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Media Contact Agent

E-PORTFOLIO v1

BUILDING A MEDIA PROFILE

A case study — the chartered accountants of Ontario.

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INVESTMENT **q&a**

Practitioner, heal thyself
Sound governance should be a focus not just for the companies held in institutional investment portfolios, but also for the pension plans themselves.
By James Lewis

DON WILKINSON
 Partner, Deloitte and Touche LLP in Toronto and volunteer advisor to the Institute of Chartered Accountants of Ontario pension plan.



BC: *What are some standards or principles for good pension plan governance?*
DW: The most critical piece is people. You can go through a whole examination of process and activity, but at the end of the day you need to have the right people who are willing to spend the time, do their homework, understand the business and ask some tough questions. That's where the issue of [board] independence comes in. I think it's also important to look at how board members work together. Then, it's a question of getting the right information that is aligned to the key strategic issues.

BC: *Why are plan sponsors now focused on liability-based benchmarks?*
DW: [When the bull market collapsed in 2000,] pension plans quickly moved from a surplus position to a deficit. A big part of this decline was the mismatch between the assets and the liabilities; thus, the renewed focus on the liability. [One development I have seen] is moving to a more dynamic review of total risk and asset mix instead of annual/biannual asset-liability studies. There's a lot more computing power today, so you can do more continuous analysis and manage the basic policy-mix decision. Active management is often thought of as increasing risk, but in many instances it probably reduces the amount of risk measured against your liabilities.

BC: *Do you think we'll stress caution to the wail when things come roaring back?*
DW: People are talking about absolute return strategies, but if markets change, will they stay the course? There are a number of large institutional investors with long-term horizons who need to build capital and produce real returns, not react to each twinge in the market—they probably will. Others will not. Part of the problem with corporate plans is the accounting, which currently entails a major smoothing exercise. With some assumptions, like expected return on assets, you can actually create income by taking on risk, so there's a potential encouragement to take on more risk to create income. I think [that] was not fully understood by users of company financial statements. The first step taken by accounting standards setters is to get more transparency around how sponsors come up with assumptions such as the rate of return, and the extent of investment risk via disclosure of the sponsor's pension plan asset mix.

BC: *Now the big push is on to adopt mark-to-market valuations...*
DW: That's the direction now. As I said before, part of the challenge for corporate pensions deals with the accounting practices; other major issues revolve around the lack of clarity around the nature of the pension arrangement. Who owns the surplus? That's critical. When things were going well, pension accounting was invisible. The economic shift in 2000 focused everyone's attention on governance and corporate reporting. People started to question the fact that companies were reporting pension income and assets when, if you did the math and dug through all of the detail in the notes to the financial statements, you saw the plan was actually in a deficit. Accounting standard setters are revisiting the entire pension accounting model: the first step is to provide more disclosure of the asset mix and investment strategy. This will shed light on the extent of mismatch between assets and liabilities. It should also give an indication of the risk taken to support the assumption for the rate of return. This increased transparency will lead to a better understanding of the company's pension-related risk.

www.benefitscanada.com FEBRUARY 2005 15

BENEFITS CANADA, FEBRUARY 2005

PRACTITIONER HEAL THYSELF

During a speech given by Brian Hunt, CEO of the Institute of Chartered Accountants of Ontario, to the Toronto Economic Club (an event arranged by RICK HALL PR), we learned that *Benefits Canada* magazine was interested in the new accounting disclosure rules in regard to pension plans.

This interest led to *Benefits Canada* publishing an interview with Institute member Don Wilkinson, CA, an expert on the subject matter.

THE GLOBE AND MAIL

Monday, November 29, 2004

Audit detectives walking the beat at accountancies

Two Canadian firms have placed forensic investigators on their audit teams to screen clients for fraud risk.

By BEPPI CROSARIOL

In what might be described as the corporate governance equivalent of an airport metal detector, at least two Canadian accounting firms have begun placing forensic investigators on regular audit teams to screen clients for fraud risk — before any specific wrongdoing is suspected.

The pre-emptive measure, encouraged by new accounting standards aimed at safeguarding against Enron Corp.-style abuses, indicates how far the industry is prepared to go to restore confidence in the public markets, and how urgently it wants to minimize its own liability in the new, high-anxiety world of public accounting.

"We think that this helps us better evaluate the risk of these things happening," says James Hunter, president of **KPMG Forensic**, a service area of the accounting firm's Canadian operations. "Frankly, we also think it helps us manage KPMG's risk in terms of what society expects of an auditor of a large entity."

So far, KPMG, which dubs its initiative **Forensic in the Audit**, has recently included numbercrunching sleuths on "six or seven" audit files in Canada, Mr. Hunter says, and he expects that number to grow considerably with the 2005 reporting year.

