

# The sexy six

By Diana Cawfield

Illustration: John Ueland



**In a marketplace that's hot for CAs, certain specialties — like business valuation and IT — are just plain sizzling**

Edward Nagel knows what it's like to be in demand. As the senior manager in the forensic and dispute services group at Deloitte & Touche, he might get a call at his office at 8 a.m. and be in another office that very evening collecting evidence for a suspected fraud. On that initial trip to the crime scene, Nagel and his team will take bit images of suspected employees' computer screens and take the data back to the lab at Deloitte for analysis. From there, they will continue working with the computer forensic specialists to extract the information needed to clinch the case.

Nagel has every reason to love his job. He is one of those privileged professionals who holds not only a CA designation, but other qualifications as well — in his case, forensic accounting (IFA) and business valuation (CBV). That makes him a hot commodity.

But Nagel is not the only specialist to be thankful for his choice of career. At the moment, companies are clamouring for experts in everything from technology

to internal audit. Although the reasons are varied, the first that comes to mind is the ubiquitous Sarbanes-Oxley Act, together with its Canadian counterpart, Bill 198.

SOX heightened the focus on fraud prevention and regulatory compliance in companies, fueling the need for internal auditors and forensic accountants, among others. While the act is a source of headaches for many companies, it can at least be credited with creating unprecedented demand for accountants. "The realigning of the rules required by SOX created a great opportunity for CAs," says Michael Badham, CA•CBV, a partner at Deloitte & Touche in Toronto.

There are other factors. For example, corporate growth and the need to update information systems (combined with SOX) brought IT skills to the fore. And Canada's move to international financial reporting standards, slated for 2011, is affecting all accountants, not just specialists. Moreover, trends that influence the US market also apply to Canada. As a 2006 Accountemps article put it: "Demographic forces, such as a shortage of experienced candidates and the expected retirement of millions of baby boomers in the next decade, are anticipated to spark further competition for top talent."

At the moment, CAs in Canada have access to six specialist designations: business valuation (CA•CBV), investigative and forensic accounting (CA•IFA), information technology (CA•IT), internal auditing (CA•CIA), insolvency and restructuring (CA•CIRP) and information systems auditing (CA•CISA). All designations require hands-on experience and continuing professional development.

Many are obviously prepared to make this lifelong learning commitment. A total of 1,423 CAs had earned specializations by 2006, up from 488 in 2001. Numbers range from 137 for CA•CISA to 339 for CA•CBV.

Perhaps not surprisingly, when CAmagazine asked headhunters and experts to tell us what they considered the hottest specialties, most of the six CICA-accredited designations came up on the list. Here

is our roundup.

**Business valuation** As president and CEO of the Canadian Institute of Business Valuators, Jeannine Brooks has a perfect view of the prospects for her specialty. And right now, all signs point up. "Business valuation is one of the fastest-growing, most highly specialized professions," she says. "We've been growing at about 7% a year in membership and almost 10% in terms of students over the past 10 years." (The CICBV now boasts 1,150 members, and about 75% are CAs.)

Brooks says two key factors have heightened the demand for business valuers. First is SOX. Now, most companies don't just ask their internal audit or internal control departments to come up with a value for a company; they also bring in a professional business valuator. Second, Canadians are moving to the international standards for fair-value accounting. Under the new rules, companies must record and allocate the purchase price to specific tangible and intangible assets. Previously, historical values were used. The new standards also entail more disclosure on the value of intangible assets, including goodwill.

Brooks says the expanded disclosure in financial statements stokes the demand for business valuers. "It has opened up a whole new area of practice in existing companies," she says. "There's so much demand, there are just not enough CBVs to do everything that's expected of them."

Mary Jane Andrews, CA•IFA, CA•CBV, partner at KPMG LLP in Halifax, points to another factor in the rising demand for business valuers — namely, the imminent retirement of many baby boomers. Business owners who want to wind down need to sell the business and, therefore, price it accordingly.

The CBV designation fine-tunes the analytical skills of a CA, says Andrews. A CBV digs deep into the financial statements, examining all the components of the business — including the payroll, working capital, costs and inventory — and puts all those components into context. There are usually five stages: getting to know the business, analysing the related data, assigning numbers to the business components, documenting the valuation report and presenting the results to the client. A typical valuation takes three to five weeks.

