

Dividends



Fall 2021/Winter 2022

FIRST PERSON

CPA Alberta's new Board Chair
Damian Zapisocky CPA, CA

16

Involved

Three CPAs and their impact on the broader community

10

Boosting Financial Literacy

6 Why CPAs should take the lead in financial literacy education

cpaalberta.ca

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THE FINAL WORD / 36

JANICE ANDERSON CPA, CA

Director, Technical Accounting and Financial Reporting Advisory Services, Nutrien

ON DRIVE

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ALBERTA'S
EVOLVING ENERGY
SECTOR

Dividends

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Dividends is published by CPA Alberta. The magazine is distributed to more than 29,000 readers.

Dividends explores the issues and opportunities faced by Alberta CPAs and celebrates their achievements. It also keeps Alberta CPAs up to date and engaged with the profession and their colleagues.

FROM THE PROFESSION



The importance of community

A Message from Rachel Miller, CPA Alberta CEO

Rachel Miller FCPA, FCA

During the early days of the COVID pandemic, I must admit I was feeling okay with working from home and limiting my contacts to those in my household. However, the longer that continued, the more I longed for the opportunity to interact with others.

This reinforced to me the importance of community—the chance to engage with and feel part of a larger group. That is a basic human need, one we satisfy in our own unique ways. For some, like the three CPAs profiled in our feature story on pages 10–13, it is through volunteering, while for others it may be through participating in sports or business clubs. Personally, I have always appreciated the connections made with professional accounting colleagues—perhaps one reason I have spent a good part of my career at CPA Alberta!

As we near the end of 2021 and another year of some COVID isolation, I hope you are finding opportunities to connect...and, I have my fingers crossed that I will be able to connect with some of you in person in 2022!

Meet the 2021/2022 CPA Alberta Board

CPA Alberta's Annual General Meeting, held on September 22, marked the official beginning of the new term of the CPA Alberta Board. This year this included a change in the chair role, as Darrell Jones' term came to an end and Vice Chair Damian Zapisocky moved into the position.

There were two open board positions this year. Two nominations were received for those positions. As such, the two nominees were elected by acclamation: Rachel Kucharski will be re-joining the CPA Alberta Board for her second term, and Cecilia Chen is new to the board this year.

The CPA Alberta Board governs the organization in order to effectively and efficiently meet its legislated mandate and protect the public interest. Through its deliberations and oversight of CPA Alberta's activities, the board ensures resources and support are available to Alberta's CPAs. This allows CPAs to serve Albertans at the highest levels of professional competency and ethical conduct.

Your 2021/2022 CPA Alberta Board members are:

- Damian Zapisocky CPA, CA (Chair);
- Ruth McHugh FCPA, FCMA (Vice Chair);
- Michelle Balmer CPA, CA;
- Cecilia Chen CPA, CA;
- John Fuller CPA, CA;
- Rachel Kucharski CPA, CA;
- Maureen Moneta CPA, CA;
- Dawn Sauve CPA, CA;
- Vince Vavrek FCPA, FCA, CGA.
- Karen Graham (Public Member); and
- Diane Pettie QC (Public Member).

There is currently one vacant public member position awaiting appointment by the Government of Alberta.



The future is coming. Are you ready?

cpaalberta.ca/Be-Future-Ready

A core competency for CPAs is the ability to adjust to and integrate new information and circumstances. Now, more than ever, it is apparent that the roles and expectations of all CPAs, are transforming—no matter what sector, level, or job title. Knowing that change is constant is the easy part; more difficult is knowing what to do about it and how to adapt.

CPA Alberta has the resources you need to be successful, today and in the future. The new “Be Future Ready” initiative is your one-stop shop for building the skills you need to anticipate change and proactively plan for career transitions and transformations. It will build your ability to meet challenges of the future by gaining the skills to:

- Understand and navigate through social, technological, economic, environmental, and political change
- Rethink situations, shift mindsets, and embrace change
- Provide insight and foresight to solve business problems and create value as finance business partners
- Demonstrate ethics and professionalism to protect, steward, and lead strategically

Four distinct pillars make up the core of the initiative and provide easy access to the many resources and services available through CPA Alberta.

CPA Build© is a new, self-directed career reflection tool which will help clarify your career demands and aspirations. It is free to Alberta CPAs and CPA PEP candidates.

CPA Explore will help you discover new ideas and approaches to solve business problems through interactive and exploratory discussions with other CPAs and experts

CPA Learn points you to the available tools, knowledge, and approaches you need to facilitate your future career transitions and transformations through professional development.

CPA Lead details opportunities to lead or help others lead, while leveraging the strength of your CPA professional community.

The initiative is based on extensive research and discussions with Alberta CPAs on the future opportunities, challenges, and environment. Those efforts culminated in the “CPA Careers: Transitions and Transformations” report. That valuable report and more information about all of the Be Future Ready services are available at cpaalberta.ca/befutureready.

The time is now to purposefully build your capabilities, explore new ideas, learn future-ready skills, and lead or support leaders. Visit the website today to get started.

cpaalberta.ca/Be-Future-Ready

Tackle the winter blues

No matter how prepared you are for winter, many feel the effects of seasonal affective disorder (SAD), a type of depression related to the change of the seasons most commonly felt in the winter. If you suffer from the symptoms of SAD, these simple changes to your routine may help.

Consume healthy foods

“Eat good, feel good.” While the phrase is not grammatically correct, the concept is true! Consuming processed foods—no matter how satisfying—can have a negative impact on your overall physical and mental health. If you suffer from SAD, consider eliminating fried and over-processed foods and notice the difference it has on your mood.

If you’re interested in learning more about eating well and the benefits of a balanced diet, CPA Assist has a range of resources available. Visit cpa-assist.ca for more information, recorded webinars, and upcoming events.

Get your body moving

The endorphins from exercise can have a huge impact on your mood (and in the winter, every bit helps!). So if the gloomy weather has you feeling sluggish, integrate physical activities into your routine, no matter the form. Try walking around the neighbourhood, following an at-home workout plan, or signing up for a new fitness class. Your body and mental health will thank you!

Soak up as much light as possible

Repositioning your workspace near a window, if possible, is an easy way to increase your sun exposure and get some natural Vitamin D. You can also schedule walks during the sunniest part of the day. You’ll find the fresh air and sunlight can really brighten your outlook.

Sources:

www.forbes.com/sites/francesbridges/2019/02/25/how-to-beat-the-winter-blues/?sh=729fd743128

www.inc.com/minda-zetlin/7-scientifically-proven-and-affordable-ways-to-fight-sad-and-cure-your-winter-bl.html



Reminder: The professional ethics requirement deadline is December 31

If you have not completed your professional ethics Continuing Professional Development (CPD) requirement, you have until December 31 to do so! As you may know, throughout your three-year CPD rolling cycle, you need to participate in a minimum of four hours of verifiable learning activities in the area of professional ethics.

Looking for last minute seminars to help you reach your CPD ethics goal? Visit the CPA Alberta Portal at <https://activities.cpaalberta.ca/CpaCePortal/pd-seminars/cpapdportal/Portal/AdditionalPage?page=2> to find on-demand and live virtual offerings.



The many ways to volunteer

Giving back to the community happens in many ways. From donating your time to a worthy cause to sharing your knowledge with those around you, there is no right or wrong way to give back.

Throughout the month of November, CPA Alberta's Community Impact Days highlighted CPAs who are volunteering within the community in unique ways. See great examples of how CPAs are taking volunteering to the next level in our issue's feature story, "Involved," on page 10.

If you're inspired by their stories, you can get involved, too. Visit cpaalberta.ca/Services/Volunteer-Opportunities, Jobs.cpaalberta.ca, and communityambassadors.ca to find opportunities to volunteer within the profession, or Volunteerconnector.org to volunteer at a charitable organization in your area!



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Boosting Financial Literacy

Three researchers make the case for increased financial literacy education, led by CPAs.

By: Dorothee Feils Ph.D., MBA
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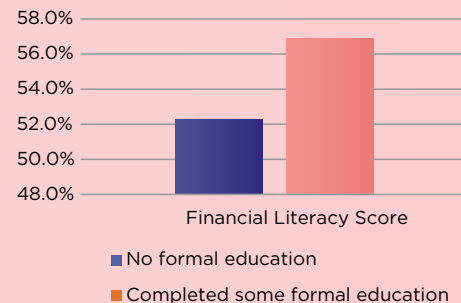


Financial literacy, or more specifically the lack thereof, has been in the news for some time. Financial literacy can be defined as the possession of appropriate knowledge and skills required to manage one’s own financial resources properly. This lack of financial literacy is ever more concerning, given the global trends towards more complex financial decisions that individuals must make. For example, Canada and other countries have seen a trend of defined benefit pension plans replaced by defined contribution pension plans, shifting the financial risk for retirement income from the corporation to the individual. In addition, individuals have greater access to financial transactions through internet purchasing, the advent of cryptocurrencies, crowdfunding, and crowd financing. Put together, individuals today are making considerably more financial decisions throughout their lives due to increased access to new financial products and longer lifespans. Yet, despite its growing importance, existing academic research has consistently shown that the average financial literacy of individuals is quite low across various demographics and countries.