Also embracing the practice is **Deloitte & Touche LLP**, which calls its program **Forensic Audit Assist**.

The Canadian rollout at KPMG follows a similar program by the accounting giant in the United States, where it has used forensic specialists to help assure the integrity of about 400 audits.

Similar to the forensic detectives who assist police in linking crime-scene evidence with suspected criminals, forensic accountants belong to a special branch of the profession, highly trained in identifying suspicious money transfers and dubious accounting practices, such as late-night journal entries.

They're also well-versed in shoot-from-the-hip, detective-style interview techniques.

"If I say to the chair of the audit committee, 'Can you tell me — I'm looking at you face-to-face — that you believe in the integrity of the CEO and the CFO?' it's easy for somebody like me to ask that question, maybe a little bit more sensitive for the audit partners," Mr. Hunter says.

Besides grilling audit committee members and senior managers such as chief executive and chief financial officers about their responsibilities and perceived weaknesses in the reporting chain, forensic accountants might request key documents that can provide clues of nefarious activity, such as proxy statements, which often contain conflicts-of-interest declarations, and end-of-year journal entries, where doctored numbers are often found.

They will also often examine management's commitment to company conflict-of-interest policies and promoting anonymous whistle blower telephone hotlines mandated in some jurisdictions, Mr. Hunter says.

John Carthrae, chief accountant with the Ontario Securities Commission, says he welcomes any move that might add rigour to the auditing process.

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REPORT ON BUSINESS, THE GLOBE AND MAIL
NOVEMBER 29, 2004

AUDIT DETECTIVES WALKING THE BEAT AT ACCOUNTANCIES

RICK HALL PR is in constant communication with influential journalists. RICK HALL PR learned of a proposed story on the heightened role of forensic auditors at major accounting firms. RICK HALL PR arranged an interview with Derek Rostant, chairman of the Alliance for Excellence in Investigative and Forensic Accounting, a board of the Canadian Institute of Chartered Accountants, who gave the industry-wide view on the issue.

THE GLOBE AND MAIL

Monday, November 1, 2004

Accountants innovate

The Institute of Chartered Accountants of Ontario is putting up its own money to make accounting education more relevant to the real world.

"We're trying to connect what they are doing in university with what they will be doing when they reach the real world" says Brian Leader, the institute's vice-president of learning.

The professional regulatory body will give \$100,000 annually to a program of innovation in accounting education at the University of Toronto's Rotman School of Management. If the program is a success, the institute hopes to finance similar programs at other universities, Mr. Leader says.

Traditionally, accounting is taught in courses that are structured by topics such as tax, accounting and financing, he says. "What we want to do is allow universities to integrate these areas, so a student does not think just in terms of tax but in terms of problems in the real world that generally combine areas of expertise".

Joan Kilunen and Irene Wiecek, accounting professors at the University of Toronto, have been named program co-ordinators.

Wallace Immen

REPORT ON BUSINESS, THE GLOBE AND MAIL
NOVEMBER 01, 2004

ACCOUNTANTS INNOVATE

RICK HALL PR's close relationship with the media took what could have been a minor story and helped turn it into a major piece in the *Globe and Mail*. Constant briefings to Wallace Immen, Careers Reporter with the *Globe and Mail*, about developments in the chartered accountancy profession led him to notice an Institute announcement. As a result, an Institute press release issued in connection with the University of Toronto, received larger play in the *Globe and Mail* than would usually be expected.

THE GLOBE AND MAIL

Monday, September 20, 2004

Accountants call for reform in liability laws

Big Four firms warn more major players could fall in class actions if outdated rules aren't changed

By BEPPI CROSBAND
Monday, September 20, 2004 - Page B12

While there has been much effort and expense directed at reforming governance practices to avoid another Enron, Canada's big chartered accounting firms say not enough is being done to prevent the sort of catastrophe that befell that other Goliath of the Enron debacle, Arthur Andersen LLP.

Because of what they say are outmoded corporate liability laws that make professional advisers disproportionately liable for a company's financial negligence, the Big Four firms, which audit on most corporate financial statements, warn they may soon become known as the Big Three if bloodthirsty shareholders get their way. A major class-action suit, they say, could vaporize another global accounting firm even if just one less-than-thorough accountant plays a modest role in the mess.

"The profession has always been prepared to take responsibility and accept its share of losses where it is to blame," says Kevin J. Dancy, Canadian senior partner and chief executive officer of PricewaterhouseCoopers LLP. "But, unfortunately, we are currently held accountable for other people's errors, and that is not appropriate."

