



RAS NewsReport

WINTER 2008

Risk Advisory Services Sponsors Successful Internal Controls Conference

BDO's RAS practice was enthused and delighted to host and chair the *Internal Controls: Sustaining Effective Controls and Ongoing Compliance Conference and Workshop*, as presented by Infonex, in Calgary on February 26 - 28, 2008. The conference was well attended and well received by all present as a record number of attendees came out.

Nitin Khare, Senior Manager of the Western Region, and Consultant Mathew Kinver shared the latest developments on internal controls and how changes to NI 52-109 will affect public companies. Both Khare and Kinver hosted the controls focused workshop which took place on February 28, 2008.

Topics covered during the conference include the latest and emerging trends in risks and controls and what procedures industry leaders have implemented in their organizations, designing an efficient model to sustain internal controls, guidelines for testing the operating effectiveness of entity-level controls, leveraging compliance and enhancing your business's bottom line, strengthening fraud controls to protect your organization, building a cost-effective compliance program, integrating governance, risk, and compliance (GRC) to reinforce risk management, role of an IT framework in internal controls and risk reduction and much more.

For more information about this event and BDO's involvement, please visit our website at www.bdo.ca/ras.



CONTACT INFO

BDO Dunwoody's Risk Advisory Services practice is a dedicated national risk practice. Our approach to risk management combines talent, experience and an exceptionally motivated team to provide you with innovative, cost-effective and value-added services. Business risks are mitigated; organizational goals are defined and achieved; operational performance is continuously assessed and improved.

For more information on BDO Dunwoody LLP Risk Advisory Services group please contact us at www.bdo.ca/ras or contact our any of our team members in the following regions:

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Internal Controls Conference – Montreal

Michael Rodger, Senior Manager of the Risk Advisory Services Quebec Region, and Karen Bagland, Manager of Technology, Risk and Security for Quebec will be speaking at the Infonex-presented Internal Controls: Sustaining Effective Controls and Ongoing Compliance conference in Montreal on March 19 and 20, 2008.

Attendees will learn the latest developments on internal controls and how these changes will affect the industry at large as well as business operations. Topics to be covered include:

- Identifying and testing entity-level controls
- Creating a sustainable, ongoing compliance program
- Incorporating internal controls within your organizational plans to achieve compliance and maximize success and profits
- Identifying and testing key elements of anti-fraud programs and controls
- Implementing internal controls by developing a sustainable plan and cutting-edge procedures to successfully achieve compliance
- Integrating governance, risk, and compliance (GRC) initiatives into organizational plans to create value for your company
- Latest and emerging trends in risk and controls
- Interpreting NI 52-109 and the effect it will have on your organization
- Internal controls testing: general computer controls (GCCs) and general application controls (GACs)
- Top IT issues and strategies for managing risk

Enterprise Risk Management (ERM) Conference – Vancouver

Risk Advisory Services Western Senior Manager, Nitin Khare, along with Western Manager Kai Cheng will be speaking at Infonex's Understanding and Applying the ERM Process in your Organization on June 2 – 5, 2008 at the Hotel Vancouver.

This workshop is dedicated to introducing delegates to the fundamental concepts in Enterprise Risk Management while providing hands-on, carefully crafted information to help delegates effectively implement and sustain an effective ERM program.

Themes to be addressed in this conference series include:

- What is ERM?
- How to develop a sustainable ERM program
- ERM methodologies and phases
- Maintaining your ERM initiative

ALERT--Canadian Securities Administrators (CSA) to Withdraw Proposed National Instrument (NI) 52-109

On November 23rd, 2007, the Canadian Securities Administrators (CSA) decided to **withdraw proposed National Instrument 52-109** (Certification of Disclosure in Issuers' Annual and Interim Filings).

On March 30, 2007 the CSA published the following for comment:

- National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings;
- Forms 52-109F1, 52-109FMP1, 52-109FM1, 52-109F1 -- IPO/RTO, 52-109FIR, 52-109F1 -- AIF, 52-109F2, 52-109F2 -- IPO/RTO and 52-109F2R; and
- Companion Policy 52-109CP (together, the Proposed Materials).

Upon further consideration and review, the CSA has decided to make significant revisions to certain aspects of the proposal. As a result, NI 52-109 will not be adopted.

Although the proposed instrument has been withdrawn, CEO and CFO certifications are still required under MI 52-109. Also, please be aware that venture issuers do not have to comply with MI-52-109 per CSA's staff comments if a bear certificate is completed. This applies to periods ending on or after Dec 31, 2007.

The CSA has announced intentions to release revised proposed materials and we will post all relevant information online, making it available to our clients as it becomes available.

