

SECTION ONE: THE LABOUR MARKET

ACCOUNTING IN CANADA

ACTIVITY: Small group activity

TIME: 1 hour

LEARNING OUTCOME:

Participants will know how economic and other trends will affect the industries where accountants work.

DESCRIPTION:

- Use the lecture notes and overhead 3 to give an introduction to accounting in Canada
- Organize participants into groups of 3-4.
- Instruct participants to complete the exercises on **pages 6-7** in their workbooks.
- Take up answers as a class using the Answer Key provided. When explaining Labour Market Information, it is important to explain the key factors that are taken into consideration in arriving at the employment prospect for each occupation. These are:
 - The rate of projected employment growth to the year 2007 for the occupation as compared to the projected employment growth for all occupations in Ontario
 - Anticipated number of job openings for the occupation due to retirements
 - Reports by employers on difficulties in finding qualified workers to fill vacant positions.
 - Information about significant economic or business trends or technological developments affecting the demand for the particular occupation or the skills needed.

THE LABOUR MARKET:
ACCOUNTING IN CANADA: LECTURE NOTES

There are several types of accountant in Canada. Informally, anyone who performs bookkeeping and other financial services is considered an accountant and they need not be licensed to do so.

There are, however, three professional accounting designations that are highly valued in the Ontario labour market. They are

- Chartered Accountant (CA)
- Certified Management Accountant (CMA)
- Certified General Accountant (CGA)

Use Overhead 3 to explain the differences between the three accounting designations.

The 3 Professional Accounting Designations

CHARTERED ACCOUNTANTS

The largest and oldest professional accounting designation

- Licensed by the Institute of Chartered Accountants of Ontario
- Also called a Public Accountant
- CAs work in industry, government, education, small businesses, large corporations
- They are the only accountants who can perform audits, issue and sign-off on an auditor's report
- A CA's duties include:
 - Financial analysis services, consultation
 - Planning, setting up and administering accounting systems
 - Examining accounting records and preparing financial reports
 - Developing and maintaining cost-finding, reporting and internal control procedures
 - Tax planning and preparing income tax returns
 - Acting as trustee in bankruptcy proceedings

CERTIFIED MANAGEMENT ACCOUNTANT

- Certified by the Society of Certified Management Accountants of Ontario
- Can perform audits but cannot issue and sign-off an auditor's report
- 95 per cent of CMAs work as employees of corporations; 35 per cent of those are presidents, vice presidents, chief financial officers, controllers, and treasurers.
- A small percentage work as self-employed consultants.
- Duties include:
 - Monitoring, interpreting and communicating operating results
 - Helping management to evaluate performance and control operations
 - Making decisions about product or service design

CERTIFIED GENERAL ACCOUNTANT

- Certified by the Certified General Accountants Association of Ontario.
- Can perform audits but cannot issue and sign-off an auditor's report
- Duties include:
 - Managing the process of measuring, interpreting and reporting on the financial activities of an organization
 - Developing, executing and evaluation financial plans and policies
 - Financial planning, tax planning, business valuation, bankruptcy services, estate execution and general management consulting for businesses and individuals.

**THE LABOUR MARKET:
ACCOUNTING IN CANADA: ANSWER KEY**

1. Name three industries where there is growth in employment opportunities for accountants. What factors are causing this growth?

- Business services, including consulting. The trend toward outsourcing certain functions of a business is driving this growth.
- Telecommunications – Certified Management Accountants in particular are needed to help develop and launch new products and improve customer service.
- Manufacturing – generally good conditions in the industry and the need to remain competitive mean there are opportunities for financial experts.

2. Name three job titles which accountants typically hold:

- Controller
- Financial Analyst
- Financial Manager
- Accountant
- Business Manager

3. How has the trend toward outsourcing business services affected the labour market for accountants?

Though it has meant the loss of some in-house accountants, outsourcing has also led to the development and proliferation of consulting firms that provide financial services and expertise.

4. How is the role of the accountant within large companies changing?

Accountants are taking on leadership roles, are often managers and are valued for their analytical skills and knowledge in finance and taxation.

5. What are some of the positive impacts that technological change is having on the accounting profession?

It has reduced the need for tedious work; the emphasis is now more on the accountants planning, consulting and communication skills.

6. What is “forensic accounting”?

Forensic accountants identify potential vulnerabilities to fraud and set-up systems to prevent it, such as internal control systems and procedures to prevent and detect fraudulent activity. It is a very high growth industry.

**THE LABOUR MARKET:
ACCOUNTING IN CANADA: ANSWER KEY**

Additional Information

What is Forensic Accounting?

The integration of accounting, auditing and investigative skills yields the speciality known as Forensic Accounting.

"Forensic", according to the **Webster's Dictionary** means, "Belonging to, used in or suitable to courts of judicature or to public discussion and debate."

"Forensic Accounting", provides an accounting analysis that is suitable to the court that will form the basis for discussion, debate and ultimately dispute resolution.

