



## Congratulations to Saskatchewan's Newest CAs

The Institute is proud to introduce its most recent graduates

**From the Top of the Stairs Down**

*Cheryl Holtz, Jolene Rigg, Vicki Siwic,*

*Mark King, Brett Thiessen, Adam Taman, James Knittig, Rob Spinney, Nicole Osayande, Allysen Romich, Lisa Robinson*

*Brent McLean, Janelle Kirzinger, Keegan McShane, Larissa Sych, Shawn Seidler*

*Brent Gossner, Kaurie May, Carmen Baker, Angela Krieger, Leah Hientz, Kyle Sibley*

*Amanda Emmons, Cole Fornwald, Neal Li Pi Shan*

*Theo Gonari, Erin Brown, Jasmin Brown, Jennifer Urscheler, Mark Fawcett, Sean Makahonuk*

*Aaron Halladeen, Breanne Bender, Danny Fradette, Brady Manz, Stephen Mann*

*Melissa Brunner, Jenna Muench, Gabriel Ng,*

*Jessica Van Olst, April Olynick, Kristy Bridgeman, Charlene Gaskin, Becky Fichter, Erin Chary*

*Kaily Harrison, Michelle Chambers, Michelle Titanich, Annette Gentil-Perret*

*Ryan Yano, Vicky Giesbrecht, Kelly Disiewich*

*Michael Bryanton, Brett Canham, Karie-Ann Walsh*

*Landon Fehr, Andrea Harris, Shannon Heincke, Reilley Dutchak*

Convocating Students unable to attend: *Darren Lewis & Sheleen Summach*

# MESSAGE FROM COUNCIL



President & Chair - Garth Herbert FCA

*Excerpts from the President's address at the 2011 Convocation held in Saskatoon on February 5, 2011.*

**W**e are here today to celebrate a great accomplishment. Today is the end of a long road. To those of you here today who supported and nurtured our newest class of Chartered Accountants, thank you. Having been down this road myself, I know it takes a village to create a new CA.

And to you, our graduating class, congratulations on what probably seemed to be an endless road of studying, exams and waiting. Your presence here shows your willingness and determination to work towards a goal. Great job.

And although today marks an end in some ways, in many more ways it marks a beginning. It is the beginning of a new career... a new profession.

And even though you have been on this path for some time, you may not have noticed it. Everything you have done to

date, every moment has led you to here. You are the CA profession.

We have spent a great deal of time talking about branding at council over the last number of years. We have engaged in advertising to help our brand. We have even called this branding. But be clear, each and every CA is our brand. It is your hard work, your honesty and your integrity that makes our brand strong. You have added your identity to ours and you will make us stronger.

It is your duty to ensure our profession remains pre-eminent in the province, the country and the world. I have every faith that you will rise to this challenge, the same as you have risen to every other challenge before this.

You will continue to make your family, friends and colleagues proud. I have no doubt. There are many ways to get this done and each of you will require a different mixture.

First there is education. You may think you're done but nothing could be further from the truth. Never stop learning. Never stop taking the opportunity to expand your skills and abilities.

And don't just focus on the next IFRS or ASPE or PSAB. Those technical things are important...sure...but make sure you take the time to expand other parts of your toolkit. Focus on the softer skills and show the world that CAs are more than numbers, they are managers, directors, vice presidents, presidents and CEOs. Show the world that we are more than finance. Don't limit yourself to the traditional. Some of these will take time, but trust me it will be worth it.

Next there is giving back. You have been blessed with a great deal of talent. Turn that into wisdom. Give back to your society. Get involved in your community, your charities, your causes and your profession. You will be amazed

at how much more you receive in return. You will see a richness that you didn't know was there. Our community is hungry for your talent but once again, don't limit yourself to being the treasurer.

Feel free to explore the options open to you. As you check into some options, other doors will open. Don't be afraid to take these opportunities.

Last but not least, there are those close to you. Make sure you take time to spend with friends and family. This time re-energizes you. There must be time set aside. As blasphemous as it sounds, remember that life is not all about work and career. As you grow and age, you begin to realize that there is never enough time. Make sure this area is a priority.

