

Merger Update Message from the President

On January 17, the national bodies of all three professional accounting bodies released a framework to unify the Canadian accounting profession. Included with the Unification Framework was a document that outlined the proposed new CPA certification process should the profession merge.

Based on that framework, the leadership of the CA and CMA professions in Manitoba developed the Manitoba Merger Proposal which was released to all CAs and CMAs in the province on January 20, 2012.

The CA Manitoba Council has unanimously endorsed the Unification Framework document and the Manitoba Merger Proposal. We recognize that not all members will be in support of the merger but I do hope most will agree with our recommendation to merge.

I believe that a merger is in the best interests of our members and the profession long term. The resulting benefits that I see, if the merger proceeds, are:

- Greater efficiencies for the profession. This means more support for members to manage their careers, businesses and practices.
- Common certification programs, rules of professional conduct and practice inspection and discipline regimes. These create a level playing field for all and foster greater trust in our profession.

- More effective representation of the accounting profession's domestic policy, legislative and regulatory issues. This does not happen now as all three bodies have competing interests.
- A united voice ensures that the views of Canada's accountants continue to influence international standard-setting bodies and other global organizations. We would be better able to defend our market and our profession against outside designations (such as ACCA or AICPA) that are becoming increasingly international in their outlook.

Over the next month or so, we plan to consult widely with members about the merger. A preliminary list of town hall meetings has already been scheduled – please see page 4 of this special issue of *Folio*. Any additional dates will be listed on the Institute's website at icam.mb.ca. As well, CEO Gary Hanford plans to visit the offices of many of the major employers of CAs in Manitoba.

This special edition of *Folio* summarizes the Unification Framework and includes highlights of the Canadian CPA certification process. Also included in this mailing is a copy of the Manitoba Merger Proposal.

I urge you to find out all that you can about the Manitoba Merger Proposal and let us know what you think.



James Doer, CA
President and Chair of Council

A Framework for Uniting the Canadian Accounting Profession

Vision for the profession

To be the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest.

Guiding Principles for Unification

The guiding principles provide the framework to unify the profession and achieve the vision.

1. Evolution to a single designation
2. Continued use of existing designations
3. Retention but no expansion of rights
4. Certification
5. A single designation with specialties
6. Branding the CPA designation
7. Common code of conduct, regulations, and the practice of public accountancy
8. Merged operations and governance

Controlling our Destiny in a Rapidly Evolving Professional Environment

Unifying the profession is a strategic response to the rapidly evolving environment and the resulting opportunities and risks facing the Canadian accounting profession.

The Canadian Environment

- Increasingly, accountants are working in the same practice areas but remain subject to different qualification processes, codes of conduct, inspection and disciplinary regimes operated under 40 different governing bodies.
- The three bodies in Quebec, at the invitation of their government, have agreed to merge under the Chartered Professional Accountant designation.
- The Association of Chartered Certified Accountants (ACCA) in the U.K., which is aggressively advancing a global expansion strategy that targets Canada, is legally challenging the CA profession's legislated rights to the exclusive use of the name "Chartered Accountant" in Canada.

Global Alliances and Other International Developments

- The global financial crisis has brought the regulation of the accounting profession under close scrutiny.
- The U.K. House of Lords is publicly calling for the amalgamation of the six U.K. accounting bodies, saying the fragmentation of the accounting profession there is inefficient.
- The CPA designation is emerging as the largest accounting designation around the world. The CPA designation is used by more accountants than any other designation, with the current ratio of CPAs to CAs globally being 2:1.
- The Institute of Chartered Accountants in England and Wales and the ACCA have both filed European trademark applications to control the Chartered Professional

Accountant (CPA) designation.

- The American Institute of Certified Public Accountants (AICPA) is aggressively seeking to expand its global footprint and is opening examination centres for the U.S. CPA exam outside of the U.S. In addition, the AICPA and the U.K. - based Chartered Institute of Management Accountants (CIMA) have announced a new jointly developed global management accountant designation.
- Increasingly, other national and regional accounting bodies also are entering into alliance agreements to increase their individual and collective strength, relevance and influence. Examples include the Global Accounting Alliance and the Edinburgh Group.

The Risks of Continuing as a Fragmented Profession

- Government mandating that we reform, and possibly dictating the terms of that reform.
- Inability to respond efficiently and effectively to challenges from foreign accounting bodies or alliances operating in Canada.
- If the profession does not unify it is possible that two of the existing bodies may merge, thereby potentially strengthening their position in the marketplace at the expense of the third body.
- The CPA designation becoming controlled by one or more of the existing Canadian bodies - to the exclusion of the others.
- Losing influence domestically and internationally if we do not speak with a single, strong voice.

What Unification Means for Accounting Professionals

Achieving our four unification objectives would result in benefits for members.

- Best positions the profession to protect the public through the provision of a common certification program and a single set of high ethical and practice standards.
- Enhances and protects the value of your designation in an increasingly competitive and global environment.
- Contributes to the sustainability and prosperity of the Canadian accounting profession.
- Governs the accounting profession in an effective and efficient manner.

A New Designation with Broad Expertise

- Members would retain their current designation and add the Canadian Chartered Professional Accountant (CPA) designation, which would become the pre-eminent designation and business credential for professional accountants who work in every sector of the economy.
- The Canadian CPA designation would represent a unique combination of expertise in all areas of accounting, including financial and management accounting, assurance and taxation. It would evolve into a globally recognized business credential in the areas of financial and strategic management, business leadership, and auditing and assurance competencies.
- Steps would be taken so that members would have access to post-designation specialty programs.