Mr. Dancy and his counterparts at other major audit firms are lobbying to strike down an arcane but influential legal rule in Canada known as joint-and-several liability. It says that not only are a corporation and its directors responsible for damages due to shoddy or deceptive bookkeeping, but so are its outside advisers who attest to the financial viability of the company, including auditors, lawyers and share underwriters.

What's more, those outside advisers — most notably the deep-pocketed global accounting firms — can be left holding the bulk of the bill if the corporation's assets are insufficient to cover the court-awarded damages.

Audit firms want that legal structure replaced with a less-onerous system of so-called proportionate liability, which would limit each party's burden to its share of culpability as determined by a court. If an accounting firm is found to be 5-per-cent liable, its penalty should not exceed 5 per cent of damages, they say.

In supporting their case for a move to proportional liability, auditors point to what they say is a growing global retreat away from joint-and-several liability. Australia, for example, recently instituted a system of proportionate liability, as have many U.S. states, bringing the total number of proportionate-liability states to 38. Britain, too, has begun to study the option. A change in Canada's liability rules would theoretically benefit all self-regulated professions that provide vital assurance to corporations, but chartered accountants have been especially vocal in lobbying for change since bookkeeping misdeeds brought down giant Texas energy trader Enron Corp.



Brian Hunt of the Institute of Chartered Accountants of Ontario would like to see Ontario follow the lead of B.C. in extending full-shield protection.

REPORT ON BUSINESS, THE GLOBE AND MAIL
SEPTEMBER 20, 2004

**ACCOUNTANTS CALL FOR REFORM
IN LIABILITY LAWS**

RICK HALL PR landed a media relations coup for the Ontario CA profession, with publication of an extensive Report on Business article on the CA profession's push for liability law reform. This article undoubtedly helped the profession's lobby effort by bringing its position to the attention of key policymakers at Queen's Park.

THE GLOBE AND MAIL

REPORT ON BUSINESS

Accounting's image staid no longer as more women, singles get in numbers game

And 80% are satisfied with career choice

By WALLACE IMMEN
Monday, July 26, 2004 • Page B11

Portraits of men in tweed jackets, with greying hair and a pen or a pipe in their hands, dominate a gallery of past presidents at the Institute of Chartered Accountants of Ontario offices in Toronto.

But that stereotype of the accountant as old, male, grumpily working long and lonely hours in a dimly lit office is as outdated as a quill pen, according to the first survey of the way Ontario accountants balance work and personal lives.

"There has been a dramatic shift both demographically and professionally in the profession, and we wanted to understand that," says Rick Hall, spokesman for the organization, which represents 31,000 of 68,000 CAs in Canada. More than 2,400 members responded to the online poll this spring.

Among the key findings:

Nearly half, or 48 per cent, of CAs under the age of 30 are women. In contrast, 90 per cent of practitioners over 50 are male.

More than two-thirds said their work gives them ample flexibility to meet the time demands of caring for children or family members, and to pursue hobbies and take vacations. However, nearly three-quarters said they occasionally feel overwhelmed by stress, particularly during spring tax-filing season.

Three-quarters said they do more than 40 hours of professional work in an average week; 25 per cent said they work as much as 60 hours.

More than half bring work home on weekends and evenings, but only 20 per cent said they do work on vacations.

More than 60 per cent of women in public practice choose smaller firms on the assumption that working for a big firm would increase stress.

Eighty per cent said they were satisfied with their career choice, and 72 per cent said they were satisfied with their current job.

Most said they're "satisfied" or "neutral" in their current balance between work and personal life.

Two-thirds said computers, cellphones and personal data devices have improved their quality of life in the past few years, giving them flexibility to work at home to care for a sick child or in bad weather. But many also said they didn't like being continually on call.

REPORT ON BUSINESS, THE GLOBE & MAIL
JULY 26, 2004

ACCOUNTING'S IMAGE STAIID NO LONGER AS MORE WOMEN, SINGLES GET IN NUMBERS GAME

The membership demographics of the Institute of Chartered Accountants has evolved far from the popular perception of the CA profession as a "WASP" male-dominated profession; it was time to bring the perception up to modern times.

RICK HALL PR arranged an in-person briefing session with the *Globe and Mail* on the results of a detailed survey on "Work-Life" issues distributed among the 31,000+ members of the Institute.

Top-line survey results were reported in a subsequent Report on Business article, including the revelation that 80% of the profession is satisfied with their career choice. This clearly is the message the Institute wants to get out in its recruitment drive among university, college and high school students.

CONTACT

RICK HALL PR

Thank you for taking the time to view this media relations e-portfolio.

For further information, or if you would like to view a complete corporate communications, media relations, analyst relations, strategic planning, event planning, corporate sponsorship portfolio, please contact Rick Hall at info@rickhallpr.com

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