You are an individual, so make sure you find the right mix for you.

You are the future of the profession. There is going to be a great deal of opportunity for change as we move forward. Remember not to rush to judgment. Use those same competencies you've learned and apply them to our profession.

Look at proposals put forward by ICAS or CICA. Get informed about the thoughts and ideas of your leadership. Ask probing questions but keep an open mind. I can't even begin to imagine how different our profession will be in the future as we pursue our agenda of growth.

To keep our profession vibrant, we will have to look at new ways of doing things, new ways of developing and educating CAs. We already have training outside audit and assurance. More change will be required.

Above all, congratulations and enjoy the night. There will be time enough for weighty considerations as the days move forward. I know we are putting the profession in capable hands.

HORIZONS is a bi-monthly publication of the Institute of Chartered Accountants of Saskatchewan, 3621 Pasqua Street, Regina, SK S4S 6W8 (306)359-1010, fax (306)569-8288, e-mail info@icas.sk.ca. Opinions or products represented are those of the individual or company only. The Institute accepts no responsibility for them. The Institute reserves the right to make the usual editorial changes in articles accepted for publication. The Institute also reserves the right to refuse or withdraw acceptance from or delay publication of any article submitted. All members are welcome to submit articles. If you are interested in inserting an article or have any comments, please direct them to Sue James at the Institute office.

## Saskatchewan Medal of Excellence and CICA Honour Roll Recipients

The Canadian Institute of Chartered Accountants Board of Evaluators recognizes the top 50 UFE writers in Canada by naming a National Honour Roll. This year three of our Saskatchewan graduates earned a place on the national honour roll – Landon Fehr, Andrea Harris, and Shannon Heincke of Saskatoon. Landon, Andrea and Shannon celebrated their achievements amongst friends, family and colleagues at the convocation festivities.



*From left to right – front row:  
Saskatchewan Medal of Excellence  
& CICA Honour Roll Recipients:  
Andrea Harris, Landon Fehr, Shannon  
Heincke*

*Back row: Garth Herbert FCA, ICAS  
President & Chair; Shelley Brown FCA,  
CICA Vice-Chair; John Gunn FCA,  
CASB CEO*

## FCA Gala

The FCA Gala was held on February 4, 2011 in Saskatoon at the Hilton Garden Inn. Over 80 members and their guests attended the festivities to recognize the contributions of our newest FCAs – Velma Geddes, Barry Remai and Cathy Warner. Guests enjoyed a delicious dinner which was followed by enlightening speeches by Velma, Barry, Cathy and their presenters. Barry and Cathy were introduced to graduates and guests the next day at the annual convocation ceremonies. Congratulations again to all three on achieving their FCA!



*Left to right:  
Garth Herbert, FCA, ICAS President,  
Cathy Warner, FCA, Velma Geddes,  
FCA, Barry Remai, FCA,  
& Keri McFadden, CA, ICAS CEO*

# CA Families



*Shelley Brown FCA, welcomes her daughter Erin into the profession.*



*Erin Canham CA, welcomes his daughter Brett into the profession. Brett is also joining her fiancé Shawn Seidler CA, into the profession.*



*Kelly Fehr CA, welcomes his brother Landon into the profession.*



*Connie Helfrick CA, welcomes her cousin Vicky Giesbrecht into the profession.*



*John Povhe CA and Nicolle Povhe CA, welcome their nephew Theo Gonari into the profession.*



*Rebecca Heincke CA, welcomes her sister Shannon into the profession.*



*Kelly McShane CA, welcomes his brother Keegan into the profession.*



*Robert Turner CA, welcomes his son-in-law Adam Taman into the profession.*



*Jim Spinney CA, welcomes his son Rob into the profession.*



*Timothy Walsh CA, welcomes his wife Karie-Anne into the profession.*

## Important Dates for Member Dues:

**April 30, 2011** Membership fees are due and payable.

**May 16 - July 1, 2011** Late payment penalty of \$100.00 (plus GST) applied to all membership fees not received by May 16, 2011. Members will be invoiced for the late fee if it is not included with their dues payment.