Personally, Andrews likes the intellectual challenge of business valuation and the fact that every assignment is unique. She also enjoys using her analytical skills. Perhaps most of all, she finds it professionally rewarding to have her calculated values or prices validated through market transactions.

**Investigative and forensic accounting** The accounting scandals of the decade just heightened the need for meticulous undercover investigators. "We're into the talent war right across the profession," says Roddy Allan, CA•IFA, managing director, litigation and investigations, at Navigant Consulting in Toronto. "There's also high demand on the forensics side."

Allan, who is CAmagazine's technical editor for fraud, has seen an excellent flow of work over the past five years. "We've been recruiting quite a bit recently," he says. (Navigant often hires newly qualified CAs and trains them.)

The field of forensics has matured since Allan got into the work 18 years ago. In the early days — the 1970s — the practice mainly involved working for the police and Crown counsel, investigating white-collar fraud. The process involved following paper trails. Today with the advent of high-tech devices, the paper trail has stretched to encompass electronic trails as well. For example, investigators will often use "e-discovery" to zero in on a company's server data, which includes all employee documents. This mega-filtering process is used to produce all relevant documents in litigation cases. Data mining is also a growth area, says Gary Moulton, CA•IFA, partner, financial advisory services, at Deloitte & Touche. The technique entails investigating masses of data on a database or spreadsheet to look for anomalies that indicate fraud.

While forensic investigation may appear to be a fascinating field, it's not for everyone, says Tom Peddie, senior vice-president and CFO of Corus Entertainment and chair of the Risk Management and Governance Board at the CICA. "It's perceived to be glamorous, but you really have to have the aptitude. It's a lot of grunt work."

But not everyone sees it that way. Allan, for example, describes it as very diligent examination of data and

documents to find the little nuggets to put the case together. "You might have to sift through 20 boxes of junk to find the one document that cracks your million-dollar case," he says. "Those are the eureka moments when you finally understand how somebody committed the fraud and where the money has gone."

**Risk management and corporate governance** From where he sits in his office at Hydro One in Toronto, John Fraser may not be able to see forever, but he can see that risk management and corporate governance have become a very hot area for financial professionals. "Any CA or related firms that consult in risk and governance and have anything to do with Sarbanes-Oxley [or Bill 198] can't find enough people," says Fraser, a CA•CIA and CA•CISA who serves as chief risk officer for the utility. "If they've got a CA or equivalent behind their name, they're employable tomorrow."

Fraser describes governance as the top layer of risk management. That starts with having the right board, the right CEO and all the right structures and formats to obtain the information needed to exercise judgment.

The second layer, he says, is strategy. That is followed by enterprise risk management, where the company determines how, given the strategy, the risk is to be managed. It also assesses "how big and bad the risks are." Once those risks are determined, one of the ways to mitigate risk is through internal control.

"Enterprise risk management is a relatively new science or methodology," Fraser says. "Maybe only 10% to 15% of companies have actually started to implement it." Hydro One, for example, has specialists for safety, environmental, regulatory and other risks. Every company and industry has its own set of risks.

From Fraser's experience, CAs who go into public companies during their training gain exposure to a myriad of risks. So they can help pull them all together into one portfolio. "Enterprise risk management," says Fraser, "attempts to get [the different specialists] talking together and working on the same platform."

So while it is the board of directors' responsibility to make sure management has a strategy in place for potential risk scenarios, it's the risk manager's job to prepare and execute it. "And the CA — because of the professional background, discipline and project-management type skills — would be the logical person to work on that," Peddie says.

Fraser adds that there may be only 50 to 100 chief risk officer positions in Canada. But with SOX, new standards and governance initiatives, those numbers are bound to increase, he says.

**Internal auditing** Internal control is considered such a huge subset within the broader area of risk management that our experts penned it as a separate category.

"The sexy specialty for finance is definitely operational accounting," says Jocelyn Yacoub, recruitment professional at Yacoub & Associates in Toronto. "It's become a huge trend over the past two years. I would say there was a 20% increase in 2006 in terms of CAs being placed in internal control compared with financial reporting, controllership or financial accounting."

