

**PUBLIC ACCOUNTANCY BOARD  
ANNUAL REPORT  
2011/2012**

Pursuant to Section 8 of the Public Accountancy Act Part II, and Section 3 of the Public Bodies Management and Accountability Act, the Public Accountancy Board submits its forty-second (42<sup>nd</sup>) Annual Report for the year April 1, 2011 to March 31, 2012.

**1. MEMBERSHIP AND COMPOSITION OF THE BOARD**

During the year there was a change in the composition of the Board. A Board had been appointed on March 1, 2011 for a two year period ending on February 28, 2013. The composition of that Board was as follows:

Mr. Eric Crawford	-	President
Mrs. Ethlyn Norton-Coke	-	Member
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mrs. C. Patricia Hayle	-	Member
Mr. Garth Kiddoe	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. Compton Rodney	-	Member
Mr. Eric Scott	-	Member

A new Board was appointed from July 18, 2012 consequent on the change of administration. The new Board is as follows:

Mr. Eric Crawford	-	President
Mrs. Ethlyn Norton-Coke	-	Vice-President
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mrs. C Patricia Hayle	-	Member
Dr. Minna Israel	-	Member
Mr. Garth Kiddoe	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. Eric Scott	-	Member

**2. MEETINGS**

During the year there were two (2) regular meetings of the Board. In addition there were three (3) Committee meetings.

**3. PRACTISING CERTIFICATES**

The Board issued 297 (2010/11 - 276) Practising Certificates during the year.

**4. DISCIPLINARY ACTION**

The Board received a report from the Institute of Chartered Accountants of Jamaica (ICAJ) that a registrant who had been removed from membership of the Institute for non-payment of his annual membership fees, had signed a Continuity of Practice Agreement as a Chartered Accountant. The matter was referred to the Board's Investigations Committee.

#### **5 BREACHES OF SECTION 15 OF THE ACT**

It will be recalled that the Director of Public Prosecution referred to the Fraud Squad two matters involving alleged breaches of Section 15 of the Act. In one case the individual did not attend court and a bench warrant was been issued for his arrest. In the second case the Fraud Squad has not been able to locate the individual concerned.

#### **6 BREACHES OF SECTION 25 OF THE ACT**

The Board has received a complaint that a student member of the Institute had used the Chartered Accountant designation without having completed the application process for becoming a member of the Institute. The matter has been referred to the Investigations Committee.

#### **7. REGISTRATION**

There were eight (8) additions to the Register during the year. These persons qualified under Section 12(1)(a) of the Act – members of the Institute of Chartered Accountants of Jamaica.

#### **8. DELETIONS FROM THE REGISTER**

The names of twenty-six (26) persons were removed from the Register during the year. The deletions were due to (i) death and (ii) persons ceasing to be engaged in the practice of accountancy.

#### **9. STATE OF THE REGISTER AS AT MARCH 31, 2012**

At March 31, 2012, Three Hundred and fourteen (314) persons (2011- 332) were listed in the Register of Public Accountants. An analysis of the registration is as follows:-

<b><u>Section</u></b>	<b><u>Description</u></b>	<b><u>Total</u></b>
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	274
12 (1) (b)	being persons who are entitled to practise accountancy in a country other than Jamaica by virtue of a qualification recognized by that country. Such qualification to be approved by the Minister after consultation with the Board;	4
12 (1) (c)	being persons who are members of the Association of International Accountants, the Society of Commercial	

	Accountants, the British Association of Accountants and Auditors and the Chartered Institute of Cost and Management Accountants or such other body that is approved by the Minister after consultation with the Board.	5
12 (1) (d)	being persons who, in the opinion of the Minister, had immediately before the commencement of the Act, acquired sufficient experience in the practice of accountancy.	31
	<b>Total</b>	<b>314</b>

#### **10. COMPARISON WITH THE REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA.**

At March 31, 2012, there were One Thousand One Hundred and Thirty-Nine (1,139) members (2011 – 1,085) of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, Two Hundred and Seventy-Four (274) (2011 – (202) held practising certificates issued by the Board and the Institute.

#### **11. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION.**

It will be recalled that on February 2, 2011, the Board, the Institute of Chartered Accountants of Jamaica (ICAJ), and the Institute of Chartered Accountants of the Caribbean (ICAC) entered into an agreement with the Association of Chartered Certified Accountants (ACCA) for the Monitoring of all practising accountants in Jamaica.