**July 1, 2011** Suspended members are struck from membership and name published in *Horizons* and on the ICAS website.

**Please note: No second request will be issued.** Suspension letters will be mailed after receipt of July 4th mail.

## Notice of Annual General Meeting

Notice is hereby given that the One Hundred & Fourth Annual General Meeting of the Institute of Chartered Accountants of Saskatchewan will be held on Thursday, June 9th, 2011 in Regina, Saskatchewan.

The Annual General Meeting is being held for the ratification of changes to the bylaws, the election of Council, the acceptance of the Treasurer's Report and financial statements, the appointment of an auditor, and the transaction of such other business as may properly come before the meeting.

## CALL FOR COUNCIL NOMINATIONS

Nominations for election to Council for 2011-2012 are now requested and must reach the Secretary-Treasurer at the Institute office by 4:00 p.m. on May 12, 2011.

**THIS WILL BE THE ONLY CALL FOR NOMINATIONS.  
NO REMINDER IS PLANNED.**

Nominations must be in writing, signed by two members and agreed to by the nominee. Please call Keri McFadden, CA at (306) 791-4141 or e-mail [k.mcfadden@icas.sk.ca](mailto:k.mcfadden@icas.sk.ca) if you wish to receive a nomination form.

The provisions setting out the procedures for nomination and election of the Council appear in Bylaw 22.

Under Bylaw 21(1), three members are to be elected to the Council this year. The terms of Garth Herbert FCA and Morgan Kennedy FCA on Council expire as of the 2011 Annual General Meeting.

Only Tim Herrod CA and Rick Peddle FCA are eligible for re-election. The AGM will be held on June 9, 2011 in Regina.

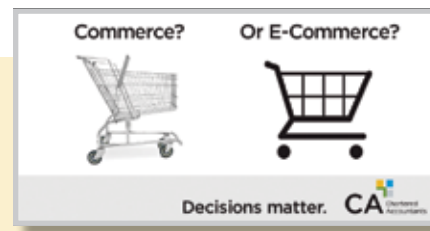
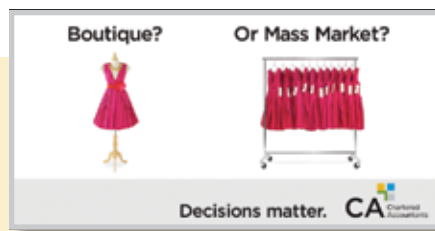


*Fred Phillips, CA*

## Professor Fred Phillips, CA receives prestigious 3M National Teaching Fellowship

ICAS salutes one of its members, Fred Phillips, CA, professor of accounting at the University of Saskatchewan Edwards School of Business, who was recently awarded the 3M National Teaching Fellowship - the highest teaching honour in Canada.

3M Canada and the Society for Teaching and Learning in Higher Education selected Phillips based on his excellence in teaching, mentorship and research in teaching and learning. Across Canada, only ten teachers receive this award each year.



## Have you seen the *Decisions Matter* campaign recently?

The winter cycle of the *Decisions Matter* campaign launched recently. Once more, it is promoting the CA profession in prime time on CTV, CBC and Global TV, as well as on news and talk radio stations across the country.

You may recall from our fall communication that this campaign was specifically designed to break through the media clutter, with an assertive tone that drives home the *Decisions Matter* message. Each ad reinforces the fact that every single decision counts and smart businesses need quality leaders at the decision-making table. The strategy is powered by our tagline, *Decisions Matter*, and offers a solid brand link: Chartered Accountants help you make better decisions.

If you haven't already had the opportunity to view the complete campaign, you can go to [www.cadecision.ca](http://www.cadecision.ca). To access the site's content, please enter the following information:

- Username: **CA**
- Password: **CA**

If you would like to comment on the campaign, please contact Sue James @ [s.james@icas.sk.ca](mailto:s.james@icas.sk.ca).

# Surprise! Compilation Engagement Claims Do Exist

By Malcolm D'Souza, MBA, CA, and Sean Hebert

This article addresses the primary causes for compilation engagement claims, and offers helpful information on both the precautionary measures that can be taken by firms to avoid these claims, as well as details regarding accountants' liability in these cases.