While Yacoub admits that newly minted CAs don't say to her, "Get me an internal auditing job," she encourages them to jump in nevertheless. She considers the internal audit or internal control foundation an invaluable entre into an organization. These CAs provide internal control testing and assessments to ensure the proper compliance requirements are met in the company.

The value of the IA function has been highlighted even more in the past couple of years with the securities regulations requiring CFOs and CEOs to certify the design of their internal controls. To help meet the new requirements, the CICA developed Internal Control 2006: The Next Wave of Certification, which provides guidance for management (and directors) on their external reporting responsibility, in particular internal control over financial reporting and the related CEO/CFO certifications.

Those who do go into internal auditing seem to be a satisfied group. In a CAmagazine poll last year, 65% of respondents said their job offers beneficial training for moving into management. More than two-thirds (69%) said they would recommend their career path to entry-level staff, and 56% plan to remain in the

internal auditing field. And while internal auditing has traditionally lagged behind other specialties in terms of compensation, a full 61% of respondents said they were paid a fair amount for the work they do (47% earned from \$50,000 to ,999, and 25% from \$100,000 to \$124,999). Moreover, compensation is increasing steadily. Robert Half's 2007 salary guide predicted a 5.9% increase in salary ranges for internal auditors in management at large companies (\$79,000 to \$122,500 this year, up from \$77,500 to \$112,750 in 2006).

By all accounts, though, internal auditors seem to have earned any increases they may get. In last year's poll, only 41% said that their staff size was adequate. Information technology and information systems auditing A growing reliance on information systems, together with SOX, has created an enviable niche for CAs with a technology bent. Michael Gooley, CA, branch manager, financial services, at Robert Half Canada, Inc., says he can literally place people with IT skills right away, depending on their background and experience.

Most headhunters do not make a distinction between IT specialists and IT auditors. However, Yves Godbout, a CA•IT and CA•CISA for the Office of the Auditor General of Canada in Ottawa and CAmagazine's technical editor for Technology, says that although the two can be performing the same kind of work, they are different. "IT specialists have the business knowledge of CAs and understand computerized systems," he says. "That powerful combination puts them in a very good position to help implement systems that will meet the regulatory requirements."

Meanwhile, CISAs audit computerized systems, Godbout says. "If we look at SOX and all the compliance issues, that's a certified information systems auditor's bailiwick." But not all CISAs work as auditors. For example, they might act as consultants to help determine proper controls to be put into a computer system.

In terms of compensation, CA•ITs take the lead, but the difference could be starting to narrow. According to Robert Half International's Accounting & Finance Salary Guide, IT auditors in management positions at large companies were expected to see increases of up to 5.9% in 2007.

For any specialist working in IT, a big plus is the chance to parlay his or her skills in a variety of settings. "IT specialists can work across many kinds of industries because they can apply the same knowledge," says Michael Burns, president of 180 Systems and CAmagazine's Work in Process columnist.

Still, the work can be extremely demanding, according to Godbout. "The professional competence requirement is never-ending," he says. "You have to keep current, keep educated, and keep training." But for people in the area, he says, this is not a drawback: "Some would consider it a perk."

Looking ahead Just as the job market is never static, new areas of interest are bound to appear with time. Says Valerie Leach, principal, continuing education, at the CICA: "The institute is constantly monitoring new directions that involve our members with a view to incorporating them into appropriate educational offerings."

One of the CICA's newest initiatives, says Leach, is the corporate finance qualification program. "This is a rigorous two-stage education program in corporate finance. It is available to both CAs and, with appropriate experience, other business professionals." The program, which is being offered jointly with the Institute of Chartered Accountants in England and Wales, will include an international focus. In the future, it may be offered in other countries such as Australia, Hong Kong and Singapore. Successful completion leads to a diploma and the right to use the letters CF.

Another emerging area of interest, says Leach, is international financial reporting standards education. "IFRS-ready competence and expertise will be crucial to CAs — and others — as Canada moves toward the adoption of international accounting and reporting standards," she says.