The objective of the Monitoring Programme is to assess the extent to which a registered public accountant, in the conduct of his practice, complies with

- International Standards on Auditing (ISA)
- International Standards on Quality Control (ISQC).
- the Code of Ethics for Professional Accountants prescribed by the International Federation of Accountants (IFAC) for the maintenance of high quality performance.
- Provisions of the Board's Rules and Recommendations and in particular those dealing with AML/POCA and FATF 40 +9 requirements

The IFAC Code of Ethics establishes fundamental principles of professional ethics, covering issues which include:

Integrity  
Objectivity  
Professional competence and due care  
Confidentiality  
Professional behaviour and  
Independence

ACCA appointed a Senior Practice Reviewer (SPR) in late 2011 and the reviews commenced in January 2012. The SPR has considerable auditing experience at a senior level.

The reports of the SPR are reviewed by a Monitoring Committee comprising three (3) representatives of the PAB, two (2) from the ICAJ and one (1) from the ICAC.

The primary purpose of the programme will be to facilitate the raising of the general standard of audit work of audit firms (inclusive of single practitioners) rather than to penalize firms for non-compliance (in the first instance). The Board will therefore apply an "educational" and progressive approach to audit monitoring. This will involve providing audit firms with guidance and assistance to improve the quality of their work. Regulatory action on non-compliance with auditing standards will only be taken if extremely egregious breaches of auditing standards are identified during the review or where a firm needs to improve its standards but fails to do so after subsequent monitoring visits.

## **12. IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION.**

It will be recalled that the Board conducted a review of the various regulations governing the functioning of registered public accountants in Jamaica for improving and strengthening the effectiveness of the Profession. Based on this review the Board submitted its recommendations to the Ministry of Finance and the Public Service. In summary the recommendations are designed to inter alia

- Require the establishment of Audit Committees for all Public Interest Entities (PIES)
- Stipulate certain non-audit activities which the auditor must not perform for his client
- Require the disclosure in the Annual Report of non-audit fees paid to the auditor
- Legislate the requirement for auditor independence
- Define fiduciary responsibilities of senior officers in companies
- Prescribe guidelines to prevent conflicts of interest which could arise from the employment of certain members of the audit team by the client within a certain time period
- Codify standards to be used by professional accountants.

The recommendations fall into two categories viz.,

- (a) those which will involve legislative changes as they relate to enterprises in which the broad public has an interest in ensuring that there is the reality of auditor independence.
- (b) Those which concern generally the ethics of the profession and therefore fall within the ambit of the Board's Rules and Recommendations.

The recommendations at (a) have been approved by the Cabinet and drafting instructions are being prepared at the time of writing.

The recommendations at (b) have been incorporated into the revised draft of the Board's Rules and Recommendations which have been the subject of a comprehensive overhaul. The Board is presently reviewing the draft revised Rules.

**13. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS**

On November 6, 2011, The Board held a Seminar designed to inform registrants about the Practice Monitoring Programme.

The presentations were made by Sha Ali Khan of ACCA.

The Seminar was also addressed by Mr. Eric Crawford, PAB President. Convenor was Mr. Garth Kiddoe.

**14. ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM REGULATORY MECHANISM**

The Board continues to work with the Bank of Jamaica to bring to the attention of registrants the FATF 40 + 9 requirements as well as the provisions of the Proceeds of Crime Act (POCA). Under the AML legislation accountants will be categorized as a "Designated Non-Financial Business/Profession (DNFBP)." The Board has indicated to the Bank of Jamaica (BOJ) certain provisions of the Act which need to be modified to be more relevant to the role of registered public accountants. The BOJ has brought the matter to the attention of the Ministry of Justice.

**15. COMPENSATION TO BOARD MEMBERS**

Set out below are particulars of compensation to Board members for 2011/12 based on meeting attendance and functions as Registrar.

	<u>Fees</u>	<u>Transport Allowance</u> (as Registrar)
Eric Crawford	33,000	
Ethlyn Norton-Coke	25,000	
Linval Freeman	16,500	
Raphael Gordon	16,500	
C. Patricia Hayle	11,000	
Garth Kiddoe	28,500	
Annaliesa Lindsay	22,500	
Ann Marie Rhoden	11,000	
Compton Rodney	28,500	420,000
Eric Scott	11,000	
	<b>203,500</b>	

**16. CONCLUSION**

The Board takes this opportunity to express to the Minister and his staff their gratitude and appreciation for the Ministry's continued dedication, assistance and timely responses to the representations of the Board.

July 20, 2012