Notice to Reader financial statements are compiled from information supplied by management, and the Notice to Reader attached to the financial statements explicitly states that the Chartered Accountant has not "performed an audit or a review engagement in respect of these financial statements and, accordingly, expresses no assurance thereon." Readers are cautioned that "this statement may not be appropriate for their purposes". Whether this disclaimer appears on each page, or pages are conspicuously marked "Unaudited – see Notice to Reader", the Notice clearly informs readers about the nature of the work and cautions them that the statements may not be appropriate for an intended use.

## Accountants' liability for compilation engagements

One might think the accountant is protected with the Notice to Reader disclaimer, but this is not necessarily so. Most users read and understand the Notice to Reader as a disclaimer of the accountant's responsibility – likely the reason that very little case authority exists in the Courts on duty and potential liability in these disputes. The question is: "Can you safely assume that investors and lenders are sophisticated users who understand the accountant's limited involvement in the preparation of the statements?" Unfortunately, you cannot always make this assumption. Companies – in particular, small businesses – typically obtain and use financial statements for a variety of reasons, including to prepare their tax returns and to obtain financing.

Statements can easily fall into the hands of a wide range of users beyond the accountant's client who may use, rely on, or claim to have relied on the statements. So why do these claims arise? Between 1999 and 2010, almost 10 per cent of all claims reported through the AICA-sponsored program arose from compilation engagements, with the majority of these claims arising from lenders who allegedly relied on the financial statements.

A typical situation is one where a banker calls the accountant to discuss the information on the statements and he/she engages in a discussion, with the banker enquiring about accounts receivable, inventory and fixed asset values on the financial statements. The accountant readily responds to the enquiries, not once suggesting to the banker that the statements were not prepared with the intention of being used for lending decisions, nor were they appropriate to be used for such decisions. When the claim later ensues, the bank takes the position that since the accountant knew that the banker should not be relying on the statements for a lending decision, he or she should not have been willing to discuss them in the first place. In a sense, the banker views the conversation as a waiver on the Notice. In these situations, the accountant is alleged to have failed to warn the bank that it is using the statements for a purpose other than that for which they were prepared.

As with an audit engagement, the first question to ask when considering liability is whether there is a sufficient legal proximity (closeness of the relationship) between the accountant and the user of a statement to give rise to a duty of care. This involves an analysis of all of the factors of the engagement, including the accountant's knowledge of the ultimate users for whom the statement is intended. Note that accountants are cautioned about discussing financial statements with

bankers – for a number of reasons – to avoid demonstrating more familiarity and involvement with the preparation of the financial statements than prudent and to avoid taking on advocacy roles for their client, which are also independence issues.

Assuming proximity exists in a given case, the issue now becomes whether the user in fact relied on the financial statements and whether that reliance was reasonable. If it is discovered that both legal proximity exists and the user's reliance on the statement was reasonable, there is a potential for liability – notwithstanding the limited nature of the engagement.

In many cases, the reliance will be negated by clear words in the Notice to Reader, indicating that a user is expected to understand that the accountant is not providing any form of assurance. This may be clear to sophisticated users, but the Court does not assume that all users are sophisticated, nor may it expect anyone besides an accountant to be familiar with the differing procedures prescribed by the *CICA Handbook*.

## Beware the extent of work in compilation engagements

Another trend that is giving rise to claims is that practitioners are doing extra work in compilation engagements, thinking this might afford additional protection. An accountant's working papers on a compilation engagement may include some steps normally associated with audit or review engagements. There may, for example, be a bank confirmation or an analysis of receivables. While there is a lack of judicial authority on this issue, it is likely that once an accountant undertakes to perform any of those steps, he/she undertakes a duty to perform them completely and accurately. To the extent that the accountant has performed any of those steps, the disclaimer contained

in the Notice to Reader becomes simply untrue – the accountant has now reviewed or verified some of the information.