As part of a larger research study into the financial literacy of post-secondary students, a 2020 survey of undergraduate students at a university in Alberta confirms relatively poor financial literacy, as students were on average only able to answer approximately half of the financial literacy questions correctly. Consistent with previous research, the results show that older and male students have higher levels of financial literacy. When regression analysis is applied to the survey responses, the results indicate that gender, age, and parental education levels are significantly positively related to financial literacy.

What can be done to increase financial literacy? Students who accessed a class, seminar, or high school course on personal finance were more likely to answer the financial literacy questions on the survey correctly. Even students’ informal education, such as a short video or pamphlet, helped improve students’ financial literacy.

Impact of Classes, Seminars or High School Course on Personal Finance on Financial Literacy

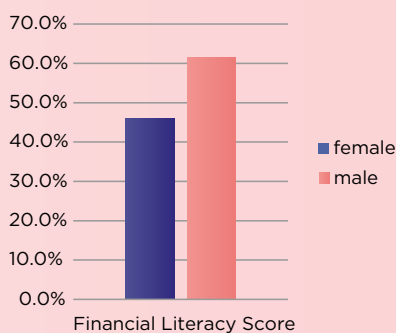


Also, the survey results indicate that experience with financial products positively impacts financial literacy, as students who own more financial products tend to perform better on the financial literacy questions.

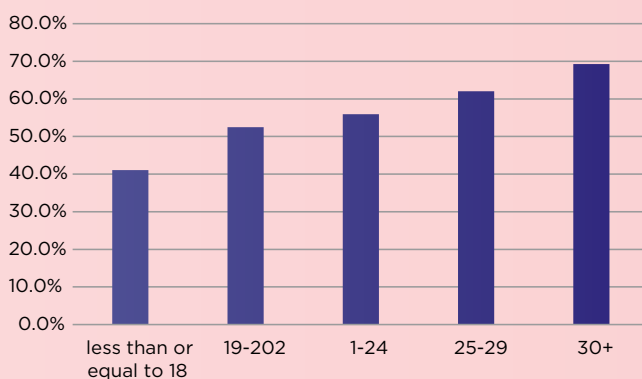
This result strongly points to a simple solution to the financial literacy problem: additional education for the public would improve financial literacy. Introducing more financial literacy topics into public education and providing free or low-cost personal finance seminars to the public, thereby exposing Canadians to essential personal finance knowledge, would improve the general population’s financial literacy. This is where CPAs can get involved. With their extensive financial expertise and high level of public trust, CPAs are well poised to provide financial literacy courses and seminars to post-secondary students and the general public. CPA Canada currently offers a financial literacy program where personal finance seminars on various topics, from fraud to budgeting, are provided to the community by CPA volunteers, and CPA Alberta is actively involved in helping organize these sessions in the community. For more information on this program or how to get involved, contact CPA Alberta’s Director of Member Relations, Larry Brownoff CPA, CA, at lbrownoff@cpaalberta.ca.

As with many difficulties in life, increased availability of information and further education introduce new perspectives and mindsets necessary to solve problems. On the surface, the solution to this financial literacy challenge is a simple one: access to information and education. However, the best ways of effectively educating Canadians on personal finance issues have not been well established, and more research in this area is needed. The financial literacy survey provided to post-secondary students in Alberta, referenced above, is part of a larger study on effective ways to improve financial literacy for the public. The goal of this study which has been financially supported by the foundations associated with CPA Alberta (CPA Education Foundation) and AIMCo (AIMCo Foundation for Financial Education) is to determine the most effective way to increase financial literacy of post-secondary students in Alberta. An increased focus on financial literacy in public education—which CPAs are well positioned to take a lead role in—will result in more Canadians making educated decisions concerning their financial planning, improving the Canadian economy by reducing household debt, and increasing the level of savings, thus enhancing the quality of life for Canadians.

Gender



Financial Literacy Score by Age of Student



FIRMS BUILDING A **FOUNDATION** OF PHILANTHROPY

The CPA Education Foundation has seen an uptake in Alberta firms wanting to support the future of the accounting profession.





*Senior leadership at Kelly & Creaghan are ready to support the next generation of CPAs.
From left to right: Dmitry Kalchenko CPA, CA, Leo Kelly FCPA, FCA, and Joseph Creaghan CPA, CA.*

There is no denying that accounting firms hire an impressive number of CPAs and candidates each year to meet their business goals, and the goals of their clients. In Alberta alone there are 1,754 active registered accounting firms filled with CPAs putting their designations to good use, and candidates working to achieve that same success.

Firms of all sizes in the province know that sometimes students just need a little help to make it through their educational journeys, and some are proving that they are invested in the education of the next generation of CPAs by funding scholarships through the CPA Education Foundation.

The Foundation has been committed to raising awareness of, and creating access to, careers in accounting for Albertans for over 30 years. A large part of that support comes from generous donors who have created scholarships to help students complete their designations. For example, when the Foundation was designing new scholarships for high school students entering a business faculty at a post-secondary institution, firms like Kelly & Creaghan Chartered Professional Accountants stepped up to the plate.

The partners at Kelly & Creaghan are avid volunteers in the Calgary community and are dedicated to advancing the profession in the province. Through their firm, they are supporting

the educational dreams of Alberta high school students by funding an annual scholarship for a student who demonstrate leadership through volunteering, with the first award set for spring 2022.

“Education of our youth and fellow board members is critical to our profession and a social responsibility in my opinion,” says Joe Creaghan CPA, CA.

Fellow partner Leo Kelly FCA, FCPA, echoes Joe’s sentiment, saying, “Providing scholarships promotes students with the extra funds to concentrate on studies or participate in other educational activities, rather than having to work part time to cover tuition and other educational costs.”

Across the board, accounting firms are ensuring that students have access to the necessary education they need to continue their academic journeys. Because of their direct support, students will have everything they need to succeed.

Every Alberta CPA has the potential to impact the journeys of students and CPA candidates. If you or your organization are interested in supporting the CPA Education Foundation, email cpaef@cpaalberta.ca or visit cpaalberta.ca/foundation to donate.

INVOLVED

By Chris Pilger and Kate Austin

The volunteer efforts of these three CPAs are having an impact on the broader community.

There likely isn't a day that goes by without an Alberta CPA contributing to their community in some way. In fact, a commitment to volunteerism is a tradition that has been encouraged and celebrated within the profession for many years. As a result, CPAs can be found making a difference in a number of ways, from serving on a not-for-profit board to donating to a worthy cause, mentoring a junior colleague, to volunteering within the profession. For some CPAs, volunteering has become much more. Meet three CPAs whose volunteer involvements have become an essential part of their lives.

Building diverse and inclusive spaces

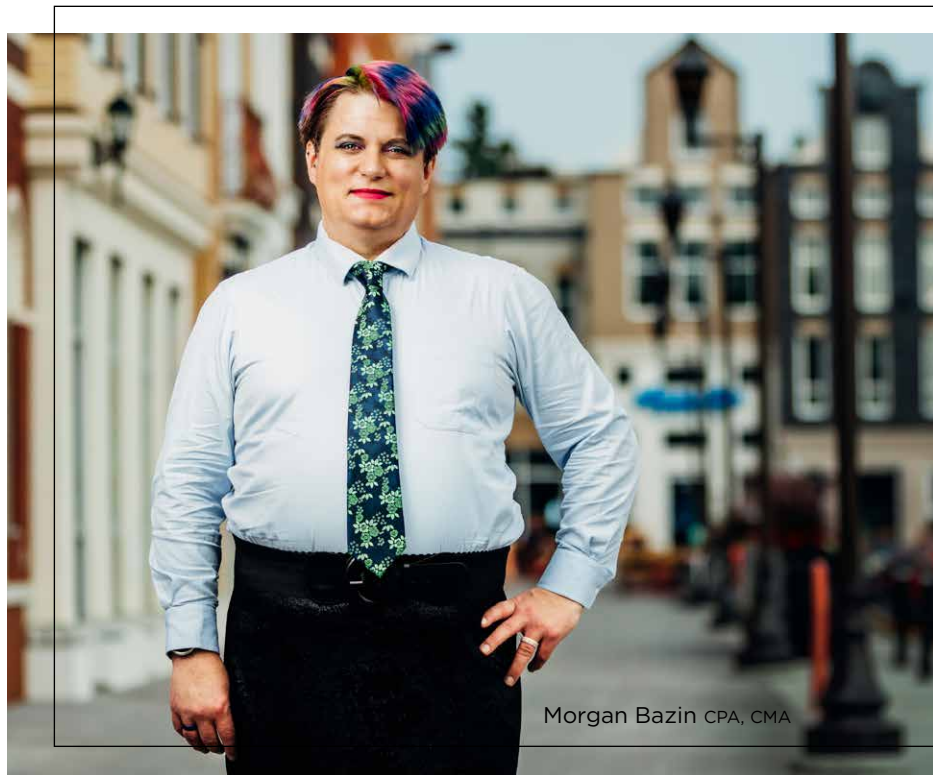
Different backgrounds and walks of life bring valuable experiences and ideas to all facets of our lives, which benefit everyone. But when Morgan Bazin CPA, CMA came out as non-binary in July 2019, they realized there was a gap in LGBTQ2S+ representation in the CPA profession; as a result, they decided to make a difference through both advocacy and volunteerism.

