

MEETING A HIGHER STANDARD: BC's CGAs Raise Bar *with* Addition of Mandatory Ethics Course

Every day, accountants face ethical decisions.

Make the wrong choice and they face being challenged by their clients, their peers, and even the press. Controversy and malfeasance—both real and perceived—can undermine an accountant's reputation faster than you can say Sarbanes-Oxley.

In the last several years, the list of scandals has seemed endless—Enron, WorldCom, Nortel. All of this is demoralizing to accountants, the vast majority of whom are honest and hardworking professionals.

While legislators in the US and Canada react to the scandals with measures such as the *Sarbanes-Oxley Act* and the Canadian Public Accountability Board, professional accounting bodies also have a duty to respond—in fact, in the case of CGA-BC, members are pushing for a response.

In a 2006 survey of CGA-BC's members, CGAs voiced their ongoing desire to hold each other to the highest ethical standards. Over 575 CGAs were asked how important it was for CGA-BC to set and enforce professional standards. In both areas, 80 percent of CGAs said it was very important.

The marketplace may change—there are new financial instruments,

legislation, and technologies emerging almost daily that affect the way CGAs do their jobs—but our commitment to the highest standard of ethical behaviour cannot waver. The stakes have never been higher.

"It is a competitive marketplace," says Gordon Clissold, FCGA, 2007 President of CGA-BC. "We are compared to other designations, and we want to make sure that we maintain our competitive advantage. One of our key advantages is the high standard we set for our members."

In the last several years, the list of scandals has seemed endless—Enron, WorldCom, Nortel.

To ensure that our commitment to high standards is demonstrated, CGA-BC is introducing a standards course for all new CGAs. As of January 1, 2008, new graduates will be required to take a 1-day standards course. In addition, all members will be required to take a half-day course on ethics in each 3-year continuing professional development (CPD) cycle.

In 2007, CGA-BC moved to an hours-based reporting system for continuing professional development. Under this system, all members are

required to maintain a 3-year moving total of 120 CPD hours. At least 60 of these hours must be verifiable and, starting in 2008, 4 of those hours must be ethics related. Verifiable CPD activities are those that can be objectively confirmed by a competent third-party.

While CGA-BC will offer members courses that meet the requirement, CGAs will be able to take any verifiable 4-hour ethics course of their choosing to meet the requirement.

The ongoing course requirement is not a test of our Act, Bylaws, and Code. It's meant to be a program on decision-making, the Association said in a release at the time of the announcement. "We want members to have an opportunity to look at the factors involved in ethical decision-making. CGAs who were surveyed indicated that they expect CGA-BC's efforts in setting and enforcing standards to be transparent and fair," says Clissold.

They also wanted zero tolerance and publicized repercussions for those who break the rules of the profession.

One of the messages that came through loud and clear in the responses to that survey was a movement toward setting higher standards. We've seen a shift in members' tolerance.

When there is a misstep by a member, CGAs want real consequences for that misstep. Members want to ensure their reputation as accountants is protected and that those who are not following the rules or who are unclear about our ethical standards are held accountable.

Part of that new accountability will include the publishing of all ethics and discipline decisions on the CGA-BC Website for members and the public to see, as well as continuing to publish in the media the names of more serious offenders.

The Association's decision summaries highlight cases that have gone through our ethics process. They explain what happened and why it placed that member in a breach situation. They are meant to be learning tools for members and, as of January 1, 2007, they will also serve to keep the public informed.

CGAs work hard to earn and maintain their designation. And one pillar of the designation's worth is our reputation as knowledgeable and ethical leaders in the accounting world. Our reputation enhances the value of our profession and therefore, the value of our professionals. Protecting and enhancing the CGA reputation is paramount to the continued growth and success of the Association.

So, where will these new CPD requirements and more stringent reporting of ethical offenders place CGA-BC among other designations?

"It puts us at the forefront," says Clissold. "CGAs want to maximize their return on the investment they've made in earning their designation. And that means remaining current in all our training, ethics included."

Michael McDonald, PhD, concurs. McDonald was the Founding Director of the W. Maurice Young Centre for Applied Ethics at UBC. He also holds the position of Maurice Young Chair of Applied Ethics at UBC. In 2006 he compared the International Federation of Accountants (IFAC) draft set of ethical guidelines with guidelines for CGAs in Canada.

He found CGAs in Canada were already in compliance with IFAC's guidelines. "CGA is also ahead of the curve in the integration of ethics into all its student courses," he says. With the introduction of the new ethics requirement for CGAs, "CGA-BC is taking a leadership role in what looks set to become the new international standard for ethics in accounting."



R. W. (Bill) Caulfield, BA, FCIS, CGA (Hon.), Executive Director, Certified General Accountants Association of British Columbia

CGA-BC's commitment to higher standards is nothing new. In 1981, BC's public practitioners voted to begin a program dedicated to lifelong learning with the introduction of mandatory professional development. In 1988, members voted to expand this requirement to include all CGAs.

"We were the first professional accounting Association to institute mandatory CPD for all our members," says Bill Caulfield, BA, FCIS, CGA (Hon.), the Association's Executive Director. "CGAs have long understood that lifelong learning is key to providing the best possible service for the public. And ongoing ethical training is part of that commitment to lifelong learning," Caulfield says. ▲

Adapted from the June 2007 issue of Outlook, the journal of British Columbia's 8500 Certified General Accountants.