

**PUBLIC ACCOUNTANCY BOARD
ANNUAL REPORT
2010/2011**

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-first (41st) Annual Report for the year April 1, 2010 to March 31, 2011.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD.

The tenure of the Board appointed on December 5, 2008, expired on February 28, 2011
The membership was as follows:

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

A new Board was appointed on March 1, 2011 for a two year period ending on February 28, 2013 The composition of the new Board is 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 and Registrar
Mr. Eric Scott		Member

2. MEETINGS

During the year there were four (4) regular meetings of the Board. In addition there was one (1) Committee meeting.

3. PRACTISING CERTIFICATES

The Board issued 276 (2009/10 - 283) Practising Certificates during the year.

4. DISCIPLINARY ACTION

There were no issues requiring disciplinary action which came to the attention of the Board during the year.

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

It will be recalled that during 2009/10 the Board had investigated two cases where individuals who were not registered by the Board had been engaging in practice contrary to the provisions of Section 15 of the Act. The Board had referred the matters to the Director of Public Prosecutions (DPP) whose preliminary assessment indicated that the individuals may be in breach of the said Act. The DPP referred both matters to the Fraud Squad of the Jamaica Constabulary Force. The Fraud Squad had not completed its investigations into the matters before the end of the financial year.

6 **REGISTRATIONS**

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.

7. **DELETIONS FROM THE REGISTER**

The names of Forty-Seven (47) 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.

8. **STATE OF THE REGISTER AS AT MARCH 31, 2011**

At March 31, 2011, Three Hundred and thirty-Two (332) 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;	291
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.

32
Total 332

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

At March 31, 2011, there were One Thousand and Eighty-five (1,085) members (2010 – 1,079) of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, Two Hundred and Two (202) (2010 – 230) held practising certificates issued by the Board and the Institute.

10. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION.

It will be recalled that the Board has, for some time, been working with the ICAJ to develop a Monitoring Programme for all practising accountants.

On February 2, 2011, the Board, the 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 Agreement is for a period of four years. The arrangement anticipates that at the end of the contract with ACCA, the Board will have developed the capability to undertake the programme ourselves.

An 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) 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

ACCA is in the process of recruiting a suitable Practice Reviewer, with considerable experience in auditing at a senior level, who will be based in Jamaica to carry out most of the audit monitoring work

The primary purpose of the programme will be to raise the general standard of the quality 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 ACCA providing audit firms with guidance and assistance to improve the quality of their audit work. Regulatory action on non-compliance with auditing

standards will only be taken where a firm needs to improve its standards but fails to do so after subsequent monitoring visits.

The programme is planned to start in the third quarter of the Financial Year.

11. **IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION.**

As reported previously, 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 incorporated by the Ministry into a Submission which the Cabinet has asked the Attorney General to review.

The recommendations at (b) have been incorporated into the Board's Rules and Recommendations which have been the subject of a comprehensive overhaul. The Board has requested proposals from qualified persons to review the document prior to its submission to the Minister for approval in keeping with the provisions of Section 28 of the Act.

12. **TRAINING OF REGISTERED PUBLIC ACCOUNTANTS**

On November 6, 2010, The Board held a Seminar for registrants The topics covered were:

- Client Selection Issues/Contracting with Clients/Reporting (Private Sector Perspective)
- Client Selection Issues/Contracting with Clients/Reporting (Public Sector Perspective)
- Anti-Money Laundering/Countering the Financing of Terrorism- Regulatory Mechanisms

Presentations were made by Mr. Emru Williams of PricewaterhouseCoopers, Mrs. Ann Marie Rhoden, Deputy Financial Secretary in the Ministry of Finance and Mr. Robin Sykes of the Bank of Jamaica.

The Seminar was also addressed by Mr. Eric Crawford, PAB President and Mr. Archibald Campbell, ICAJ President.

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

The Board continues to work with the Bank of Jamaica to develop a monitoring programme for practising accountants. The programme would satisfy 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)."

14. COMPENSATION TO BOARD MEMBERS

Set out below are particulars of compensation to Board members for 2010/11

	<u>Fees</u>	<u>Transport Allowance</u> (as Registrar)
Eric Crawford	38,000	
Kenneth Lewis	8,500	
Ethlyn Norton-Coke	29,000	
Linval Freeman	11,000	
Raphael Gordon	16,500	
Garth Kiddoe	22,000	
Rolf Lanigan	16,500	
Annaliesa Lindsay	19,500	
Ann Marie Rhoden	16,500	
Compton Rodney	25,000	516,928
	202,500	

15. 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. Members also wish to thank Messrs. Kenneth Lewis, CD, and Mr. Rolf Lanigan for their service to the Board for a period of twenty-five (25) years since March 1, 1986.

July 29, 2011.