Securing Rights to the Global Designation of Choice

- Securing alignment with the most recognized global accounting designation would best protect the value of the Canadian profession's designation in the long run.
- Coming together under the Chartered Professional Accountant banner would align us with both CA and CPA, if either, or both, designations emerge as globally dominant.
- Mutual Recognition Agreements would be maintained and expanded with the world's most prominent CA, CPA and other significant bodies, facilitating members' mobility globally.

"In today's global economy, it would be very desirable for any professional body to be represented by and speaking with one voice. If we have an opportunity to unite our profession into one organization, while still upholding very high ethical and professional standards, I believe we should seize it and move forward."

~Gregg Hanson, FCA

Common Regulatory Processes

- A new common certification program and a single set of high ethical and practice standards, common code of conduct and practice inspection and discipline processes

would create a strong foundation on which to build the new profession, and would be more efficient and effective.

- Greater harmonization would enhance trust and confidence in the profession amongst employers and the public at large.
- A common regulatory framework would enhance inter-jurisdictional mobility for all members.

"I think the merger would strengthen our international position, resolve the confusion in non-Canadian markets, and put us in a proactive position in the race for global accreditation."

*~Shauna Arnott, CA, 2011 Early Achievement Award
London, England*

Efficiencies and Economies of Scale

- A fully unified Canadian profession would reduce the number of governing bodies, from 40 to 14, significantly simplifying operations and governance, and reducing confusion in the marketplace.
- Marketing dollars would be jointly used to support the interests of all CPA members.
- Gains from increased efficiencies could be re-invested in:
 - Enhancing member services, such as post-designation specialty programs and professional development.
 - Creating new products that enhance members' practices and career goals.
 - Developing communities of interest and networking in the members' many areas of activity.

A Powerful Organization with a Unified Voice

- A single voice representing as many as 170,000 members would more effectively represent member interests with respect to domestic policy, legislation and regulatory issues affecting the accounting profession.
- A larger, more cohesive voice would ensure the Canadian accounting profession continues to effectively influence international standard setting bodies and other global organizations.
- A united force would be stronger and more effective in dealing with global alliances and other designations that are becoming increasingly international in scope.

Canadian CPA certification process HIGHLIGHTS

- A CPA Competency Map would be designed to meet the needs of industry, government and public practice.
- An undergraduate degree and specific prerequisite courses in business and accountancy would be required for admission to the professional education program.
- A post-graduate professional education program would be developed nationally and delivered regionally. Key components would include:
 - Individual examinations and team-based evaluations throughout the program.
 - A comprehensive, multi-day final examination.
 - Rigorous practical experience that builds the relevant CPA competencies and is subject to quality control by the profession.
- Meet or exceed all standards for education, assessment and practical experience set by the Inter-

national Federation of Accountants.

- Meet or exceed requirements for existing and future Mutual Recognition Agreements.
- Bridging programs to meet required degree or course prerequisites for the professional education program so that entry into the program would be accessible to entrants coming from the work force and abroad and those with non-business degrees.

To meet the diverse needs of both employers and clients, a separate program would be developed for those who aspire to a career in accountancy, but not as a qualified CPA. This program would have distinct entrance, education and assessment requirements. A bridging program to the appropriate stage of the CPA certification program would be developed.

“CA qualification has evolved over time to adjust to new standards, methods of learning and education delivery. I believe that the proposed new CPA certification process would be at least as rigorous as the existing CA qualification program.”

*-Richard Olfert, FCA
Partner, Deloitte & Touche
Chair, CA School of Business
Past Chair, CICA Board of Evaluators*

“The accounting profession has undergone tremendous change since I became a CA. The evolution of standards to include the adoption of International Financial Reporting Standards, International Auditing Standards and increased oversight from CPAB are just a few of the significant changes over the years. We now have a great opportunity to unite the Canadian accounting profession which will help Canada continue to strengthen its international influence as we strive to serve the best interests of the public and our members.”

*-Charles Henaire, FCA
Senior Vice-President & CFO, Canada
The Great-West Life Assurance Company*

Keep current with news and updates. Send your email address to the Institute at icam.mb.ca or call 942-8248 today.

Contact Us with your feedback about the Manitoba Merger Proposal

Gary Hannaford FCA
Chief Executive Officer
ghannaford@icam.mb.ca Phone: 924.4410

James Doer CA
President and Chair
jdoer@bdo.ca Phone: 926.7215

UPCOMING TOWNHALLS

For the most recent listing of townhalls, visit ICAM's website at icam.mb.ca/merger.html

CA Learning Centre
Wednesday, February 1, 2012
8:30 AM

CA Learning Centre
Wednesday, February 8, 2012
12:00 PM

Victoria Inn, Brandon
Wednesday, February 15, 2012
Time TBD

Want to attend a town hall but none fit your schedule? Contact the Institute to arrange a presentation where you work. (204) 942-8248 or icam@icam.mb.ca.

 Chartered Accountants of Manitoba

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The Institute of Chartered Accountants of Manitoba
700 - One Lombard Place, Winnipeg, MB R3B 0X3
Tel: 204 942.8248 Fax: 204 943.7119
Toll Free in MB: 1 888 942.8248
icam@icam.mb.ca www.icam.mb.ca