the individual can be verified. If not, it is reasonable to request that a letter of good standing be sent directly to your company to validate the standing of the internationally designated accountant.

4. They can't use the international accounting designation in Saskatchewan.

The Accounting Profession Act specifies who can use the title 'Chartered Professional Accountant' and designation 'CPA', as well as legacy designations, titles, and any other designation that implies they are a member of CPA Saskatchewan. The purpose of this protected provision is to ensure that the public is assured of the knowledge, skill, and competency of CPAs in Saskatchewan. International accounting credentials cannot be used until registration as a member with CPA Saskatchewan is approved.

If you have any questions regarding the above information, or further questions regarding internationally designated accountants, please contact registrar@cpask.ca.

DO LGBTQ2SIA+ ACCOUNTANTS FEEL
WELCOME AT CANADIAN ACCOUNTING FIRMS?

Jeff Buckstein

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DEI advocates say organizations need to follow through on their public commitments for real change.

As we reflect on the richness of our diverse Canadian society as well as the progress we have made in accepting diversity, equity, and inclusion (DE&I) policies and practices in the workplace, there are still some serious flaws in some organizational processes that require correction, say some CPAs championing DE&I in Canada.

"When I think back to [when] I came out in 2001, that was a tough time," says Mary Lou Maher, FCPA, who serves on the boards of the Canadian Imperial Bank of Commerce, Magna International, CAE Inc., the Canadian Public Accountability Board, and McMaster University, and was formerly the Canadian managing partner of quality and risk management at KPMG in Canada, as well as the former global head of inclusion and diversity at KPMG.

"And there are still people who won't come out at work because they don't feel safe. But I feel corporations [now] are creating the environment to allow people to do that." Maher says employee resource groups, including Pride networks, have been successfully established at several companies she has been affiliated with. "I can remember setting up the Pride network at KPMG as a global network," she recalls. "We were in countries where it's not even legal to be out, so you can imagine how important that network was to those individuals. I was always quite proud to give them that safe space to be able to be themselves."

ARE FIRMS SUPPORTING THEIR LGBTQ2SIA+ TALENT?

In early 2021, a report issued in the U.S. by the Institute of Management Accountants (IMA) and the California Society of Certified Public Accountants (CalCPA) found that up to 18 per cent of respondents from diverse demographic groups, including those who identified as being in a minority with respect to sexual orientation, had decided to leave the U.S. accounting profession.

According to the report, "Diversifying U.S. Accounting Talent: A Critical Imperative to Achieve Transformational Outcomes," respondents were quitting because of a perceived lack of equitable treatment and lack of inclusion.

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"I think we still have a ways to go, but corporate Canada has moved the dial and is continuing to focus on establishing strong DE&I policies and practices," says Maher, who notes that on the boards on which she currently sits, "it's encouraged to be yourself and to come out. Michael Cherny, CPA, director of diversity, equity, and inclusion with the Ontario Teachers' Pension Plan (OTPP) in Toronto and a member of the CPA Ontario council, sees positive change, too.

Cherny, who previously worked for Deloitte Canada, and is also a member of the LGBTQ2SIA+ community (lesbian, gay, bisexual, transgender, queer or questioning, and nonbinary, two-spirit, intersex, asexual), acknowledges there is still a lot of work to do. "But, I can see improvement because there's a much higher degree of consciousness and intention behind the work of DE&I," he says.

Cherny cites as examples the number of Indigenous reconciliation action plans that are being created in Canada, as well as the vocal commitments organizations are making, such as flag raisings to the LGBTQ2SIA+ community.

"These are not small actions," he stresses.

Cherny was formerly the senior leader for Deloitte in Canada's Centre for Trust. "A big part of that [position] for me was this focus on DE&I," he says.

Despite progress, there are still serious flaws in some organizations that need to be corrected.

The biggest tipping point for a lot of organizations with respect to their DE&I practices, says Cherny, is a lack of follow-through.

