

A Message from Canada's Chartered Accountants

In the aftermath of Enron, questions have been raised about what went wrong, why and – most important – how to prevent the possibility of such a failure occurring in Canada.

Responding to these questions involves a number of key players - management, boards of directors, audit committees, financial analysts, regulators and, of course, accountants and auditors.

Canada's 68,000 Chartered Accountants take these questions seriously. Ethics, integrity, independence and objectivity are the foundation upon which our profession stands. We understand the unique responsibility we bear in assuring the integrity of the financial information that serves as the cornerstone of our capital markets.

In the weeks to come, Canada's Chartered Accountants, through their professional institutes, will bring forward a number of proposals and recommendations, in the following areas:

- **Accounting Standards** - A sub-committee of the independent Accounting Standards Oversight Council has been formed to determine which accounting standards may have been circumvented in the Enron case, whether Canadian standards might be at similar risk and to recommend change. Moreover, new guidance on the treatment of special purpose entities is being developed.
- **Auditor Independence** - Rules of conduct that directly address the issue of auditor independence are being strengthened.
- **Oversight and Discipline** – An independent review of oversight and disciplinary systems will result in enhancements to investigative and adjudicative processes, as well as tougher sanctions for those who transgress our profession's rules of conduct.
- **Quality Control** - In consultation with regulators, the profession will soon conclude an extensive review of the existing practice inspection process for CA firms that audit public companies. A number of recommendations are anticipated, including audit partner rotation and the appropriate scope of service – which is to say the relationship between auditing and other professional services.

We know that Enron has placed our profession under significant scrutiny. The unique and privileged role we play in assuring public confidence in Canada's financial system is one that we value beyond measure. In collaboration with others, Canada's Chartered Accountants will act to strengthen the public trust in our profession and, indeed, in our entire financial system.