It all started with their CPA Alberta online profile, where the honorific field was mandatory. "At the time, the online portal didn't have the ability to select a non-gendered honorific," says Morgan. "I believe there were only the binary options for gender available at that time."

Determined to change their profile, Morgan contacted CPA Assist, who connected them with the Registrar at CPA Alberta. Together, they updated Morgan's profile. "We made the updates to my profile on the back end to reflect what is authentic for me," says Morgan.

The experience ended on a positive note and contributed to a lasting change: "Now the portal allows you to make those changes yourself," says Morgan.

But Morgan hasn't stopped there: in June 2021, they created a LinkedIn community geared toward Alberta LGBTQ2S+ professionals, including CPAs, called Alberta LGBTQIA2S+ Professionals. Morgan hopes the group can be a safe place for professionals to discuss their experiences, specifically at work, and see how others handled coming out to coworkers or man-



Morgan Bazin CPA, CMA

"One of my guiding principles is to leave the world a better place than I found it"

—Morgan Bazin CPA, CMA

agement. "It's part of giving back to the community," says Morgan.

Volunteering and giving back are important to Morgan from both a professional and personal standpoint. "One of my guiding principles is to leave the world a better place than I found it," says Morgan. They also believe they have a duty to maintain public trust in the profession; for them, part of that duty is to volunteer within their community.

"Building relationships with the members in the community builds trust in the individual and, by extension, the profession,"

says Morgan. "I believe, at a minimum, that volunteering within communities is part of a CPA's professional obligation."

Morgan believes it also doesn't hurt that you can learn valuable insights about your community from volunteering and turn those insights into business opportunities for your organization. It's a win/win for everyone.

Morgan continues to strive to ensure people who identify as LGBTQ2S+ feel included, especially in the workplace, and a big part of that is simply by existing as their true self. "Representation is important, and that's why I really value being out," says Morgan. "I try to make it as obvious as possible because if it makes it easier for one more person [to be out], then it was worthwhile. It makes the next person have a little bit better time."

Taking the extra step

When you by nature are a "doer", opportunities to make a difference have a way of finding you. For Patrick Teoh CPA, CA—a self-described "doer"—that has happened countless times in the course of his varied volunteer efforts.



Patrick Teoh CPA, CA

“we’ve also seen how like-minded volunteers—whether through a formal non-profit organization or not—come together to fill in community needs”

—Patrick Teoh CPA, CA

Patrick has volunteered throughout his life, but most recently has shifted his focus to being involved with smaller not-for-profit organizations—as he believes he can have the most impact in those types of organizations, both in the community and within the organizations themselves—he also volunteers as a director with Volly, a digital solution for matching community needs with volunteer resources.

“Volly was started by my friend, Alice Lam, who I knew from our mutual volunteer efforts in Chinatown. Both Alice and I have seen a lot of personal development from volunteering, but we’ve also seen how like-minded volunteers—whether through a formal non-profit organization or not—come together to fill in community needs,” Patrick says. Since its inception in 2018, it has provided more than 3,000 matches.

In the last year, Volly has continued those efforts while also working with other volunteers and groups on food security and how mutual aid works as a solution.

“This coalition of volunteers started and

continue to operate Calgary Community Fridge and Good Neighbour Community Market. We also provided some programming for isolated seniors. My role typically relates to behind-the-scenes work (grants, hiring students, and capacity-building), since it’s more of a need right now than the hands-on volunteering,” Patrick explains.

Another issue Patrick has taken on has wide-ranging implications for not-for-profits across the province. Through his work with the Asian Heritage Foundation, Patrick became aware of challenges many organizations were experiencing with the Alberta Gaming Liquor and Cannabis Commission. As a CPA, he was well-placed to understand the issues and possible solutions.

“We worked with dozens of non-profits serving a huge variety of demographics and causes to ascertain community needs and gaps. Being able to present these year-long findings to the AGLCC board in St. Albert was meaningful, because it was about helping Alberta become a better place through systematic rather

than incremental change. In times like this, that’s what we need.”

Patrick is a strong believer in volunteerism and frequently encourages his CPA colleagues to get involved.

“There are benefits both to you individually and to the profession by being active in the community. There is individual skill development, but volunteering also boosts awareness of the expertise CPAs have and enhances the reputation of the profession,” Patrick says. “We bring a unique skillset to the table, and our contributions are totally needed if we want to build a better future.”

Making the right decisions

Shubhneet Lotay CPA, CMA had some requirements when she decided to become a more active volunteer: it had to be a topic or cause she was passionate about, give her the chance to educate others, and add to her own skills.



Shubhneet Lotay CPA, CMA

“The one message I want attendees to take away from one of my sessions is to think ‘do I really need this?’ before purchasing something.”

—Shubhneet Lotay CPA, CMA

She found that combination by helping others increase their financial literacy through CPA Canada’s Financial Literacy Community Connect Network. The program has CPA volunteers working with community organizations providing sessions to the general public—usually through community organizations or schools—to educate attendees on a wide range of financial literacy topics.

“The one message I want attendees to take away from one of my sessions is to think ‘do I really need this?’ before purchasing something. If I can plant that seed, the session has been a success,” says Shubhneet.

The roots of her desire to encourage good financial decisions lie in her own experience. “I immigrated to Canada with my family when I was a young adult, and I found options like credit cards overwhelming. I just assumed that students in Canada learned financial literacy through their schooling and was shocked to discover they didn’t, and were just as confused as I was!” As a result, Shubhneet’s favourite groups to present to are students.

“It’s extremely rewarding to see the light bulb go off for these students. I think it is

critical to learn financial literacy skills at an early age, and to instill proper values around money and spending when kids are still young.”

This particular volunteer experience has helped Shubhneet polish some of her professions skills, as well—in ways both obvious and more surprising. Of course, it has improved her public speaking and teaching skills, but it has taught her other lessons, as well. “Dealing with a wide range of audiences has really changed my perspective and increased my humility,” explains Shubhneet. While she used to go into sessions with a defined notion of the audience, she discovered that it was not always correct. “All people are intelligent, but they come from different situations and have different needs. You need to listen to them, understand and respect their experiences and be able to adapt your own style to be able to effectively communicate and help them. That’s something that I have carried over and has benefitted me in work situations.”

With rewards like that, it is apparent that Shubhneet made the right choice for her volunteer focus.

ALBERTA'S

EVOLVING ENERGY

SECTOR

In 2020, Alberta produced **63 per cent**
of Canada's natural gas and

83%

of Canada's oil and equivalent.

Alberta Energy Outlook 2021

3

Alberta ranks third
in Canada for
**installed wind
energy generation.**

Green Energy Alberta

7,194

Number of **Solar PV Systems** installed in Alberta as of August 2021. In 2010, 122 were installed.

Green Energy Alberta


26%

Alberta's share of **renewable energy** is expected to grow to **26 per cent by 2023** from 16 per cent in 2017.

Canada Energy Regulator

FIRST PERSON

FIRST PERSON is a new regular feature in *Dividends*, in which Alberta CPAs share their thoughts, opinions, and learnings, in their own words.



Everything I have done was with the goal to become a more well-rounded individual, business person, and leader.

DAMIAN ZAPISOCKY CPA, CA

FIRST PERSON

The first “First Person” is new CPA Alberta Board Chair Damian Zapisocky CPA, CA. Damian was initially elected to the CPA Alberta Board in 2016, and has a long history of serving the profession. He is the Senior Vice President, Corporate & Strategic Development, at Peavey Industries LP in Red Deer. Prior to his current role, Damian served in executive positions, including CEO, COO, and CFO in private and public companies. In addition to his CPA designation, Damian is a Certified Internal Auditor and holds the ICD.D designation from the Institute of Corporate Directors.

In addition to his volunteer roles within the profession, Damian has served or is currently serving on corporate and not-for-profit boards in several roles, including President, Board Chair, and Committee Chair.

IF I were talking to a young person who was deciding on a career, I would tell them that **earning the CPA designation is the best way to build a foundation that will open doors.** It will provide endless options and opportunities.

My career is an example of that; earning an accounting designation wasn't initially on my list, but I **realized most of the jobs and the career path I was interested in needed a solid accounting background or designation.**

I've always felt it was important to continue to learn and grow—I think all CPAs do. Everything I have done was with the goal to become a more well-rounded individual, business person, and leader.

The profession itself needs to learn and grow, as well. **Accounting roles will be different in the future,** with all of the headwinds we are facing. I see the profession—and individual CPAs—having to be more dynamic and more willing to welcome and lead change.

It sounds like a cliché, but I started volunteering for the profession as a way to give back to a profession that has given me so much. Through that involvement, **I've met some great people, learned new skills, and been part of some very rewarding projects.**

It's like a virtuous circle—you give back, but you get back more.

One strength I believe I bring to the table is **working with groups to get them to a stronger position.** I'm good at ensuring all voices are heard, contributing to the discussion, and getting to a consensus.

The priorities for the CPA Alberta Board, and for me as Board Chair, are a microcosm of the profession as a whole. That includes developing a new strategic plan for the organization—as we are coming to the end of the current plan—that will allow us to continue to meet our legislated mandate.