For example, Cherny says he has often heard from people, both in Canada and globally, that their organizations will advertise being in favour of DE&I. But, when employees don't see those promises coming to life through the company's policies, processes, and daily decisions, they are often driven to leave that organization.

Maher says there are instances when senior leadership and employees want strong DE&I initiatives, but a group of middle managers rejects putting those into practice. To prevent that from happening, the company's leadership must be diligent about ensuring middle managers are also on board. Otherwise, implementing such a policy can be very ineffective and dangerous, she warns.

Small microaggressions can also add up in the workplace. For example, says Maher, somebody might crack what they think is a cute joke about a colleague's personal life in a meeting, but it might be hurtful to the recipient. When incidents like that go unchecked this can be very damaging to employee morale.

When someone experiences discrimination in the workplace, and raises that issue, but no action is taken to resolve the matter in a respectful way, it can also create a situation where employees will want to leave, warns Cherny.

BEST DE&I PRACTICES

There are some key themes behind DE&I practices that have proven effective.

If an organization is going to be successful in implementing DE&I practices and policies, there must be a leader who is willing to establish a tone from the top by doing the right things, stresses Maher.

There must also be diverse leadership. "People like to see themselves in their leaders. If they see the same people, like all white males on their board, or on their management committee, then they don't see a place for themselves, and they don't think that they can succeed," says Maher.

She says that one of the positive steps that KPMG took while she worked there was to establish a very diverse executive committee for the firm, which it still has today.

Inclusion training is also very important at the leadership level. Part of that training involves developing a good understanding of one's own biases, and how that can impact decision making, Maher explains.

Cherny believes that hiring quotas to reflect diversity "backfire and prove ineffective" and furthermore, fail to build the intended behaviour within the organization, such as the mindset of the people who are the decision makers. It can also be a dangerous behaviour that creates tension within teams if they believe a person joining them is there to fill a quota, not because of their competencies and ability to add value.

Moreover, "the individuals selected will often times also feel disempowered, and not necessarily valued for what they're bringing forward," he says.

Cherny says that setting targets for DE&I education, such as an established number of hours covering a set list of topics, and setting progress targets to measure small incremental changes that encourage the right behaviour, are more

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effective and realistic than establishing hiring quotas.

That's because improving representation takes time, especially in organizations with low turnover or minimal net new headcount, he explains.

Equitable pay is another key DE&I policy that is very impactful when organizations do it well and also, communicate that effort. Cherny says he has seen companies that have a strong compensation policy in place, but don't share that information internally or externally with stakeholders. Job candidates, for example, don't know about the policy, resulting in the potential loss of a competitive advantage.

"And so the awareness is just as important as doing the action, because it builds the trust."

Equitable benefits are also very important, including having an equitable parental leave policy that supports all parents, and having equitable insurance benefits for all individuals and couples, whether they are a same-gender, or different gender couple, says Cherny.

This builds trust with employees, who reward the company for its inclusiveness with higher retention rates and more innovation, among other advantages, he adds.

Change takes time. The good news for Canadian businesses and society at large is that DE&I acceptance, and good practices, have become more ingrained and show promise of further improvement.

MORE ON DEI

Check out these reads that can take DEI initiatives to the next level. And find out how being your true self in the workplace optimizes your potential.

A CONVERSATION ON

CAPACITY BUILDING WITHIN FIRST NATIONS COMMUNITIES

Denise Deveau

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Indigenous CPA Carter Wilson explains the unique aspects and complexities involved in financial management for First Nations organizations.

In 2021, Carter Wilson joined MNP's Indigenous Services Practice after receiving his CPA designation. Born in Peguis First Nation in Manitoba, he is now a manager at MNP's Vancouver office. In his role with MNP's Indigenous ease's cloud accounting and bookkeeping service team, he is working alongside Indigenous governments and organizations to build financial management capacity in First Nations across Canada and to improve the lives of their members. We spoke to Wilson recently to get an update on his team's progress.