Be aware that the courts will consider *what you ought to have done as well as what you actually did*. The courts may hold an accountant to a standard based on the greater of the procedures that ought to have been performed rather than the procedures that were actually performed. Make sure to follow up on any “red flags” that may come up based on procedures that you performed that may have been beyond the scope of the engagement. It is not an acceptable defense to say that the red flag was not followed up on because the procedure that led to it was beyond the scope of the engagement. In any event, an accountant should not be associated with information that may be false or misleading.

### Who gets sued? Not just the large firms!

Some sole practitioners and CAs in small firms believe that all or most of the large claims against CAs are limited to the medium and large CA firms. Nothing can be further from the truth. In the AICA-sponsored program, which insures approximately 85 per cent of all small and medium-sized CA firms across Canada, 20 per cent of the 50 largest claims since 1999 originated from sole practitioners and an additional 20

per cent originated from two to three partner firms.

### How to protect yourself from potential liability

Litigation is an adversarial process. Even if the claim is eventually found in your favour, the time demands and stress of the claims process are enormous. With that in mind, accountants performing compilation engagements should take the following steps to protect themselves from potential liability:

1. Confirm with the client in writing that the client understands the limited nature of the engagement and the limited use to which the statements can be put.
2. Ensure that the work performed does not go beyond the scope of the compilation engagement and that if work is done beyond the scope of the engagement, that all queries that may arise from the extra work are cleared.
3. If a bank or other user contacts you, do not engage in a discussion about the financial statements. If that is unavoidable, clearly warn the caller that the statements were not prepared for that purpose and document in your files that you have done so. Communicate the limitations of the Notice to Reader.
4. Do not distribute financial statements prepared under a

compilation engagement to third parties on behalf of your client, regardless of any request or pressure from your client.

5. Recommend that your client upgrade to an assurance (a review or audit) engagement if the intended purpose is to distribute the financial statements to third parties.

Most claims arising from compilation engagements are vigorously defended on the basis that there is a clear disclaimer in the Notice to Reader communication and that sophisticated users of financial statements, especially lenders, should demand an assurance engagement if they intend to rely on parts of the financial statements as a basis for their lending decision.

Following the above listed recommendations should, however, help to minimize the chances of successful litigation by third parties against accountants based on their reliance on financial statements prepared under a compilation engagement.

*Guest contributor Malcolm D'Souza, MBA, CA, is with AICA Services Inc. Malcolm regularly provides seminars to practitioners on risk management. Sean Hebert is a freelance writer who acts as a consultant to AICA Services Inc.*

*For more information, and to download the Risk Management presentation that provides other tips to avoid claims, visit [www.aica.ca](http://www.aica.ca).*

## The Institute of Chartered Accountants of Saskatchewan

### Notice of Revocation of Chartered Accountant's Public Practice Office

The registration of the practice office of

Ronald Arthur Williams, CA, SASKATOON SK

has been revoked effective February 25, 2011 by the Institute of Chartered Accountants of Saskatchewan for:

- a) failure to cooperate with the Institute as required under bylaws 104(1) and 104(2), and
- b) failure to pay the late fee under bylaw 104(4).

The firm has failed to fulfill the requirements for reinstatement of its practice office registration as at the date of this notice.

Authorized by:  
Keri McFadden, CA  
Secretary-Treasurer  
The Institute of Chartered Accountants of Saskatchewan

February 25, 2011

## Member News

### Members on the Move

- Daniel Hicke, CA, (1999) is now a Partner with Virtus Group LLP, Regina.

### New Members

#### Through Membership

- Jolene Rigg
- Kelly Disiewich
- Landon Fehr
- Charlene Gaskin
- Cheryl Holtz
- Allysen Romich
- Aaron Halladeen
- Mark Fawcett
- Brian Leibel
- Michael Bryanton
- Amanda Emmons
- Daniel Fradette
- Annette Gentil-Perret
- Gabriel Ng
- Shawn Seidler
- Ryan Yano
- Nicole Osayande
- Kristy Bridgeman
- Erin Chary
- Karie-Anne Walsh
- Brett Canham
- Robertson Spinney