The core of what we do—**protecting the public, developing future leaders, and supporting CPAs, all in a financially responsible manner**—won't change, but how we go about them most certainly will.

I do want to continue to find ways to be **more inclusive and diverse as a board, an organization, and a profession.** Tremendous strides have been made even in the time I have been on the Board, and we need to continue to move forward and progress on this important journey.

It's also important that we continue to work on our relationship with CPA Canada and our provincial body counterparts, to ensure the profession across the whole country is as efficient and effective as it can be.

If I could encourage one thing of Alberta CPAs, it would be to act as mentors. It is up to us to do what we can to groom the next generation of CPAs as leaders. We have an obligation to pass on our knowledge and encourage some of the great traditions of the profession, such as doing our share in our communities.

One thing people may be surprised to learn about me? Probably that I am a collector of hockey cards and other signed sports memorabilia.

Yes, it is true that Red Deer is a divided sports town...**for me, it's Oilers all the way.** I come by it honestly, having grown up in Edmonton!

WHAT IS A SCRUM?

(and how is it different than a regular business meeting)?

By Kyle Dobson, CPA, CA

Kyle Dobson CPA, CA, certified scrum master, explains the popular concept of “scrums” and shares his best tips for facilitating them successfully.

Have you ever questioned if your meeting—or even your entire project—could have gone more smoothly?

Most people would answer “yes” to that question. One way to improve in the future, according to Kyle Dobson CPA, CA, is by experimenting with Agile Project Management, and one of its key components, the scrum framework.

Kyle has applied his knowledge of scrums in numerous large and complex projects. Through that experience, he has developed a passion for helping business professionals, especially CPAs, use this novel approach to projects and facilitate scrums in place of project meetings.

“Accountants have traditionally used the waterfall approach for project management,” says Kyle, who recently joined Suncor as the Data Product Design and Delivery Lead. He explains that the waterfall approach is a sequential development process that flows like a waterfall through all phases of a project. “Because that approach is very linear, it may not be ideal for accommodating unexpected change. In some situations, Agile Project Management, which typically allows for flexibility and fast results, may be more suitable.”

Agile Project Management

As the name suggests, Agile Project Management is a more flexible approach to projects than is typical. Although it has

been mostly used in software product development, it has been adopted in other areas of business, including accounting and finance.

Instead of a linear and sequential process, it uses an iterative model that allows for continuous improvement, rather than addressing project improvements at the end. Typically, it involves working on a project in several small increments to address feedback and change along the way.

Scrums

Many people would agree that empowering a team is easier said than done. The scrum process framework, which falls under the agile umbrella, is designed with this challenge in mind.

A term borrowed from rugby, a scrum is about creating a dynamic team that delivers high value, with a shared sense of commitment, courage, focus, openness, and respect.

“Scrum is about taking agile principles and bringing them to life,” says Kyle.

A scrum framework has many components, a few of which include:

- a scrum team, also known as the development team, which is responsible for completing a product or project in increments and delivering value
- a product owner, who is responsible for managing the product backlog (a list of improvements) and addressing the challenges encountered by the scrum team
- a scrum master or facilitator, who is responsible for ensuring that the team follows the agile principles and scrum framework to which they agreed
- a sprint, referring to a time period in which an increment is to be completed, usually a span of two to four weeks.
- scrum ceremonies, which are various types of team meetings to ensure that everyone is on the same page about the goal and tasks

One of the most important guidelines to keep in mind is that facilitating a scrum is not about controlling the team, says Kyle. “The goal is to keep the team organized, and to get out of the way!”

Tips for facilitating a scrum

Create a safe space for the team

If you're thinking of using the scrum framework for your next project, Kyle recommends communicating this with your team, so individuals are involved in the decision and know what to expect.

He then recommends creating an environment in which the team is open to sharing their thoughts and ideas during scrums.

A technique he uses, especially when ideas are to be discussed, is to assign a light-hearted role to the person in the room who has the highest position of authority in the organization.



This person is then asked to start the scrum by sharing the most outrageous idea that comes to mind. Laughs aside, Kyle and his fellow scrum masters consistently use this technique as it helps to create a comfortable atmosphere. People are more willing to share an idea, knowing it won't be nearly as extreme as what may just have been suggested by, for example, the CEO.

This technique also helps to establish a non-hierarchical environment, which is part of the scrum philosophy and lends itself to better understanding of complex problems.

Have an open mindset to ask better questions

Asking strong questions can help a team truly understand a complex business problem and create solutions.

Kyle believes that for facilitators to find the right questions, they need to have an open mindset, which is a key part of the scrum philosophy. While he understands becoming more open can be challenging for many professionals, Kyle believes the rewards are worth the leap.

Doing so allows for divergent thinking, which refers to looking at the many aspects of a problem before converging on the cause.

What agile and scrums can mean for CPAs

Since CPAs must demonstrate a high degree of integrity in their work, the idea of intentionally engaging in an experiment that may be discarded—and celebrating the discarding—may feel counter to their training. Kyle encourages CPAs to consider the situations in which the scrum framework may be appropriate and beneficial.

He believes that Agile Project Management and scrums, in particular, have many benefits. These include higher quality work, lower project costs, the capability to complete complex projects, the ability to respond to unexpected to unexpected change, and better employee morale, to name a few.

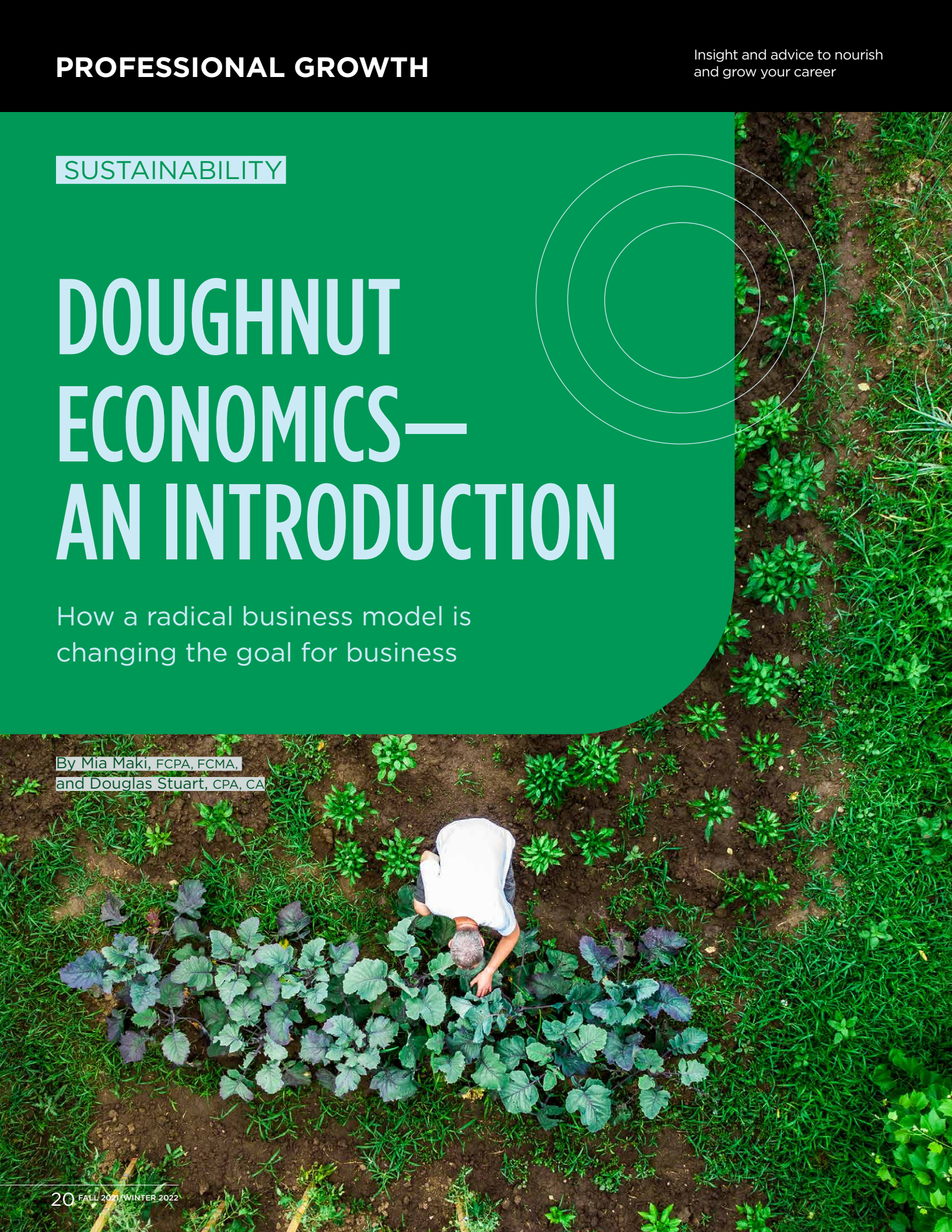
“It's good for the profession and the organizations we serve to embrace out-of-the-box thinking.”

