

ANNUAL REPORT & FINANCIAL STATEMENTS

2008/2009

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 Thirty-ninth (39th) Annual Report for the year April 1, 2008 to March 31, 2009.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD.

Mr. Eric Crawford	-	President
Mr. Kenneth Lewis C.D.	-	Vice-President
Mrs. Ethlyn Norton-Coke	-	Member
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mr. Garth Kiddoe	-	Member
Mr. Rolf Lanigan	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. Compton Rodney	-	Member and Registrar

2. MEETINGS

During the year there were six (6) regular meetings of the Board.

3. PRACTISING CERTIFICATES

The Board issued 267 (2007/8 - 326) Practising Certificates during the year.

4. DISCIPLINARY ACTION

It will be recalled that the Board completed a Disciplinary Hearing initiated in November 2006 against a registered public accountant. On September 4, 2007 the Board announced its decision to suspend the registered public accountant for a period of six months commencing September 10, 2007. The Board also advised the registrant that he was required to pay the Board the sum of \$1 million towards the cost and expenses of the Enquiry. The cost of the Enquiry was \$1.3 million.

The registrant contested the decision of the Board and filed an appeal. The Court of Appeal stayed the suspension from October 19, 2007 and for the duration of the appeal proceedings. The Attorneys for the complainant sought and received the approval of the Court of Appeal to participate in the appeal proceedings.

The matter was heard by the Court of Appeal in April 2009 and the appeal dismissed. The registered public accountant has accordingly been suspended from the Register effective April 29, 2009 to September 15, 2009.

As regards the two matters which the Board had submitted to the office of the Director of Public Prosecutions, the first matter was referred to the Police

Department. The Investigating Officer was unable to complete his investigations because the complainant indicated that his client did not wish to pursue the matter. In the second matter, the Director of Public Prosecutions brought the matter to the attention of the accountant's employer and recommended that the accountant apologize to the Board and give his commitment to prevent any recurrence. The Board received and accepted a letter from the accountant which contained the apology and his commitment.

During the period under review The Board received three new complaints. Investigations into two of the complaints were completed and the Board has initiated Hearings on the matters to commence in April 2009. The third complaint is with the Board's Investigations Committee.

5 REGISTRATIONS

There were nine (9) additions to the Register during the year. These were under Section 12(1)(a) of the Act – members of the Institute of Chartered Accountants of Jamaica.

6 DELETIONS FROM THE REGISTER

The names of Forty-eight (48) 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.

7. STATE OF THE REGISTER AS AT MARCH 31, 2009

At March 31, 2009, Three Hundred and Seventy-two (372) persons were listed in the Register of Public Accountants. An analysis of the registration is as follows:-

<u>Section</u>	<u>Description</u>	<u>Total</u>
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	324
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 being 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.	39

Total **372**

8. COMPARISON WITH THE REGISTER OF CHARTERED ACCOUNTANTS IN JAMAICA.

At March 31, 2009, there were One Thousand and Forty-one (1041) members of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, Two Hundred and Thirty (230) (2008 – 211) held practising certificates issued by the Board and the Institute.

9. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION.

The Board continued its dialogue with the Institute about the development of a Monitoring and Enforcement Programme.

The principal purpose of the Monitoring and Enforcement 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) and International Standards on Quality Control (SQC). The Programme will also monitor compliance with

- the Code of Ethics for Professional Accountants and
- the benchmarks prescribed by the International Federation of Accountants (IFAC) for the maintenance of high quality performance.

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

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

A draft Agreement for the implementation of the Monitoring and Enforcement Programme, prepared by the Association of Chartered Certified Accountants (ACCA) and reviewed by the Institute of Chartered Accountants of Jamaica, was examined and changes proposed by the Board. The Agreement was referred to the Attorney General's Department for further review. Once the review is completed the Agreement will be submitted to the Ministry for approval. The Programme includes the Institute of Chartered Accountants of the Caribbean (ICAC), the ICAJ, the ACCA and the PAB.

10. IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION.

It will be recalled that the Board had completed its review of the various regulations governing the functioning of registered public accountants in Jamaica. This review was carried out against the background of the "Enron effects" on the investment climate and accountancy profession globally and the

response of the regulatory authorities in North America, the United Kingdom and Europe.

Arising from the review, the Board's recommendations which incorporated the comments of the Financial Services Commission (FSC), Bank of Jamaica (BOJ), the Institute of Chartered Accountants of Jamaica (ICAJ) and the Tax Administration Division of the Ministry were presented to the Minister of Finance and the Public Service.

The main focus of the recommendations is to

- Legislate the requirement for auditor independence
- Define fiduciary responsibilities of senior officers in companies.
- Require the establishment of Audit Committees for companies.
- 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.

In keeping with the request of the Minister of Finance and the Public Service the Board

- (i) submitted to the Ministry those aspects which are to be the subject of legislation. The objective is that the Ministry will review same and prepare the necessary submissions to Cabinet and Legislation Committee;
- (ii) is proceeding with those changes which are to be implemented through the Board's Rules and Recommendations. It is planned that these changes will be completed during the second half of 2009. Once completed they will be submitted to the Minister for approval in keeping with the provisions of Section 28 of the Act.

11. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS

The Board has decided to hold at least two Seminars annually to assist registrants to be up to date with current practices in the accountancy profession. The objective is also to remind registrants of their obligations and the consequences which may follow if ethical standards are not upheld. The first such Seminar was held on March 25, 2009. It is planned to host another Seminar in October 2009.

Topics covered in the first Seminar were: Bye-Laws/professional Conduct Registrations; Education and training; Duty to investigate complaints and Professional Ethics.

Presenters were Miss Annaliesa Lindsay, Miss Effie Crooks, Mr. Eric Scott, Mr. Kenneth Lewis, Mr. Leighton McKnight and Mr. Eric Crawford.

12. COMPENSATION TO BOARD MEMBERS

Set out below are particulars of compensation to Board members for 2008/9

	Meetings Attended	<u>Fees</u>	Transport Allowance (as Registrar)
Eric Crawford	6	57,000	
Kenneth Lewis	6	33,000	
Ethlyn Norton-Coke	6	33,000	
Linval Freeman	6	33,000	
Raphael Gordon	5	27,500	
Garth Kiddoe	6	33,000	
Rolf Lanigsan	5	27,500	
Annaliesa Lindsay	5	27,500	
Ann Marie Rhoden	5	27,500	
Compton Rodney	6	33,000	420,000

13. CONCLUSION

Members wish to take 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.