CPA CANADA: Why did you decide to pursue a career with MNP's Indigenous services practice?

CARTER WILSON (CW): I have always been interested in improving the livelihood of Indigenous people as I have seen the different challenges they face while growing up. I believe there is a great need for Indigenous/First Nation financial management specialists, and I can support many different Indigenous organizations through my work at MNP.

CPA CANADA: What is different about First Nation financial management?

CW: There are many more complexities involved with First Nation organizations. For one thing, First Nations businesses and organizations face greater complexities in their day-to-day operations, such as significant funding requirements, proximity to services, and resource constraints. Even something as simple as not having a bank in the community can cause additional challenges for the Nation and its members.

The structure and challenges they face can also be quite different depending on their location and accessibility. An urban Nation's needs are not the same as those of a remote fly-in community.

CPA CANADA: What is the biggest challenge from a financial management standpoint?

CW: A major challenge is building capacity within First Nation organizations. With the historical challenges such as the 1960s scoop and residential schools, a lot of Indigenous people did not pursue careers in accounting and finance and filling senior finance roles within Indigenous organizations can be difficult.

Many First Nation governments we work with have a goal to employ their own members because they are the people who know their members best. If they can take back a lot of the accounting and finance work, they can perform better than any external provider due to their intricate knowledge of the community and their needs.

CPA CANADA: How are you building capacity?

CW: Our strategy is focused on developing skills internally at Indigenous organizations while offering support for their immediate financial needs. To do that, we offer training and work together to create space for employees of the organization to learn and take full control of their financial management.

CPA CANADA: What are the key elements of capacity building?

CW: While training is an important component, it is only one of three main elements to capacity building. The others are culture and organizational structure.

Training involves hands-on work and coaching with individuals and groups to show them how and why they need to be performing finance and accounting tasks. I don't personally work so much on the training, although I do step in where it makes sense for a client. It's usually in the form of giving general advice on creating better space for communication between departments to be more effective.

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CPA CANADA: What do you mean by culture in capacity building?

CW: A capacity building culture is one where people are able to share their thoughts and communicate with each other, as well as growing their skills and gaining purpose.

When you are in a culture of capacity building, even smaller things matter, such as offering coaching points and a safe space for feedback. People don't need to be worried about being judged for asking questions and seeking clarification.

When we talk about developing a culture of capacity building for Indigenous organizations, we ask them questions such as, how do you build people up to be able to take the senior roles in the organization? Are you bringing them to meetings or exposing them to what they need to know?

CPA CANADA: What about organizational structure?

CW: The key question there is, does your structure allow for people to improve their skills if they want to move up in the organization? A lot of times we find they may not have enough finance staff, so they have a team of people who are maxed out. In those cases, it might be best to add one more accounting staff so they have time to focus on developing new skills while doing their current job.

Often we help them find ways to distribute work effectively and improve opportunities for staff to learn more in their jobs without being stressed out.

CPA CANADA: What are your current passion projects?

CW: I have been lucky to be put in charge of starting MNP's Indigenous Inclusion Network, Wicihitowin, a network of both Indigenous and non-Indigenous team members dedicated to finding better supports for both existing and future Indigenous team members at MNP. We're just in the beginning stages of it at MNP, but it is really rewarding for me.

I am also passionate about getting more Indigenous team members within MNP. Whether or not they want to work in Indigenous services, they should be given opportunities to explore many things. For those who want to work in Indigenous services it can be a big edge for them in their careers. It has been for me.

Delve deeper into Indigenous culture

Find out more about CPA Canada's Introduction to Indigenous People culture course and its CPA Martin Mentorship Program for Indigenous High School Students.

FIRST TWO

IFRS SUSTAINABILITY DISCLOSURE STANDARDS LAUNCHED

Denise Deveau

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The new standards provide a global baseline that can be combined with jurisdiction-specific disclosure requirements.