Paradoxically, just as the range of possible specializations and skills continues to expand, so does the need for a generalist's skills. For example, a recent survey of CEOs at Fortune 1000 companies showed that today's ideal CFO is more of a business partner to the CEO than accountant. It quotes Rucker McCarty, partner-in-charge of the CFO practice at Heidrick & Struggles: "The image of the bean counter CFO is an anachronism no longer welcome at the table with today's senior management team."

Michael Stern, president of Michael Stern Associates in Toronto, echoes those words. He doesn't think companies are looking for accountants in the traditional sense. "They're looking for business people who happen to work in the accounting department or operations," he says. This means people who don't have tunnel vision — who are "not just looking at one or two issues, like SOX."

Stern recommends that both companies and accountants focus on the long-term view. "Places that are hiring people strictly for the issue of today," he says, "are going to wonder why they have a bunch of accountants who can't deal with the issues of tomorrow."

That's probably why headhunters advise CAs to focus not only on technical skills but also on the big picture. "People need to take a holistic view in terms of personal and career development," says Gooley. "As you move up the ladder, strong business communication skills become even more important than technical expertise. To drive forward with your strategy, you need to get others to buy into your vision."

### Speciality snapshots

#### **Business valuation, CA•CBV**

*Personality/skills:* critical and analytical thinking, strong financial education, decisiveness, initiative, communication skills, team player

*Place:* CA firms, boutique valuation firms, securities commissions, in-house counsel for large companies

*Pay:* \$80,000 to \$200,000-plus

*Perks:* travel, portable skills (CBV is recognized internationally)

*Downside:* hard work to obtain the designation, not all work is exciting

*A typical day:* perform financial and statistical analysis, testify in court as an expert witness, prepare documents/research

*How to get there:* the CICA has an accreditation agreement with the Canadian Institute of Chartered Business Valuators (CICBV). Visit [www.cicbv.ca](http://www.cicbv.ca) and [www.cica.ca/cbv](http://www.cica.ca/cbv).

#### **Investigative and forensic accounting, CA•IFA**

*Personality/skills:* curiosity, scepticism, patience, persistence, attention to detail, top-notch communication skills, understanding of human behaviour

*Place:* forensic boutiques, large CA firms, large corporations, regulators, government internal audit groups

*Pay:* mean of \$222,537

*Perks:* interesting, challenging work of a unique nature, high-profile assignments, working in small teams with people from diverse backgrounds

*Downside:* lots of details, and "may overly heighten your scepticism regarding the accuracy of financial data/reporting," says Roddy Allan

*A typical day:* developing case strategies, financial data/evidence analysis, interviews, meetings, research, report writing, testifying as an expert witness, etc. A forensic group (such as Deloitte & Touche) may offer dispute consulting and other services in addition

to investigation

*How to get there:* the CA•IFA designation is offered through the Alliance for Excellence in Investigative and Forensic Accounting. For more information, visit [www.cica.ca/ifa](http://www.cica.ca/ifa).

### **Risk management and corporate governance**

*Personality/skills:* outgoing, creative, able to work in a consultative role to assist management, knowledge of risk and control frameworks, not a rules-based accounting type.

*Place:* large CA firms, boutiques (in big cities); CA firms (in small cities)

*Pay:* range of \$120,000 to \$150,000 for managers; \$150,000 to \$180,000-plus for CRO or equivalent (but relatively few positions available)

*Perks:* usual benefit packages, bonus, possibly stock options or leased car (in larger companies)

*Downside:* heavily dependent on gaining buy-in from the executive team

*A typical day:* identify and assess major risks to the organization or to individual projects or processes, develop and implement risk-based strategies or methodologies, prepare periodic corporate risk profiles for presentation to audit committees/board

*How to get there:* experience in internal audit and market risk in a trading environment are the two main ones. Also, the CICA has a number of publications for boards of directors and those responsible for corporate governance. For more information, visit [www.rmgbc.ca](http://www.rmgbc.ca).