SUSTAINABILITY

DOUGHNUT ECONOMICS— AN INTRODUCTION

How a radical business model is
changing the goal for business

By Mia Maki, FCPA, FCMA,
and Douglas Stuart, CPA, CA



Economic models work, until they don't. They provide a useful way for decision-makers to better understand our world, predict the outcomes of actions, and guide policy, but they eventually fail to keep up with evolving events.

Consider some major changes over the past 50 years. The oil shocks of the 1970s led to a new economic term, "stagflation," and government and businesses adapted. After the 1980 inflationary rollercoaster, with interest rates spiralling out of control, economics, government, and business adapted.² During the 2008 financial crisis, new models and tactics, including modern monetary theory and quantitative easing, were embraced.⁵

Now, with climate change affecting our daily lives—with extreme weather events and related air pollution, for example—it is time for new thinking and new models in economics. We must change, but how?

"Doughnut Economics," with its representation of a safe zone in which economic activity can take place that ensures social equity and respects environmental constraints, may be an answer. The doughnut model is already proving to be a valuable tool for many

decision-makers, and it's one CPAs should have on their radar, particularly given its compatibility with environmental, social, and governance (ESG) principles.

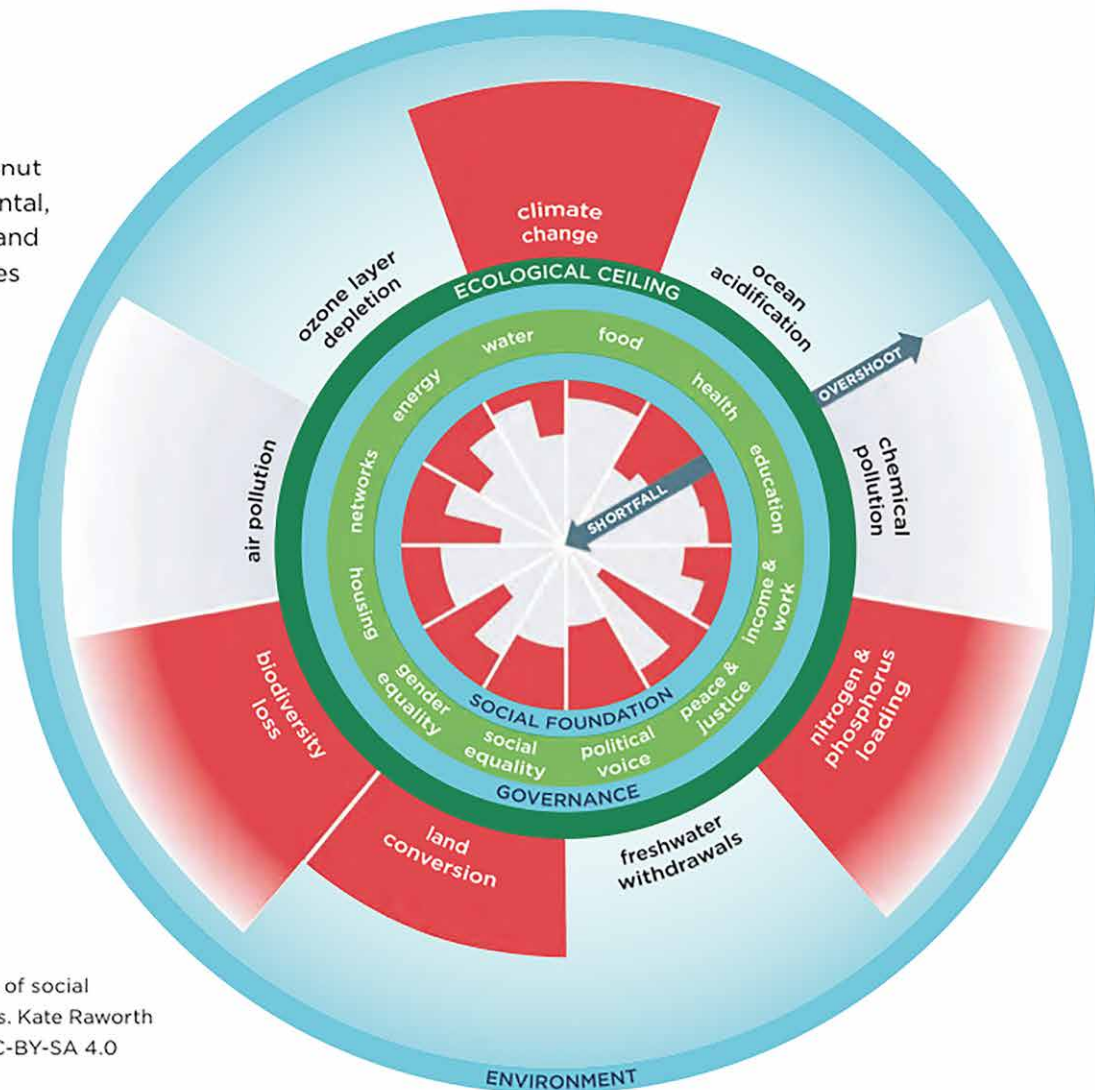
Finding the sweet spot

Doughnut Economics is a model first published in 2012 by self-described "renegade economist" Kate Raworth, then a senior researcher with Oxfam and now a senior associate at Oxford University's Environmental Change Institute.⁴ Her Oxfam discussion paper, "A Safe and Just Space for Humanity: Can We Live Within the Doughnut?" has since been expanded into the book, *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*.⁵

With its two concentric rings, this aptly named model encourages us to rethink the way traditional economic models have prioritized economic growth at the expense of social and environmental issues. The doughnut model defines a circular ring or "sweet spot" in which economic development can be conducted safely, for the benefit of humankind and the preservation of our natural

FIGURE 1:
Mapping the doughnut model to environmental, social (foundation), and governance principles

- Beyond the boundary
- Boundary not quantified



Based on The Doughnut of social and planetary boundaries. Kate Raworth and Christian Guthrie. CC-BY-SA 4.0



The doughnut model describes a new way of thinking about economic performance and business development—one that requires corporate citizenship.

environment. The “hole” of the doughnut represents an unsafe zone where doing business threatens our social foundation and leads to harmful consequences such as income inequality. The outer ring of the doughnut represents the ecological ceiling: limitations we must place on economic development activities due to the long-term pressure these activities place on our planet’s natural systems.

The doughnut model describes a new way of thinking about economic performance and business development—one that requires corporate citizenship (i.e., supporting community and reducing stress on our planet)—and many economists and policy-makers are embracing it. In 2020, for example, the City of Amsterdam adopted a circular strategy based on the doughnut model⁶ as a basis for municipal policies, aiming to get citizens “inside the doughnut”⁷ with a sustainable approach focused on renewable materials.

It is important to note that some public policy-makers and academics have critiqued the doughnut model for downplaying the development and growth previously thought necessary for the healthy functioning of communities. In response, others have noted

that the model suggests these activities are acceptable and even encouraged, as long as they take place within the “ring of the doughnut,” resulting in a more just society, where citizens’ needs are met within the ecological limits of our planet.⁸

How Doughnut Economics overlaps with ESG

If you’re thinking, “this sounds a lot like ESG,” you’re right. The three central factors that make up the ESG proposition (environmental, social, and governance) can be mapped onto the doughnut’s rings. The inner ring represents the “social foundation”—the life essentials required by each human being.⁹ Companies can support these needs, for example, by offering fair wages and implementing equity, diversity, and inclusion policies. The outer ring represents environmental limits that must be respected. Governance is required to keep organizations within the bounds of the doughnut, meeting social needs and not overstepping the “the planetary boundaries that protect Earth’s life-supporting systems.”¹⁰

In the next *Dividends*, we will slice into the doughnut, to further explore this model.

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NO TIME TO TURN MONEY LAUNDERING 101 AND THE ROLE OF CPAs AS FINANCIAL 007 AGENTS

By Garrett Wasny

A BLIND EYE:

Imagine not one, but a whole swarm of James Bond villains from every continent.

They're hobnobbing on a top-secret Zoom call to hatch a wicked plan. Their sinister goal: covertly erase economic integrity from global society. Their weapon of choice is not a gun or grenade, but financial deceit.

These conspiring overlords aim to undermine democracy, destroy the rule of law, and erode public trust in government. A core strategy is to warp wealth distribution and exacerbate global income inequality. They even seek to obliterate the reputation of foundational professional services such as banking, law, and accounting.

What twisted minds could possibly do this? Dr. No? Goldfinger? Jaws?

Answer: none of the above—they're only fictional characters. The truth is far stranger.

In real life, the twisted minds belong to money-launderers—skillful numerical wizards and criminal masterminds who specialize in financial subterfuge. They wreak havoc on the global economy and shred ethics in ways that would astound even Ernst Stavro Blofeld.

The practice is as old as money itself.

Ancient Roman merchants hid their riches from tax collectors. Pirates in Spanish galleons discreetly sold their bounties in different ports to conceal their transactions from authorities of the day. Gangster Al Capone used laundromats—coin wash facilities and cash-intensive businesses—to avoid detection, since in the Prohibition era pen-and-paper accounting was still the norm and colossal streams of cash could funnel through these operations largely untracked.