The International Sustainability Standards Board has released the first two of its disclosure standards, creating a framework for the global business community to disclose material information on sustainability and exposure to climate-related risks and opportunities.

On June 26, the ISSB and partners, including CPA Canada, celebrated the launch of the following IFRS® Sustainability Disclosure Standards: General Requirements for Disclosure of Sustainability-related Information (IFRS S1) and Climate-related Disclosures (IFRS S2).

CPA Canada President and CEO Pamela Steer says she is impressed by the ISSB's efforts to release its inaugural standards less than two years after the board's formation.

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"From the start, the Canadian accounting profession has been actively involved in shaping these standards, including facilitating Canada's successful bid to establish the ISSB Centre in Montreal," she says. "The standards will deliver much-needed consistent and comparable sustainability information for the capital markets."

1. New standards prioritize investor information needs and focus on climate disclosures.

The ISSB's standards are intended to meet the information needs of investors and the resulting disclosures are to be provided as part of an entity's general purpose financial reporting. IFRS S1 sets out general reporting requirements for disclosing sustainability-related financial information. IFRS S2 requires an entity to disclose information about climate-related risks and opportunities and the impact on an entity's financial position, performance, cash flows, strategy, and business model.

These two standards are designed to be applied together and include reporting across four pillars—governance, strategy, risk management, and metrics and targets—based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The ISSB has decided to prioritize climate-related information, meaning that companies do not need to provide disclosures about sustainability-related risks and opportunities beyond climate in the first year of reporting.

"While the standards have been developed for capital markets, they do not preclude any organization from adopting them," explains Rosemary McGuire, CPA, vice-president, research, guidance, and support, with CPA Canada. "Currently, any organization can effectively apply these standards."

2. Standards will come into effect Jan 2024 but are not mandatory (yet).

The ISSB standards, which are effective for annual reporting periods beginning on or after January 1, 2024, provide a global baseline of sustainability disclosure standards that can be mandated and/or combined with jurisdiction-specific requirements.

"Even though they are going to be available at that time, the standards are not currently mandated in Canada," explains McGuire. "The natural question is, what is the process to get them into legislation?"

The Canadian Securities Administrators (CSA) determine the reporting requirements for Canadian public companies and are responsible for decisions regarding mandatory adoption of sustainability disclosure standards, she adds. "The CSA was first out of the gate when it issued its own climate disclosure proposals in 2021. It has since indicated that it will consider ISSB and U.S. developments before proceeding with their final rule."

The process will also involve the new Canadian Sustainability Standards Board (CSSB), which will review final ISSB standards for their suitability for adoption in Canada, she adds. "There are lots of moving pieces here, but undoubtedly the ISSB standards will influence future sustainability reporting requirements here in Canada."

3. Companies will still need to comply with different sustainability disclosure requirements.

While adoption of the ISSB standards is currently voluntary, organizations are already subject to different laws, regulations and requirements that require various types of disclosures on environmental, social, and governance (ESG) matters.

For example, the Office of the Superintendent of Financial Institutions (OSFI) has already mandated climate disclosures for federally regulated financial institutions, and large emitting companies in Canada are subject to regulatory reporting requirements, notes McGuire. "Other larger companies are already doing voluntary reporting on these areas. For them it's now a matter of aligning with the new standards."

There are also the cross-jurisdictional implications of the European Union (EU)'s Corporate Sustainability Reporting Directive and the U.S. Securities and Exchange Commission (SEC)'s proposed climate disclosure rule. For example, it is estimated that approximately 1,300 Canadian companies will be subject to the EU's sustainability reporting rules.

The good news is that the ISSB is actively working with other jurisdictions to maximize interoperability of their standards, says McGuire. "The path toward convergence around a comprehensive baseline of sustainability standards is not yet entirely clear, but we remain optimistic. In the meantime, companies need to brace for the inevitable reality of having to comply with different requirements, at least in the short term."

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4. Smaller companies are not exempt.