### **Internal auditing, CA•CIA**

*Personality/skills:* articulate, detail oriented and process driven, excellent communication skills, comfortable dealing with senior management and presenting results to CFO, CEO

*Place:* CA firms, large organizations, companies of various types

*Pay:* with seven years' auditing experience, average base of \$100,000 plus bonus

*Perks:* flexibility, expenses and meals paid, travel, exposure to work with a variety of companies, chance to network with senior finance leaders and eventually obtain a different role

*Downside:* very long hours at a time; travel (for those who have children)

*A typical day:* help in managing compliance with Sections 302 and 404 of the Sarbanes-Oxley Act, facilitate documentation such as flowcharts, work closely with the company's corporate centre to ensure CA firm requirements are met

*How to get there:* the CICA's National Specialization Council has signed an exclusive strategic alignment and accreditation agreement with the Institute of Internal Auditors (IIA). For more information, visit [www.theiia.org](http://www.theiia.org) and [www.cica.ca/cia](http://www.cica.ca/cia).

### **Information technology, CA•IT**

*Personality/skills:* strong interest in information technology, detail oriented

*Place:* any company (large or small) that needs an IT specialist

*Pay:* mean of \$193,091

*Perks:* travel, expenses paid; opportunity to work in many different industries and attend conferences

*Downside:* need to keep up with technology trends; workload can be extremely demanding depending on place of work

*A typical day:* work varies greatly, from talking with colleagues on how to implement systems to meet employee needs, to determining which products are most suitable and delivering the equipment and applications

*How to get there:* the course of study is set out by the IT Alliance Education Committee. For more information, visit [www.cica.ca/IT](http://www.cica.ca/IT).

### **Information systems audit, CA•CISA**

*Personality/skills:* talent for and keen interest in both IT and audit; attention to detail

*Place:* governments, universities, large corporations, public accounting firms

*Pay:* mean of \$157,865

*Perks:* opportunities for training that are not mainstream

*Downside:* workload can be heavy

*A typical day:* auditing computerized systems, setting up interviews and talking to people, looking at system charts and procedures, determining and testing controls

*How to get there:* the information systems audit, control and security (CISA) designation is available through the Florida-based Information Systems Audit and Control Association, with which the CICA has an accreditation agreement. The designation, held by 24,000 members worldwide, leads to recognition as a CA-designated specialist in five domains of information systems audit control and security: standards and practices; organization and management; processes; integrity, confidentiality and availability; and software development, acquisition and maintenance. For more information, visit [www.cica.ca/cisa](http://www.cica.ca/cisa). — DC

Links to related articles and resources:

#### **CA compensation**

[What's your worth?](#) (CAmagazine, Jan/Feb 06)

#### **CA specialization**

[www.cica.ca/index.cfm/ci\\_id/270/la\\_id/1.htm](http://www.cica.ca/index.cfm/ci_id/270/la_id/1.htm)

[Accounting specialties in greatest demand](#) (June '06)

**Certification of controls**[CEO challenge \(CAmagazine, Jan/Feb 07\)](#)**Corporate finance**[CF education program](#)[Global CF qualification](#)**Financial reporting**[CICA conference on international financial reporting standards, June 2007](#)[Financial reporting continuing education](#)**Internal audit**[Risk management and governance](#)**Compensation by major activities of members**

The primary work activities of CA earning the highest compensation are not in the traditional accounting, auditing and tax areas. The primary work activities (e.g., ones they spent at least 25% of their time on) of the highest earners in professional services included: New Business Development (\$296,514), Insolvency and Restructuring (\$228,956), Business Valuation (\$228,130), Corporate Finance (\$225,255) and Other Business Advisory/Consulting Services (\$212,949). For members in industries the activities of the top earners included: Marketing and Sales (\$305,564), New Business Development (\$281,712), Corporate Finance (\$255,637), Strategy Development and Planning (\$251,314) and Product/Service Development (\$224,262).