The impacts of money laundering aren't confined to the balance sheet. Some cases are truly tragic, and literally kill. The massive explosion at Beirut's port on August 4, 2020 ended at least 218 lives, wounded 7,000 others, and reduced entire neighborhoods to rubble. Financial crime analysts attribute this tragedy, in large measure, to money laundering: The port was rife with corruption and economic malfeasance. To say money laundering is a ticking time bomb is not hyperbole; it's harsh reality.

Today, money launderers are not only deeply entrenched (and still largely undetected) in our society and economy at practically every level, they're thriving beyond measure. Estimates vary widely on the scope of their reach and clout, but at a bare minimum, the United Nations Office on Drugs and Crime (UNODC) estimates the amount of money laundered globally in one year is 2 to 5 per cent of global GDP. That translates into between \$1.7 trillion (equivalent to Canada's GDP) and \$4 trillion (Germany's GDP) in current US dollars.

Other economic researchers report the figure is actually a mind-bending 25 per cent of global GDP—about \$21 trillion a year. This includes more than half of all banking assets and a third of multinational company investments. Huge numbers, to say the least!

So, the skillful treachery of money launderers is beyond doubt. But what do they do exactly? What are they thinking? How are they thinking? What's their modus operandi and typical workflow?

Their story is complicated and simple at the same time. On one hand, they are typically highly complex characters who are cunning, opportunistic, and astoundingly clever. They're also as creative as any famous painter, musician, or artist, but only with money and numbers. Above all, they are practical: willing and eager to change their stories and finesse the numbers to further their own interests. On a whim, they can instantly concoct ever more elaborate plots using increasingly sophisticated technologies to cover their illicit tracks and non-compliant transactions. On the other hand, they're flawed human beings who are driven by a primal desire: unchecked greed.

Their name—money launderer—says it all.

Just as washing machines and detergents remove unsightly stains from garments, money launderers sanitize "dirty money." These are proceeds generated by all manner of criminal activities, including tax evasion, fraud, misdirection or exploitation of government funds, insider trading, drug trafficking, terrorist funding, human smuggling, illegal gambling, extortion, and evasion of international sanctions. Behind this torrent of illegal enterprise lurks a money-laundering team who expertly use financial disinformation, duplicity, and deception to navigate through administrative loopholes, compliance gaps, and enforcement blind spots.

Money launderers use their evil genius to transform ill-gotten gains into "clean money." The original funds, once criminally soiled and stained, now have the dirt-free provenance and fresh scent of legitimacy, or so they would have you believe. Law-breakers can accomplish this in countless audacious ways, but the general rule is they follow a three-step process: placement, layering, and integration.

In the initial, or placement, stage of money laundering, the launderer introduces their illegal profits into the financial system. This might be done by breaking up large amounts of cash into less conspicuous smaller sums (say, \$100 bills into \$5 or \$10 notes). These notes are then deposited directly into a bank account or used to purchase a series of monetary instruments (such as cheques or money orders), with the funds then collected and deposited into accounts at another location (either in the same country, a different one, or multiple locations offshore).



The United Nations Office on
Drugs and Crime (UNODC)
estimates the amount of money
laundered globally in one year is
2 to 5% of global GDP.



After the funds have been placed into the financial system, the second, or layering, stage occurs. In this phase, the launderer engages in a series of conversions or movements of the funds to distance them from their criminal source. The funds might be channeled through the purchase and sales of traditional investment instruments such as stocks, bonds, exchange traded funds (ETFs), commodities, and precious metals. The new instrument of choice is cryptocurrency. This booming asset class is reportedly enabling criminals to flow billions of dollars from their criminal enterprises into legitimate holdings.

The launderer might also simply wire the funds through a series of accounts at various banks across the globe. This use of widely scattered accounts for laundering is especially prevalent in jurisdictions that do not co-operate in anti-money laundering investigations (such as Iran, Angola, North Korea, Ecuador, Ethiopia, and Pakistan). In some instances, the launderer might intentionally misclassify the transfers as payments for goods or services to give them a legitimate appearance.

Having successfully channeled their criminal profits through the first two phases, the launderer then moves them to the third stage: integration. Here the funds re-enter the legitimate economy, where the launderer has the option of investing the funds any way they wish. This could be real estate, stocks, luxury goods, art, business ventures, or any other value-storage instrument.

The bizarre world of the pandemic has also served as a perfect cover and diversion for financial malefaction. Criminals are jumping on the unprecedented uncertainty and volatility to shepherd funds through these three stages with even greater stealth. Stories that might normally raise red flags may now seem more credible; questionable paperwork may now be subject to less scrutiny; and borderline or even offside financial reporting may now be accommodated or given a pass and waved through. Money launderers know this all too well and use this turbulent operating environment to maximum advantage. Deceit loves chaos!

What does all this have to do with CPAs and accounting? Everything, actually! Criminals are constantly on the hunt for new ways to launder money and typically don't stick to the same routine. They recognize that practically every transaction point and ledger entry in the moneylaundrying workflow is under the watch of some accountant somewhere. That paperwork needs to be carefully curated and continually managed to avoid the critical eye and suspicions of qualified professionals. Deceit can never sleep!

One tactic is to take advantage of practitioners who may be unaware of money-laundering operations and naive to the true cunning and ruthlessness of these syndicates. Clients with criminal intent will do their best to appear like any other client. An unassuming appearance and soft-spoken demeanor may mask a super-villain mindset; they may play dumb and meek, but are anything but. Deceit shape-shifts to disguise true intentions!

Without a hypersensitive antenna for fraud, even the most experienced of accountants can be unwittingly manipulated. CPAs can inadvertently add their professional legitimacy and respectability to seemingly straightforward and mundane transactions that actually conceal the proceeds of crime. You may be already aiding and abetting a multinational money-laundering operation and not know it!



How should you respond?

The first step is awareness. As a start, practitioners should read up on the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). The statute requires accountants and accounting firms to help combat money laundering and terrorist financing in Canada by meeting specific compliance, reporting, and record-keeping requirements.

If this were the most recent James Bond film, perhaps the title could be changed from "No Time to Die" to "No Time to Turn a Blind Eye." More than ever, CPAs need to be aware of their ethical responsibilities and obligations as real-life financial 007 agents. While James Bond may have his Aston Martin car, Walther PPK pistol, and unshakeable swagger, accountants collectively have something far more powerful and scalable: integrity, objectivity, and analytical rigor. Practitioners have a higher calling to protect the public interest. As the conscience of the business world, CPAs have new opportunities to step up, report for duty, and go on one of the most critical missions of our times: safeguarding society from rising money laundering threats.

About Garrett Wasny

Garrett Wasny is an award-winning internet speaker, author, app developer, professional development technologist, and former management consultant for Price Waterhouse. He's published three books, written hundreds of articles and columns on internet strategy, and delivered more than 1,000 seminars and webinars to CPAs and accounting organizations worldwide on how to thrive online using the latest enterprise, mobile, search, and social tools.

To learn more about this topic, check out Garrett's two-hour CPA Alberta Professional Development on-demand seminar, *Money Laundering Awareness for Accountants*. You can find out more about the course on the CPA Alberta website.



Data scraping: A cyber-security concern

Cyber-security has been an important issue for all organizations for a number of years. The increased reliance on digital technology during the COVID crisis has only heightened those concerns and opened the door further to attacks—and, potentially, bad outcomes. “There is not a single client we work with who doesn’t feel concerned about cybersecurity,” says **Wendy Gnenz CPA, CA**, a partner with MNP’s digital advisory practice in Edmonton.

One increasingly problematic area is data scraping.

What is data scraping?

Data scraping essentially refers to any method by which information is gathered from an organization and used for unauthorized purposes by another entity. This is typically done online from a website (called web scraping) by automated programs or by manual effort of individuals.

It is important to note that data scraping itself is not illegal, though some methods used to gain access to the information may be. A simple example illustrates this point—collecting personal and contact information of an organization’s employees. If this data were gathered from an organization’s publicly available online directory, it would not be illegal. However, if the same information were gained through unauthorized access to an intranet site, it would be illegal.

Is data scraping dangerous?

The impacts of data-scraping activities range from relatively innocuous to very concerning.

Consider the example of employee contact information: On the less harmful side, companies could use the contact details they gathered as a lead generator for business development activities, subjecting individuals to unwanted sales pitches. While inconvenient, this activity wouldn’t result in harm.

Much more concerning would be that same email address being used by cybercriminals to send phishing emails—messages that seem legitimate but have unsafe attachments or links that, once clicked, will install malicious files.

Data scraping can provide much more than just an email address, but also information to make phishing emails seem more legitimate, such as names of an individual’s friends, colleagues, or superiors, and information on current work projects.

Wendy explains that, once these criminals gain access to an organization’s system, they have a number of options. For example, they can scrape more data from more confidential, internal documents, and sell this information on the dark web. One of the biggest current issues is ransomware. “Ransomware is where criminals hold data or deny access to systems,” explains Wendy. These attacks are increasing, and are directed at organizations of all sizes, and even individuals.

As well, data scraped from a website can pose a reputational risk for organizations, through perceived association with unknown companies or individuals, and can even lower website search-engine optimization (SEO) rankings.



What steps can you take for yourself and your organization?

Wendy says prevention starts with awareness. Since cybercriminals see all private data as interesting and potentially useful, “you as an individual and all your team members need to know what constitutes personal information and how to protect it, both online and in the physical space.”