Concerns have been raised about the burden that the ISSB standards may impose on smaller companies with limited resources. This is particularly important in Canada where a large proportion of Canadian issuers are quite small.

The ISSB has taken steps to support smaller organizations in this area, says McGuire. "We are pleased to see that the ISSB has introduced provisions that address scalability and provide assistance to preparers on initial application of the standards, including some temporary relief around timing of reporting, comparative information and Scope 3 greenhouse gas (GHG) emissions disclosures."

Expectations are there will be a trickle-down effect in which smaller companies in the value chain will be asked to provide a lot of the information required for the new standards. "It's not just the public companies that are caught by the rules," adds McGuire. "We anticipate increased pressure on private companies to provide more climate-related information."

McGuire advises businesses to take the time to understand the requirements and put systems and processes in place to track data before those requests come in. "Although they may not be directly subject to the rules, the proposed Scope 3 GHG disclosure requirements will impact private companies that are customers or suppliers of public companies."

5. Organizations need to start laying the groundwork for sustainability reporting now.

Even the most comprehensive standards will not deliver the intended benefits to users, if they are not implemented properly or consistently, says McGuire. "The volume and complexity of what is coming should not be underestimated. Don't wait for sustainability reporting rules to be finalized before getting started."

CPAs are well positioned to assemble cross-functional teams, address relevant controls and processes needed to gather and report the data, evaluate reasonableness of assumptions used in the application of the standards, as well as address the related accounting implications and implementation challenges, she adds. "They can help build the bridge between sustainability and financial performance, ensuring that a company's sustainability reporting is relevant and consistent with its other disclosures."

In addition, CPAs play a critical role in providing independent, third-party assurance (an area where demand is expected to grow), which enhances the credibility and reliability of climate and other sustainability disclosures. The International Auditing and Assurance Standards Board is currently working to develop an overarching standard for assurance on sustainability reporting.

Organizations need to carefully monitor these developments and begin preparing for what is to come. This includes evaluating the potential impacts of the standards, assessing readiness to implement the standards, and starting to prepare a detailed implementation plan.

CPA Canada is committed to ensuring that CPAs and the broader business community have the knowledge and skills they need to better manage, account for, and report on sustainability issues, says McGuire. "To prepare both new and existing members of the profession to face challenges ahead, sustainability is now a key priority within the profession's new Competency Map and is being integrated into the CPA certification program and resources for ongoing professional development."