Risk Management: Breaking Down the Elements of an Effective Strategy

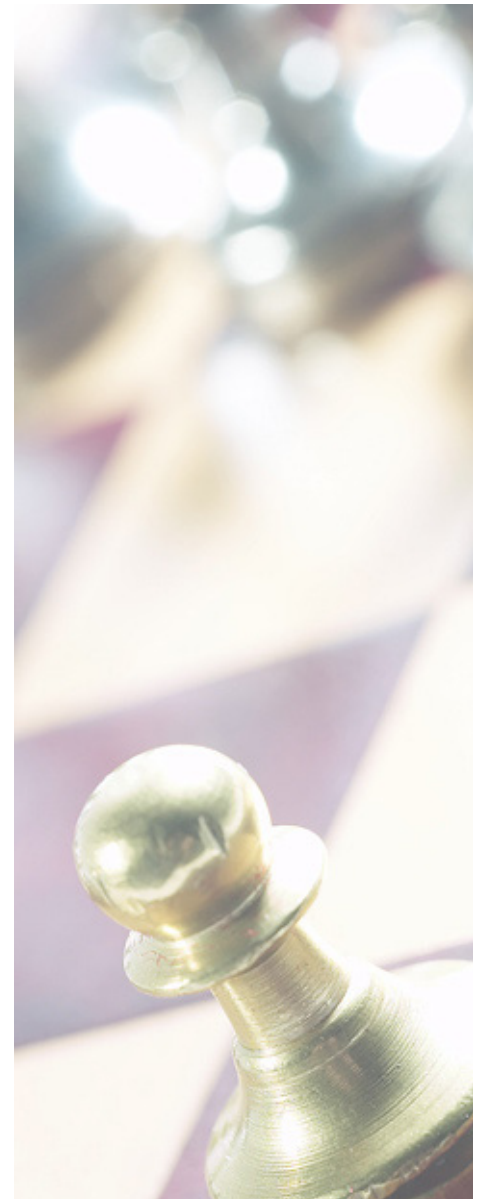
All organizations big and small, public or private, domestic or international face risks. Risk, from a business perspective, can be defined as the amount and degree of uncertainty a company encounters. Levels of risk can range from common day-to-day factors that can interrupt and delay daily business operations, to serious and acute events that can debilitate a business's functionality and perhaps threaten its overall existence.

In today's dynamic, fast-paced business world risk needs to be managed. Taking proactive measures and outlining all of the risk factors your organization faces will enable you to turn the risks inherent to your organization into opportunities for improvement and success. An aggressive approach to risk management will enable you to take the bite out of potential factors that can cause much harm and detriment to your business because you have plans in place to counter and minimize them.

A solid risk management plan can help improve business operations and keep your organizational systems secure and intact. The first step in creating an effective strategy is ensuring all senior management and members of the board support the implementation of such a program and understand its importance to the viability of the business. This will determine the risk culture of the organization and thus, its level of risk tolerance. Next, the firm must carefully examine and identify all the risk factors it faces. These risks need to be ranked in order of likelihood and impact and cross-referenced with the effects they may have on organizational functions and resources. When developing an effective risk management strategy, a company must ensure they have the proper resources available and in place to

follow through with the drafted policy; a plan that can't or won't be implemented is utterly useless. Finally, it is critical that processes be reviewed and tested on a regular basis to ensure they are up to standard and sufficient.

Proactively managing risk can improve an organization's profitability and functionality. The fact is, today's business world is more convoluted and complicated than ever and the price of ignoring risk may just be too high. Mismanaging risk can lead to lost profits, lost profit share and lost material and human resources which could threaten the viability of your organization.



Internal Audit: Providing Your Organization With The Legitimacy It Needs

Today, an increased organizational focus to meet financial reporting and corporate governance objectives is the norm in the world of business. These measures are reflective of shareholder expectations and work to ensure corporate goals are achieved, while maintaining operational and financial integrity.

In light of recent business dealings, it's imperative that your organization have a proactive, risk-based Internal Audit (IA) function; simply put, too much is at stake. The risk of organizational ruin, from both an economic and reputation-based standpoint is at an all time high. An aggressive, take-charge approach to internal auditing will earn the faith and trust of the key audiences your organization serves. The profitability and viability of your business can soar.

Why You Need an Internal Audit Function

The IA function plays a critical role in an organizations management control structure; it helps to ensure the legitimacy of the business's fiscal practices. IA departments try to strike a balance between adhering to new regulatory risks while remaining focused on the traditional business of operational auditing. What does this mean? Relationships and experiences ascertained within the company are used to mitigate risks, improve controls and add value across your organization.

BDO's approach to internal audit goes beyond the standard, compliance driven approach which merely provides management or audit committees with assurance about the security and efficiency of imposed controls. Our approach is proactive, aggressive and risk-based to ensure that the internal controls currently

in play will help your organization achieve its regulatory and financial goals. We provide 'risk assessment' consultations providing insight on the risks inherent to your business, as well as process improvement or process re-engineering programs to secure your system controls.

Selecting an Audit Approach That's Right for You

Different organizations require different approaches to the IA function. We have found that many internal audit groups struggle with conflicting demands such as facing contention for resources while trying to maintain traditional IA functionality. At BDO, our experienced and trained professionals work with you to determine what approach works best for you. It is our commitment to personalized, in-touch service that makes the difference for our clients. With us, the best IA approach is within reach.

In partnering with your organization, we would evaluate or establish some of the key elements of your business:

- An internal audit charter or mandate
- An internal audit organization structure
- A fully developed audit risk universe
- A 3-5 year audit plan
- An IT Audit Plan (security, change

management and vulnerability assessment)

- Reporting tools and templates

BDO's Risk Advisory Service Practice has developed a suite of services designed to help you, the client, align your internal audit function with the overall needs of your organization.

Our services include:

- Establishing an effective Internal Audit Function
- Quality Assurance reviews gauging the effectiveness of the Internal Audit Function
- Strategic Partnering and Co-Sourcing
- Risk Assessment services
- Managing the Internal Audit Function
- Constructing audit services
- Financial Institutions Compliance
- IT Audit services

The Stark Reality

All companies face corporate governance concerns, as well as internal and external scrutiny. A reactive approach to internal audit is no longer acceptable; there can be no surprises when it comes to managing the risks and opportunities of your business.

Contact us and let us create an IA program that will work for you.