First, individuals should limit the type of personal information they share online, despite the number of opportunities that exist to do so. As well, critically assessing every email should be standard practice. This should include assessing the legitimacy of the sender and the contents of the message itself.



Wendy’s red flags that may point to suspicious emails:

Spelling errors in the body of an email or in naming convention of the email sender.

Logos in the email appear slightly distorted, fuzzy, or otherwise wrong.

Extra letters or numbers in URLs of website links.

Taking action at the individual and organizational level will help protect the data with which you have been entrusted.



Wendy’s steps to minimize opportunities for data scraping:

Limit or eliminate entirely publicly accessible, personal contact information.

Provide cybersecurity and privacy training to all employees .

Keep all of the organizations software up to date and install all patches.

Use third-party software, such as encryption tools or secure portals, to keep data safe.

“The sophistication of those who use data scraping has increased so much in recent years that it is important that, if there is any doubt as to the veracity of the email, to not take an action,” Wendy says. “Also, remember that, at the end of the day, you can pick up a phone or send an original email to an individual or organization to confirm that an email is legitimate or to ask to be removed from a contact list.”



Please note that, unless stated otherwise, access to publications, documents, and other resources referenced in all sections of Risk and Reputation can be found online at www.cpacanada.ca by searching the document, webinar, or article name.

ACCOUNTING AND AUDITING STANDARDS

New IAASB outreach plan for audits of less complex entities consultation published

To continue to drive engagement and solicit feedback on its public consultation on a proposed new standard for audits of financial statements of less complex entities (LCE), the International Auditing and Assurance Standards Board (IAASB) has published a targeted outreach plan. This plan details the IAASB's focused efforts to facilitate feedback from different stakeholder groups through roundtables, presentations, and other related activities, and can be found online on the IAASB website at www.iaasb.org. The plan is expected to evolve and will continue to be updated as events and activities are added or confirmed.

The landmark proposed new standard for audits of financial statements of LCEs responds to demands to have a set of high-quality audit requirements tailored for the needs of LCEs. The proposed new standard aims to provide a globally consistent approach at a time where several jurisdictional-specific LCEs standards or related initiatives are arising.

The IAASB strongly encourages all interested stakeholders to provide their feedback on the proposed standard by January 31, 2022. The standard is relevant to users of financial statements, owners, management, and those charged with governance of entities; preparers of financial statements; legislative or regulatory authorities; relevant local bodies with standard-setting authority, professional accountancy organizations; academics; regulators and audit oversight bodies; and auditors and audit firms, among others. You can access the standard by searching the term "new standard less complex entities" at iaasb.org.

Stakeholders can submit responses through the "Submit Comment" button on the website.

Quality management standards – First-time Implementation Guide

The AASB approved the final quality management standards in January, 2021. Related to these standards, the IAASB has issued an implementation guide for practitioners. This non-authoritative First-time Implementation Guide may help stakeholders understand the requirements of the International Standard on Quality Management (ISQM), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and implement the standard in the manner intended. Go online to iaasb.org and search the term "quality management standards implementation guide" to access the guide.

Accounting Standards for Private Enterprises

CPA Canada has released an updated Summary Resource Guide that includes Accounting Standards for Private Enterprises (ASPE) briefings, financial reporting alerts, webinars and podcasts, and other ASPE resources. This Guide provides a convenient resource for implementation guidance on new and/or amendments to ASPE standards.

See the ASPE section of CPA Canada's Business and Accounting Resources page for comprehensive ASPE information, including publications, Pivot Magazine articles, courses, webinars, blogs, and more.

Understanding assurance needs: A framework for the decision-maker

Some decision-makers—such as third-party lenders; funders; regulators; federal, provincial, or municipal governments; or other organizations—may request or require entities they interact with to obtain the services of a practitioner to lend credibility to an entity's information. Given the broad range of possible services available, decision-makers may be unsure as to the appropriate level of practitioner involvement with the information that would best meet the needs of the intended user(s).

A new resource from CPA Canada provides the decision-maker with a framework to understand the type of engagement that best meets the needs of the intended user(s) of the practitioner's deliverable. It sets out several steps for a decision-maker to consider in determining the type of engagement that best meets the needs of the intended user(s). Each step includes questions and example responses.

Evaluating the information reliability of automated processes

Many auditors of financial statements use automated tools and techniques (ATT) in various aspects of their audits. ATT are IT-enabled processes that involve the automation of methods and procedures, such as the analysis of data using modelling or visualization. There could be significant implications for your audit if the information you use in your ATT is not sufficiently reliable.

With the evolution in technology, vast amounts of information and numerous types of information sources are available (e.g., social media, open data, blockchain, robotic process automation, Internet of Things, drones, etc.). The use of ATT allows you to incorporate information from various sources, both internal and external to the entity, and to use greater volumes in analyses. However, not all information that you use has the same degree of reliability.

Paragraph 7 of Canadian Auditing Standard (CAS) 500, Audit Evidence, requires you to consider the relevance and reliability of information to be used as audit evidence, including information from an external information source. When using information produced by the entity, paragraph 9 requires you to evaluate whether the information is sufficiently reliable for your purposes.

For more detailed information, see the Audit Quality blog by Johanna Field, CPA, CA in the Audit and Assurance Resources at cpacanada.ca.

ANTI-MONEY LAUNDERING

Top AML rules and developments to keep on your watch list

The rules for CPAs as they relate to anti-money laundering are changing. In fact, a number of new requirements for those engaged in activities covered by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act came into effect this June 1. FINTRAC has published notices on its website explaining how it will manage the transition, including assessing compliance.

To help you understand what you need to know about these developments, CPA Canada has prepared two new papers: one detailing new "know your client" rules and another on new record-keeping and reporting to FINTRAC requirements. An updated AML guide will also be published this winter.

Here are three of the top items related to AML to keep on your watch list:

1. THE CULLEN COMMISSION

Launched by the province of B.C. in May 2019, the Commission of Inquiry into Money Laundering in British Columbia (known as the Cullen Commission) has a broad mandate to make findings of facts and recommendations to address the conditions that have enabled the continued growth of money laundering in B.C.

As part of its terms of reference, the Commission is tasked with inquiring into and reporting on the extent of money laundering within certain sectors, including professional services, and determining the scope and effectiveness of their regulatory systems when it comes to combatting money laundering.

CPA Canada and CPABC have Participant Status at the Commission and appeared as witnesses during hearings in January 2021.

The Commission is expected to submit its final report to the B.C. government by December 15, 2021.

2. RECORD-KEEPING AND REPORTING

Several changes to accountants' and accounting firms' obligations with regard to reporting and record-keeping came into effect on June 1, while others were already in place.

The changes have implications for accountants and accounting firms involved in what are known as "triggering activities," i.e., on behalf of a person or entity receiving or paying funds or virtual currency; purchasing or selling real property, or immovables or business assets, or entities; transferring funds, virtual currency, or securities by any means; or giving instructions on behalf of a person or entity in connection with any of these activities.

Record-keeping: In addition to keeping a copy of every report sent to FINTRAC, accountants affected by the rules must also keep records, when applicable, of large cash transactions (when they receive C\$10,000 or more in cash); large virtual currency transactions (when they receive an amount equivalent to \$10,000 or more); and receipt of funds (when they receive C\$3,000 or more).

Where applicable, accountants must also keep records of other types of information, such as: the information required when verifying the identity of the client; their business relationship with the client (including whether the client is a politically exposed person, a head of an international organization, a family member, or close associate); and beneficial ownership information (see item below, as well as new rules make 'knowing your client' even more important for CPAs).

Reporting to FINTRAC: Under the previous reporting requirements, accountants and accounting firms covered by triggering activities in the AML/ATF legislation were

already required to file three types of reports to FINTRAC: the Suspicious Transaction Report, the Terrorist Property Report, and the Large Cash Transaction Report. But as of June 1, 2021, they must also submit a Large Virtual Currency Transaction Report (LVCTR).

For more on the new requirements, see new AML/ATF requirements associated with record-keeping and reporting to FINTRAC.

3. BENEFICIAL OWNERSHIP

For anyone involved in fighting money laundering and other financial crimes, having access to timely and accurate information on who owns, controls, or ultimately benefits from a business can be a valuable resource.

Requirements around beneficial ownership disclosure are evolving both at home and abroad, and recent legislative changes by the federal government and certain provinces (B.C., Saskatchewan, Manitoba, Quebec, Nova Scotia, Prince Edward Island and pending changes in New Brunswick) mean enhanced corporate transparency.

It's worth noting that the 2021 federal budget also proposed to provide \$2.1 million over two years to support the implementation of a publicly accessible corporate beneficial ownership registry by 2025.

Also, under new AML/ATF "know your client" rules that came into effect on June 1, accountants and accounting firms involved in triggering activities are required to record beneficial ownership information in certain circumstances.

PRACTICE MANAGEMENT

Tips on running a high-quality tax practice

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.