THIS IS ONLY THE BEGINNING

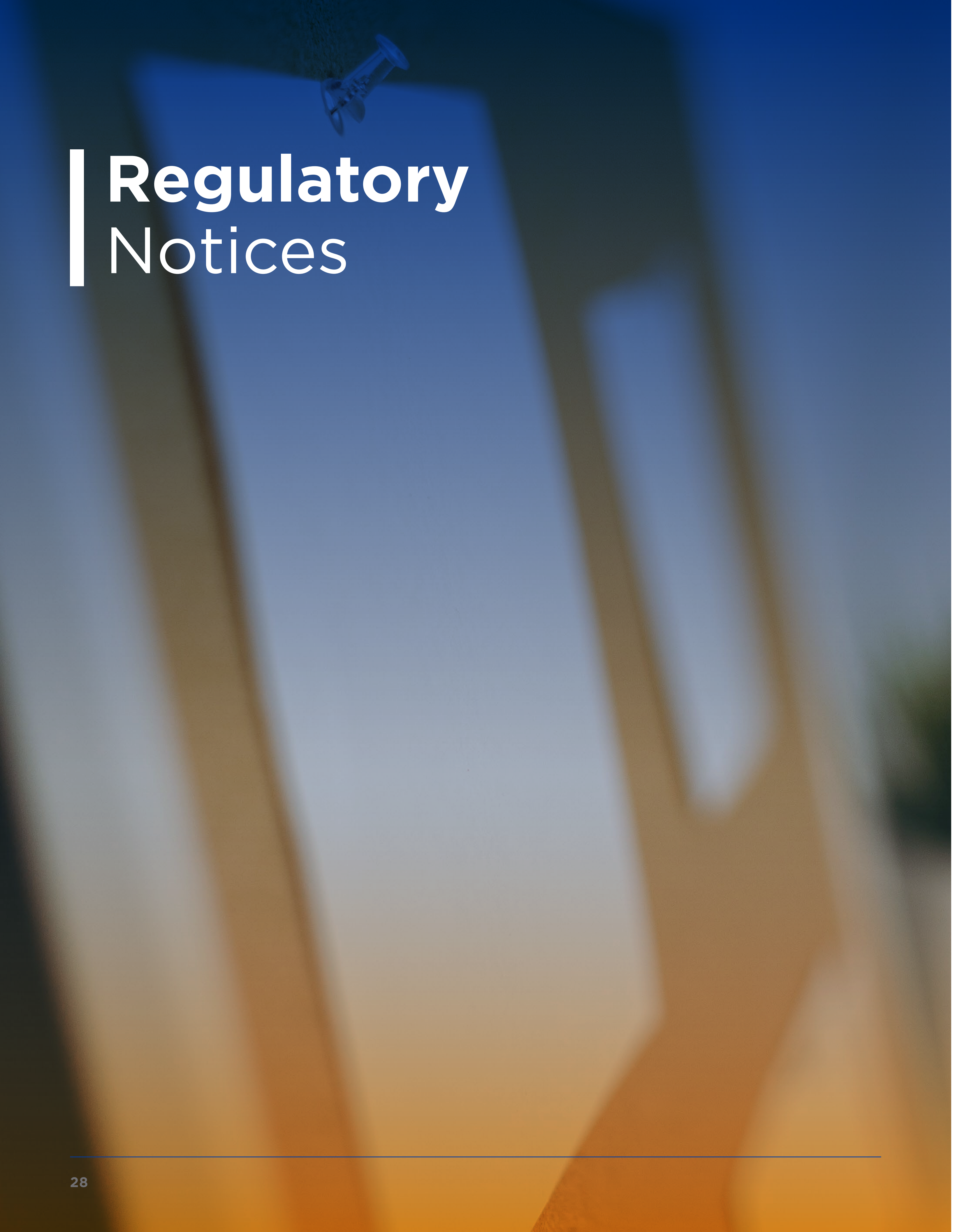
The work will not stop with these initial two standards, McGuire stresses. "The ISSB is currently consulting on its future workplan and is considering potential research projects on biodiversity, human capital, human rights, and a potential joint project with the International Accounting Standards Board (IASB) on connectivity in reporting.

"We are proud to collaborate with the ISSB and be formally recognized as an ISSB capacity building partner committed to supporting high quality standards implementation and boosting adoption of the standards in Canada and globally. It is important that we weigh in and inform the future direction of the ISSB."

AUDIT & ASSURANCE RESOURCES

Elevate your practice and lead with confidence using CPA Canada's comprehensive, timely, and practical expertise on auditing standards.

Regulatory Notices



The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF REGISTRATION CANCELLATION

On September 30, 2023, the Institute of Chartered Professional Accountants of Saskatchewan approved the cancellation of registration of the following suspended member:

ERNEST WILLIAM WAYNERT

The registration of this suspended registrant has been cancelled pursuant to Regulatory Bylaw 33.5 and Regulatory Board Rule 333.12 due to non-compliance with Board Rule 333.2 (Fees).

This former registrant may not use either the title 'professional accountant', the professional designations 'Chartered Professional Accountant' or 'Certified Management Accountant' or 'Chartered Accountant', the initials 'CPA' or 'CMA' or 'CA' in Saskatchewan.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

September 30, 2023

The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF REGISTRATION CANCELLATION

On September 30, 2023, the Institute of Chartered Professional Accountants of Saskatchewan approved the cancellation of registration of the following suspended member:

JADE J. BOYKO

The registration of this suspended registrant has been cancelled pursuant to Regulatory Bylaw 33.5 and Regulatory Board Rule 333.12 due to non-compliance with Board Rule 333.2 (Member Renewal, Fees, and CPD).