- Jenna Muench
- Michelle Titanich
- Theo Gonari
- Cole Fornwald
- Carmen Baker
- Sean Makahonuk
- Lisa Robinson
- Jessica Van Olst
- Janelle Kirzinger
- Brent Gossner
- Leah Hientz

#### Through Affiliation

- Roland Hamlin
- Gihan Wijewardana
- Adam Guyatt

### Memorials

It is with regret that we note with sorrow the passing of:

- Richard Schaefer (1973)
- Charles Gladwell (1941)
- George Shaw (1965)
- Lionel Joa (1975)

## Dates to Remember

### 2011

#### April

30 Membership fees are due

#### May

12 Deadline for nominations to ICAS Council

#### June

9 AGM/Conference - Delta Hotel, Regina

#### Sept.

13-15 UFE

#### Dec.

2 UFE Release

*For more information on these events, please contact Sue at 306-791-4142 or e-mail [s.james@icas.sk.ca](mailto:s.james@icas.sk.ca)*

### Annual Member and Firm Dues

The annual dues for both members and firms are in the mail/email. If you do not receive a copy of your dues form by April 9<sup>th</sup>, please contact us at the Institute office at (306) 359-1010 and we will send you another copy.



**Velma Geddes, FCA**

## Saskatchewan Business Magazine recognizes two ICAS Members in its annual listing of 'Women of Influence'

Congratulations are extended to Keri McFadden, CA and Velma Geddes, FCA who were recognized in the January/February 2011 issue of Saskatchewan Business Magazine in their 10th annual listing of Women of Influence. Keri, who is the ICAS CEO here in Regina, and Velma, a consultant in Moose Jaw, were profiled alongside eight other women for their leadership, achievements and contributions that make them some of the most influential people in the province.



**Keri McFadden, CA**



BIG. SMALL. AND IN BETWEEN.

At CA Insurance Plans West we search the market constantly to provide our clients in the CA community with the latest and best in exclusive and superior insurance coverage. From personal insurance to the most comprehensive and cost effective employer plans, we offer insurance solutions that meet the requirements of large and small CA firms exactly and affordably. It's in our nature. And in our name.

Visit [caipw.ca](http://caipw.ca) or call **1.800.661.6430**

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## Reciprocal membership MOU signed by CA Institutes from Canada and India

The Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of India (ICAI) has signed a Memorandum of Understanding (MOU) on Reciprocal Membership Arrangements.

The MOU specifies the criteria by which members of one body are eligible for membership in the other. It was signed by the CICA on behalf of the provincial and territorial Institutes/Ordre of chartered accountants and the Institute of Chartered Accountants of Bermuda, which has long been affiliated with the CICA. The MOU requires ratification by these bodies as well as the boards of directors of the CICA and ICAI.

The MOU recognizes the similarity of accounting education for CAs in both countries and will reduce the admission requirements for qualified CAs from India. Under the MOU:

- **An ICAI** member who holds a recognized university degree will be eligible to become a Canadian CA by passing the Canadian Uniform Evaluation (UFE) and meeting the profession's experience requirements.
- **Individuals with a Canadian CA designation** will be eligible to become an ICAI member by passing the ICAI's examinations in corporate and allied laws and tax. This the first time this process has been clearly defined.

*For more information, visit the CICA's website at [cica.ca](http://cica.ca)*



### Share this newsletter with your colleagues. And if you don't save it for future reference, please recycle!

If you don't receive *Horizons* by e-mail, now's the time to start! By receiving your newsletter via e-mail, you will receive information about your profession faster than ever – and save on printing and mailing costs which is a direct savings to our membership.

If you are interested in switching to our e-mail delivery of *Horizons*, please e-mail Michelle at [m.reimer@icas.sk.ca](mailto:m.reimer@icas.sk.ca)

And remember, if your e-mail address changes, please forward your name, and old and new address to Rhonda at [r.day@icas.sk.ca](mailto:r.day@icas.sk.ca)

### Our Vision

We are Canada's most valued, internationally recognized profession of leaders in senior management, advisory, financial, tax and assurance roles

### Our Mission

Our mission is to foster public confidence in the CA profession by acting in the public interest and helping our members excel

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