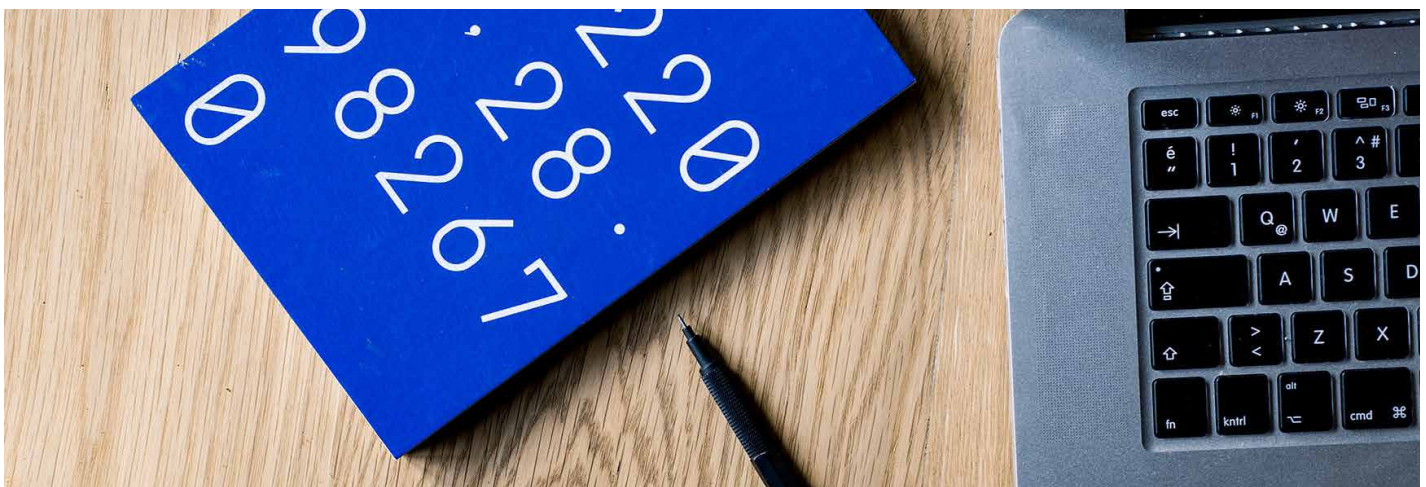
The latest statistics from CPA Canada Liability Plan Inc. (CPA Plan) show that in the last 10 years, tax claims have climbed by 60 per cent, while costs per claim have tripled.

According to feedback from a number of small and medium practitioners (SMPs), the best practices of a high-quality tax practice relate to three crucial areas:

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, and CPA Alberta offers a number of professional development opportunities in the tax competency area. 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. SMPs 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, estate planning

In a recent presentation at CPA Canada's The ONE Conference and Expo, two common areas of concern and ways to reduce the related tax risks were discussed:

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.

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. You can find a sample checklist on the CPA Canada website by searching the term "tax practice checklist."

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.

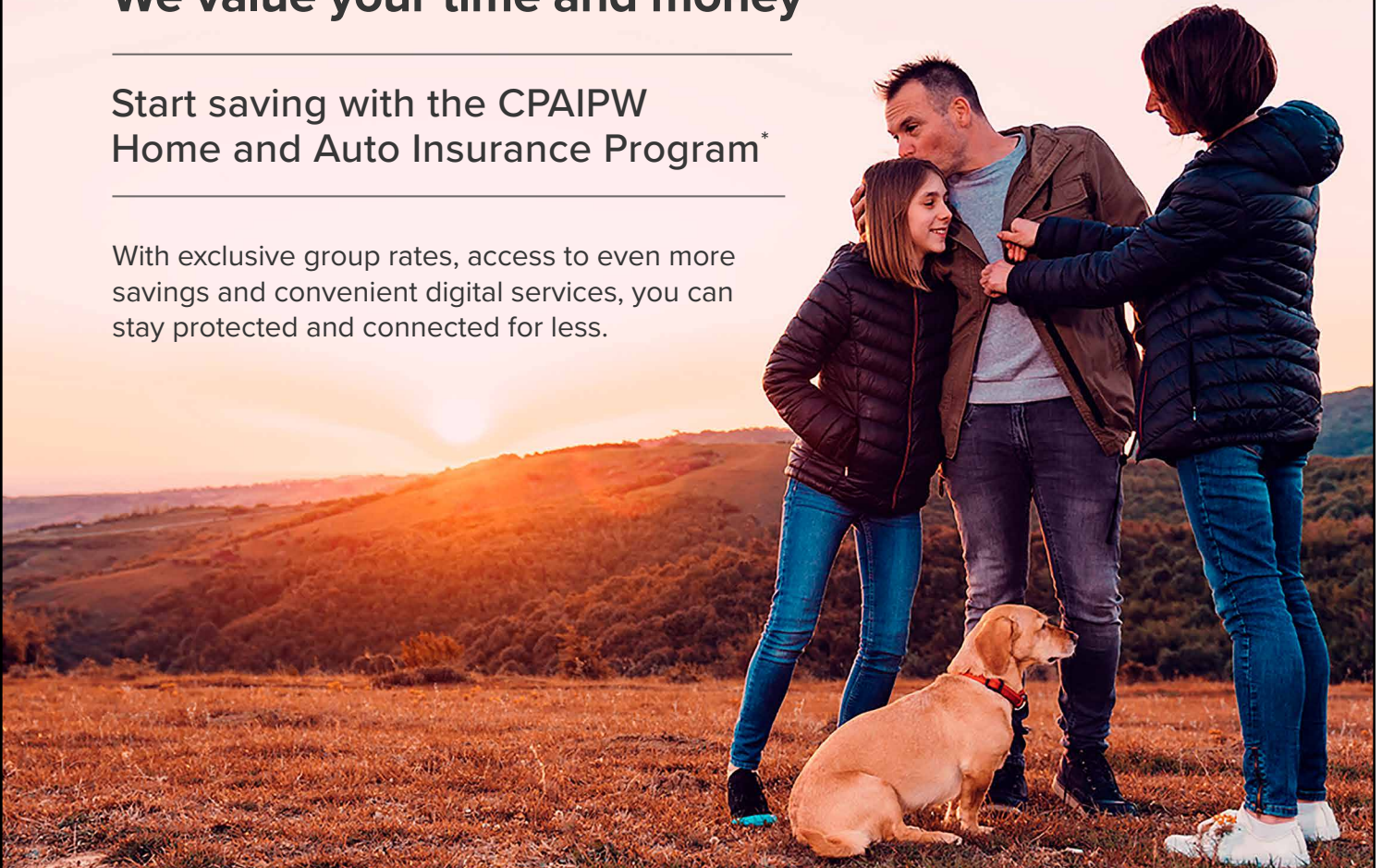
For more detailed information, see the Tax blog by Bruce Ball FCPA, FCA in the Tax Resources at cpacanada.ca.



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IN MEMORIAM

(Notice received
July 7, 2021 – September 3, 2021)

CPA Alberta notes with sorrow the passing of the following Alberta CPAs:

Airdrie

Doug Christman CPA, CGA

Barrhead

Tracey Meunier CPA, CGA

Calgary

C. Jeffery Ealey CPA, CGA
John Fowlis CPA, CA
Harry Hartley CPA, CMA
Wesley Hartman CPA, CA
Melody Jackson CPA, CGA
John Jager CPA, CMA
James Sikora CPA, CMA
Doug Tenney CPA, CMA
Sharon Tonkin CPA, CGA

Cochrane

Keith Crowder FCPA, FCMA

Edmonton

Eric Feigel CPA, CA
Donna MacDermid CPA, CA
Laura Leigh White FCPA, FCGA

Kirkland, Washington, USA

James Hawkins CPA, CA

Lethbridge

Victor Mark CPA, CA

Red Deer

David Schurman CPA, CA
Gerrit Visser CPA, CA

Sechelt, B.C.

Norman Talbot CPA, CA

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Jim Davidson CPA, CA



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THE FINAL WORD

ON...

DRIVE

Janice Anderson CPA, CA

Director, Technical Accounting and Financial Reporting Advisory Services, Nutrien

What is drive important?

Drive is the force that propels a successful career. I consider it the motivating factor when considering my actions or inactions in a situation. A mentor once told me that “no one is going to fight for you but you,” which is advice I took to heart. The advice isn’t about being aggressive or argumentative, but about creating your own opportunities and going above and beyond. Drive also comes hand-in-hand with genuine interest and passion for your job. For me, having genuine interest and passion for what I’m doing increases my drive to succeed at my goals.

Drive in action.

When I was a manager at PwC, I was asked to speak on a volunteer basis at some accounting conferences—a lot of people had turned this down, but I sought out approval to go ahead with it. I spent a lot of additional time and effort preparing for my presentations and became one of the regular speakers on this circuit. Not only did it increase my public speaking ability, which is now one of my strengths, but I also made a lot of connections with some brilliant technical accountants. Ten years later, this network was instrumental in me successfully landing my current role.

Putting drive to work.

Take on the challenging assignments and volunteer to work with difficult colleagues or supervisors. Pivot potential negativity into an opportunity to learn something new and develop soft skills. Changing your mindset about a task can be instrumental to your success.



A photograph of a woman and a young child looking upwards with joy. The background is dark with warm, bokeh lights and blue light trails. The woman has curly hair and is wearing a yellow jacket. The child is wearing a brown jacket.

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