This former registrant may not use either the title 'professional accountant', the professional designations 'Chartered Professional Accountant' or 'Certified Management Accountant', or the initials 'CPA' or 'CMA' in Saskatchewan.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

September 30, 2023

The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF REGISTRATION CANCELLATION

On September 30, 2023, the Institute of Chartered Professional Accountants of Saskatchewan approved the cancellation of registration of the following suspended member:

JOHN EDWARD THOMPSON

The registration of this suspended registrant has been cancelled pursuant to Regulatory Bylaw 33.5 and Regulatory Board Rule 333.12 due to non-compliance with Board Rule 333.2 (Fees).

This former registrant may not use either the title 'professional accountant', the professional designations 'Chartered Professional Accountant' or 'Certified Management Accountant' or 'Chartered Accountant', the initials 'CPA' or 'CMA' or 'CA' in Saskatchewan.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

September 30, 2023

The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF SUSPENSION OF REGISTRATION AS A FIRM

On November 8, 2023, the Registration Committee of the Institute of Chartered Professional Accountants of Saskatchewan approved the suspension of registration of the following firm:

ROHIT KUMAR GUPTA, CPA, CMA PROF. CORP.

The registration of this firm has been suspended for the period of **one (1) day** pursuant to Regulatory Bylaw 33.1(a) due to non-compliance with Bylaws 4.4, 27.4(b), 130.9, and Board Rules 327.9 and 467.1.

During this period of suspension, this firm shall not use either the title 'professional accountant', or the designations 'Chartered Professional Accountant' or 'Certified Management Accountant', or the initials 'CPA' or 'CMA' in Saskatchewan.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

November 13, 2023

The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF SUSPENSION OF REGISTRATION AS A FIRM

On November 8, 2023, the Registration Committee of the Institute of Chartered Professional Accountants of Saskatchewan approved the suspension of registration of the following firm:

