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THE PROFESSION'S VIEW

THE CHALLENGE: PROVIDING ACCESS WHILE KEEPING STANDARDS HIGH

When the topic turns to internationally trained professionals, a question often comes up: "Why not just let internationally trained professionals go straight into practice when they arrive in this country?" The assumption, often based on an idealized "free market," is that competition and the marketplace will quickly sort out who is and is not ready to meet Canadian standards for professionals.

However, the fact is that the training and standards for the professions – whether doctors, lawyers, engineers or finance and accounting specialists – vary widely between countries. Doctors encounter different training, treatments and technologies. Lawyers must deal with different laws and legal systems. Finance and accounting professionals face unique business laws and tax systems in each jurisdiction.

Almost every country has its own set of standards for education and conduct for practising in a given profession. These requirements protect the public by ensuring the person who practises as a professional actually meets the necessary standards of that jurisdiction.

In Canada, while no one can call themselves doctors or lawyers without meeting the requirements of those self-regulating professions, newcomers – or residents – can call themselves an "accountant" or a "bookkeeper" without any qualifications whatsoever. In fact, in some provinces and territories, they'd even be able to do public accounting work, which involves signing off on the veracity of an organization's financial statements, without ever having to take an accounting course, never mind being subject to oversight, and, if necessary, discipline by a professional body.

So, in certain respects, some parts of Canada actually have "thrown open the doors" and allowed people with unproven skills and no standards for professional conduct to enter into the field of accounting. However, the two provinces that traditionally have been Canada's business leaders – Ontario and Quebec – do have standards for public accounting set at internationally respected levels. With the rise of the economic importance of other provinces

and the continued globalization of business, it's becoming increasingly evident that all of the provinces are going to have to ensure their standards for public accounting match the levels that are the norm in our major trading partners abroad.

The Chartered Accounting profession has worked hard to allow access for internationally trained professionals, while also continually upgrading its education, examination and experience requirements and its rules of professional conduct so that they remain equivalent to those of our international trading partners.

The Ontario Institute was established in 1879 and has been welcoming internationally trained professionals since it was founded. The way we do that has been enhanced over the years, and we've been negotiating mutual recognition agreements since the 1950s, when Canadian Chartered Accountants and CAs in other Commonwealth countries, such as the U.K. and Australia, agreed to recognize each other's training and standards.

Overall, the CA approach is to maintain internationally respected and recognized standards, while working closely with all parties to ensure that internationally trained professionals have the information and help they need to achieve qualification. We have a clearly defined occupational path for immigrant financial professionals who wish to become CAs. We work with the International Qualifications Assessment Board (IQAB) to assess professional standards in other jurisdictions with an eye to either approving or helping to improve them. The Institute also assesses each applicant's qualifications individually so their personal mix of education and experience is given full consideration.

Internationally trained professionals are welcome to come to Ontario, with the proviso that to achieve the CA designation they'll have to meet the established standards, which are set to match those of our international trading partners in the U.S., Europe, Japan and elsewhere. The public interest demands nothing less. □

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In 1989 (then) Ontario Citizenship Minister Bob Wong said: "It is very encouraging to see a group such as the Institute of Chartered Accountants of Ontario taking the vital step towards improving fair access to the profession of accounting. I am very interested to see if your example will be followed by the other self-governing occupations."

CLOSING THE GAAP

CANADA MOVING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Nearly three years after he became a Chartered Accountant, Craig Cross had his introduction to dealing with International Financial Reporting Standards (IFRSs) while working under the shadows of the Bank of England in London.

"I found the actual reading of the standards very easy," said the 32-year-old New Zealand native, who had been hired by Morley Fund Management, an asset management arm of British insurance firm Aviva Plc.

Because IFRSs are a principles-based system like the one he been used to in New Zealand, Mr. Cross found he was able to resort to accounting judgments when deciding how they should be applied.

Thousands of Canadians will soon face a similar situation following the industry's recent decision to replace Canadian Generally Accepted Accounting Principles (GAAP) with IFRSs for all Canadian publicly accountable enterprises.

Over the years, Canada had evolved its own version of GAAP, which remained principles-based while adopting some of the features of U.S. GAAP, a similar "rules-based" system.

In contrast to Canada's current version of GAAP, IFRSs are a set of financial reporting standards developed by the International Accounting Standards Board (IASB), an organization supported by professional accounting bodies worldwide, including Canada's Accounting Standards Board.

IASB's aim is to provide a single system of high-quality global accounting standards that requires transparent and comparable information in general purpose financial statements.

By making IFRSs the basis of reporting for public companies in Canada by January 2011, the Canadian accounting profession is following the lead of about 110 other countries now moving to embrace what are regarded as universal reporting standards.

This adoption also put the onus on all public accounting firms to ready themselves to make the transition from GAAP over the next three years. Many of them are discovering the importance of having internationally trained accountants on their teams.

Having worked with IFRSs in England, Mr. Cross is now part of a team in Toronto that is helping the staff of BDO Dunwoody LLP make the transition to IFRS.

He believes there are many benefits in moving to IFRSs, including the chance for Canadian companies to benchmark themselves against foreign competitors. He also notes that Canadian subsidiaries may not have been accounting for issues in the same way as the parent company.

"So there is an opportunity to tidy that up throughout the group," he said.

Following the recent North American Financial Reporting Standards Conference in Toronto, there were reports that Canada may not be ready to adopt the new accounting rules by 2011.

Concerns were expressed that in a number of industries, senior managers are not aware of the differences between existing standards and IFRSs.

Ron Salole, vice-president, accounting standards, with the Canadian Institute of Chartered Accountants (CICA) explains the date for the transition to IFRSs in Canada was only confirmed in mid-February. Until that time, people had been reluctant to fully resource the transition process.

"Once the date was confirmed, people started saying that this is now serious and we had better get on with it."

Mr. Salole agreed that the Canadian accounting profession is not fully ready. "But I think that within the next three years, it is going to be possible to come to grips with it," he said. "The Europeans were able to do it in an equivalent period of time. Other countries made the transition to IFRSs on a time frame shorter than Canada's. I see no reason why we can't."

Meanwhile, CICA has put together a team across all of its departments, including continuing education, communications and standards, to help its members with the transition.

CICA has also developed a dedicated website (www.cica.ca/IFRS) that offers a variety of resources to steer companies and individuals through the transition process. "The earlier preparations begin, the smoother the transition," said Mr. Salole. □