**Members in professional services**

Activities members in Professional Services spend at least 25 or more of their work time on	Total compensation (includes owners and non-owners)				
	N	Mean	Median	Percentile 25	Percentile 75
New business development	356	\$296,514	\$175,000	\$118,250	\$310,750
Insolvency and restructuring	178	\$228,956	\$123,000	\$83,750	\$232,000
Business valuation	226	\$228,130	\$130,500	\$82,000	\$220,000
Corporate finance advisory (including M&A advisory)	394	\$225,255	\$141,440	\$92,750	\$220,000
Other business advisory, or consulting services	606	\$212,948	\$145,251	\$95,300	\$235,000
Investigative and forensic accounting	156	\$187,880	\$124,500	\$84,375	\$197,000
Personal financial planning/wealth Management	237	\$176,532	\$125,000	\$83,125	\$214,250
Information technology consulting	155	\$171,749	\$127,000	\$91,000	\$175,000
Other assurance services	230	\$157,621	\$100,000	\$73,375	\$155,746

(including IT audit & ISO audit)					
Control and risk management	343	\$156,021	\$100,000	\$67,500	\$158,000
Taxation	2536	\$137,613	\$100,000	\$68,813	\$157,000
Performance measurement	246	\$124,394	\$78,250	\$55,900	\$135,000
Financial statement compilation	1811	\$120,775	\$92,200	\$65,000	\$150,000
Financial statement review	2090	\$118,599	\$86,133	\$62,000	\$145,000
Financial statement audit	2625	\$117,086	\$77,500	\$59,000	\$120,600
Financial accounting	1159	\$110,158	\$82,000	\$60,000	\$122,000

### Compensation by designation/postgraduate degree held

	Total compensation (includes owners and non-owners)				
	N	Mean	Median	Percentile 25	Percentile 75
CBV or CA•CBV	238	\$275,626	\$167,750	\$110,000	\$296,400
CIRP or CA•CIRP	114	\$271,031	\$191,500	\$106,808	\$315,150
Certified management consultant or CMC	79	\$267,654	\$178,125	\$125,000	\$346,000
LLB/lawyer	64	\$255,793	\$141,000	\$100,100	\$214,375
Chartered financial analyst or CFA	381	\$242,475	\$166,000	\$119,500	\$260,000
Master of business administration (MBA)	1123	\$226,885	\$142,000	\$100,000	\$233,500
CA•IFA	70	\$222,537	\$161,251	\$113,750	\$277,500
Chartered accountant or CA (from a country other than Canada)	390	\$209,207	\$138,000	\$91,000	\$220,000
Engineer P.Eng.	31	\$208,516	\$138,200	\$95,700	\$270,000
CA•IT	65	\$193,091	\$130,000	\$99,000	\$173,500
Certified management accountant or CMA	299	\$179,899	\$126,000	\$90,000	\$190,000
Certified financial planner or CFP	448	\$167,772	\$135,716	\$93,000	\$218,796
Certified public accountant or CPA	914	\$165,202	\$119,100	\$86,500	\$174,250
CISA or CA•CISA	169	\$157,865	\$115,000	\$87,500	\$163,069
A doctorate degree	54	\$153,110	\$117,075	\$91,000	\$161,750
CIA or CA•CIA	177	\$149,880	\$103,000	\$82,001	\$154,250
Pl. fin.	66	\$148,562	\$120,203	\$77,759	\$200,000
Other masters degree	339	\$147,014	\$100,000	\$78,000	\$164,500

Diplôme de sciences administratives (D.S.A.)	416	\$138,015	\$98,900	\$73,032	\$141,125
Master of taxation and/or accounting	607	\$132,592	\$94,000	\$70,000	\$138,000
Certified general accountant or CGA	104	\$129,545	\$100,000	\$75,330	\$159,250
Diplôme d'études supérieures spécialisées (DESS)	517	\$86,004	\$65,000	\$52,183	\$88,500
Other	1056	\$179,370	\$122,414	\$87,000	\$200,000
None	9891	\$156,787	\$105,000	\$76,000	\$165,000

Source: CA profession 2005 compensation survey

### **Number of CA•Specialists**

	<u>CA•IFA</u>	<u>CA•IT</u>	<u>CA•CBV</u>	<u>CA•CIA</u>	<u>CA•CIRP</u>	<u>CA•CISA</u>	<u>Total</u>
2006	221	244	339	156	326	137	1,423
2005	214	149	328	153	334	137	1,315
2004	211	115	310	152	328	128	1,244
2003	198	91	269	142	308	124	1,132
2002	203	0	239	152	280	114	988
2001	162	0	127	137	0	62	488

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