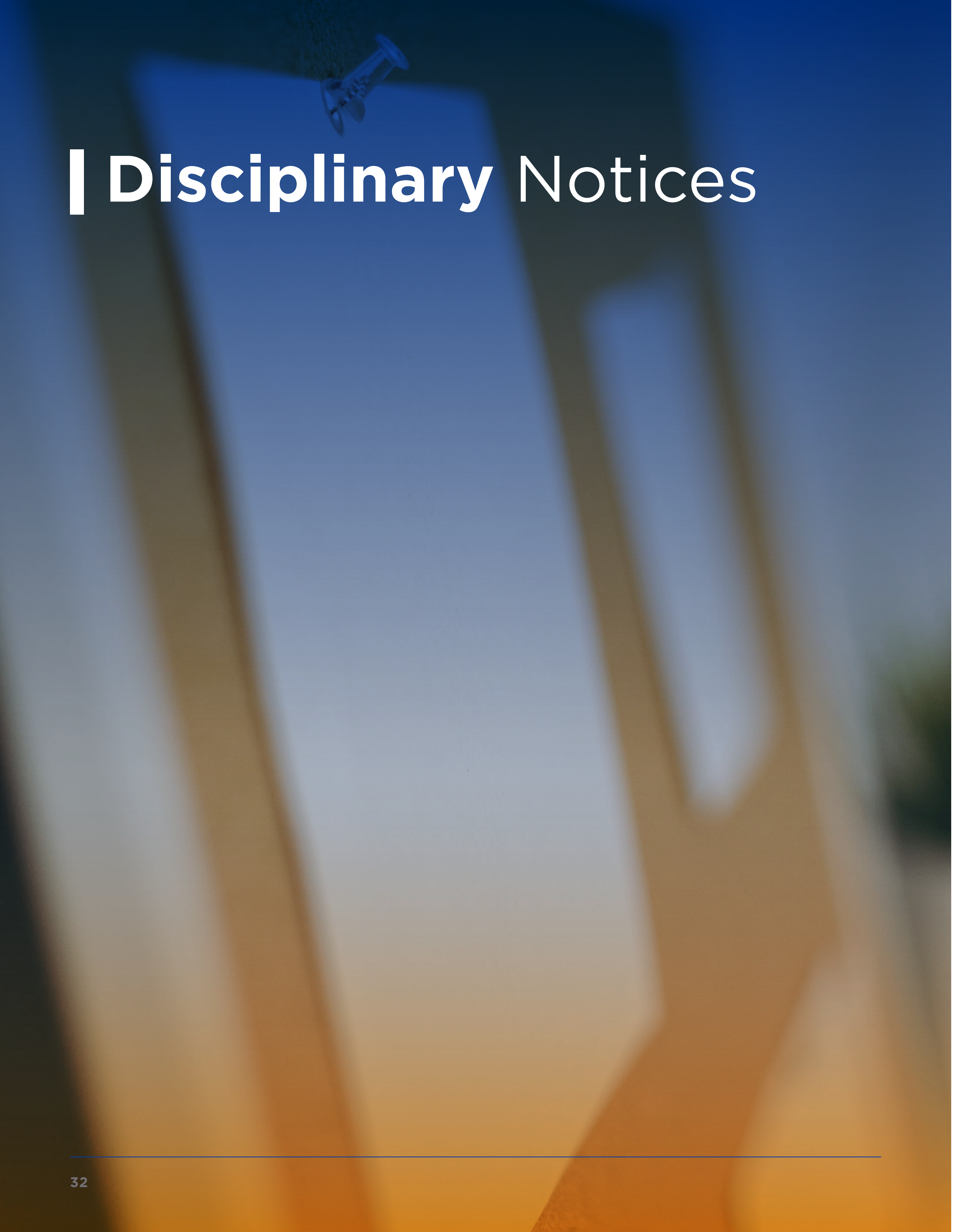
RG BLAKLEY, CPA PROF. CORP.

The registration of this firm has been suspended for the period of **ninety (90) days** pursuant to Regulatory Bylaw 33.1(a) due to non-compliance with Bylaws 4.4, 27.4(b), 130.9, and Board Rules 327.9 and 467.1.

During this period of suspension, this firm shall not use either the title 'professional accountant', or the designations 'Fellow Chartered Professional Accountant', 'Chartered Professional Accountant', 'Fellow Chartered Accountant' or 'Chartered Accountant', or the initials 'FCPA', 'CPA', 'FCA' or 'CA' in Saskatchewan.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

November 14, 2023



Disciplinary Notices

CPA SASKATCHEWAN

The Institute of Chartered Professional Accountants of Saskatchewan

NOTICE OF DISCIPLINE DETERMINATION AND ORDER

On August 15, 2023, the Discipline Committee of the Institute of Chartered Professional Accountants of Saskatchewan issued its Determination and Order for:

GORDON DONALD KWONG, CPA, CMA, CA (NON-PRACTICING)

The member has been found guilty of professional misconduct under Section 26 of *The Accounting Profession Act* related to failures in the delivery of taxation services for several clients over the periods of July 2004 to July 2020, including:

1. Failing to undertake the engagement to provide services with the care and competence expected of a CPA;
2. Not preparing and not filing T2 Corporation Income Tax Returns for multiple clients over multiple years and not advising these clients that the T2 Corporation Income Tax Returns had not been filed; and
3. Preparing T1 Personal Income Tax Returns which the member knew or should have known were incorrect and incomplete.

Visit www.cpask.ca Kwong, Gordon Donald - Discipline for the full Determination and Order.

Authorized by:
Leigha Hubick, CPA, CA
Registrar

August 21, 2023


cpa
SASKATCHEWAN