Forensic Accounting encompasses both **Litigation Support** and **Investigative Accounting**.

As Forensic Accountants, we utilize accounting, auditing and investigative skills when conducting an investigation. Equally critical is our ability to respond immediately and to communicate financial information clearly and concisely in a courtroom setting.

Forensic Accountants are trained to look beyond the numbers and deal with the business reality of the situation.

Other Terminology

Forensic Investigation

The utilization of specialized investigative skills in carrying out an inquiry conducted in such a manner that the outcome will have application to a court of law. A Forensic Investigation may be grounded in accounting, medicine, engineering or some other discipline.

Forensic Audit

An examination of evidence regarding an assertion to determine its correspondence to established criteria carried out in a manner suitable to the court. An example would be a Forensic Audit of sales records to determine the quantum of rent owing under a lease agreement, which is the subject of litigation.

Internal Audit

An audit performed by an employee who examines operational evidence to determine whether prescribed operating procedures have been followed.

External Audit

An audit performed by an auditor engaged in public practice leading to the expression of a professional opinion that lends credibility to the assertion under examination.

**THE LABOUR MARKET:
ACCOUNTING IN CANADA: ANSWER KEY**

Additional Information

What does a Forensic Accountant do?

A Forensic Accountant is often retained to analyze, interpret, summarize and present complex financial and business related issues in a manner that is both understandable and properly supported. Forensic Accountants can be engaged in public practice or employed by insurance companies, banks, police forces, government agencies and other organizations. A Forensic Accountant is often involved in the following:

- Investigating and analyzing financial evidence;
- Developing computerized applications to assist in the analysis and presentation of financial evidence;
- Communicating their findings in the form of reports, exhibits and collections of documents; and
- Assisting in legal proceedings, including testifying in court as an expert witness and preparing visual aids to support trial evidence.

In order to properly perform these services a Forensic Accountant must be familiar with legal concepts and procedures. In addition, a Forensic Accountant must be able to identify substance over form when dealing with an issue.

How do I become a Forensic Accountant?

The **Canadian Institute of Chartered Accountants** (CICA) has established **The Alliance for Excellence in Investigative and Forensic Accounting** (Alliance) to encourage and recognize excellence in the provision of Financial Investigation, Forensic Accounting and Financial Litigation Support services by Chartered Accountants.

One of the objectives of the Alliance is to develop and manage a specialist certification program. In Canada, CAs who wish to be designated as specialists in Investigative and Forensic Accounting must successfully complete a **Diploma Program**.

The Diploma Program is not restricted to Chartered Accountants. The Diploma in Investigative and Forensic Accounting (DIFA) is designed as a comprehensive program for someone who wishes to practice in the area of Investigative and Forensic Accounting.

In addition, an accountant can learn about Forensic Accounting by attending various seminars, courses and obtaining the Certified Fraud Examiner (CFE) designation offered by the **Association of Certified Fraud Examiners**.

The Forensic Accountant's prior audit and accounting experience will be of tremendous assistance. But ultimately, it is only through working with experienced Forensic Accountants on various cases that one can learn the skills necessary to become a capable Forensic Accountant.

THE LABOUR MARKET: PROFESSIONAL ACCOUNTING IN CANADA

The Outlook for Accountants

Labour market conditions for accountants are currently fair. The Department of Human Resources and Skills Development (HRSD) predicts fair growth in employment in the sector. The unemployment rate in this sector is 2.3% compared with 4.8% for all occupations. (www.jobfutures.ca)

The average salary is \$14.21 per hour, close to the national average of \$16.91. Information on average salaries for accountants in Canada can be obtained from Robert Half Finance and Accounting, Salary Guide 2004. The Salary Guide is available on their website at www.Roberthalf.com.

The following table is a sample from the above guide (page 14)

Bookkeepers/General Accounting – All Companies

Experience/Title	2003	2004	% Change
Accounts Receivable/Payable Supervisor	\$39,000- \$56,000	\$38,750-\$54,250	-2.1%
Full Charge	\$36,250- \$47,250	\$36,000-\$46,250	-1.5%
Bookkeeper/Assistant	\$30,250-\$39,500	\$30,250-\$38,750	-1.1%
Accounting Clerk	\$26,500-\$35.750	\$25,250-\$34,500	-4.0%

Further information on the labour market can be obtained from the Statistics Canada website at www.statcan.ca. For labour market resources see pages 19—23.

There are factors, however, which affect the kind of work accountants are doing, the skills needed and where the job growth will occur. Use the articles provided to answer the following questions.

- Name three industries where there is growth in employment opportunities for accountants. What factors are causing this growth?

**THE LABOUR MARKET:
PROFESSIONAL ACCOUNTING IN CANADA**

The Outlook for Accountants (Cont'd)

- Name three job titles which accountants typically hold:

- How has the trend toward outsourcing business services affected the labour market for accountants?

- How is the role of the accountant within large companies changing?

- What are some of the positive impacts that technological change is having on the accounting profession?

- What is "forensic accounting"?
