

**PUBLIC ACCOUNTANCY BOARD  
ANNUAL REPORT  
2013/2014**

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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-fourth (44th ) Annual Report for the year April 1, 2013 to March 31, 2014.

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

As indicated in the 43rd Annual report a new Board was appointed on April 18, 2012 for a two year period ending on April 17, 2014. The composition of the 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
Ms. Minna Israel	-	Member
Mr. Garth Kiddoe	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. Eric Scott	-	Member

**2. MRS ETHLYN NORTON-COKE**

Mrs. Norton-Coke passed away on May 9, 2014. She was first appointed to the Board in April 2000 and served the Board with distinction. Her contribution to the Board and the profession was invaluable and unmatched. The Board offers its sincere condolences to the family of Mrs. Norton-Coke.

**3. MEETINGS**

During the year there were three (3) regular meetings of the Board. In addition there were nine (9) Committee meetings.

**4. PRACTICING CERTIFICATES**

The Board issued 296 (2012/13 - 270) Practicing Certificates during the year.

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

In the 43rd Annual Report it was reported that the Director of Public Prosecution had referred to the Fraud Squad two matters involving alleged breaches of Section 15 of the Act. The Board had brought these two matters to her attention. In the first case the individual did not attend Court. A Bench warrant was issued but the Police, for two years, were not able to execute the warrant. The person has now been located and is to attend the Mandeville RM Court shortly. In the second case the Fraud Squad has reported that they have not been able to locate the individual concerned.

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

The Board in its 43rd Annual Report indicated that it had brought to the attention of the Director of Public Prosecutions a complaint that a student member of the Institute of Chartered Accountants of Jamaica who had passed the qualifying examinations of the Institute but had not sought membership, had used the Chartered Accountant designation without having completed the application process for becoming a member of the Institute. The Director of Public Prosecutions has recommended that the individual be prosecuted.

## **7. REGISTRATION**

There were five (5) 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 seven (27) 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, 2014**

At March 31, 2014, Two Hundred and Sixty-eight (268) persons (2013- 290), were listed in the Register of Public Accountants. An analysis of the registration is reflected in Table 1.

**Table 1: Analysis of Registration**

<b>Section</b>	<b>Description</b>	<b>Total</b>
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	241
12 (1) (b)	being persons who are entitled to practice 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.	18
	<b>Total</b>	<b>268</b>

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

At March 31, 2014, there were One Thousand Two Hundred and Twenty-Three (1,223) members (2013 – 1,190) of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, One Hundred and Seventy-Nine (179) (2013– 188) held practicing certificates issued by the Board.

#### **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 process involves reviews of Registrants by a Senior Practice Reviewer (SPR) from ACCA, assigned to and based in Jamaica. Where necessary she is supported by the SPR who is based in Trinidad. 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.

Registrants whose reviews are unsatisfactory are reviewed again in two (2) years. Those with satisfactory reviews have a four (4) year wait for the second round of visits. Following the review, the Registrant has to complete an Action Plan which is designed to assist him/her to remedy the shortcomings. Those Registrants whose reviews indicated shortcomings are interviewed by the Committee to ascertain what steps they are taking/have taken to address and resolve these issues.

The primary purpose of the programme is to facilitate the raising of the general standard of audit work of Registrants rather than to penalize them for non-compliance (in the first instance). Initially, the Board will therefore apply an "educational" and progressive approach to audit monitoring. This will involve providing Registrants engaged in auditing 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 Registrant needs to improve its standards but fails to do so after subsequent monitoring visits. In due course, more punitive action will be pursued where breaches are identified.

At the end of March 2014 the SPR had completed reviews of One hundred and Fifty-Five (155) Registrants. Thirty-three (33) Registrants had satisfactory reviews. Letters have been sent to registrants with unsatisfactory reviews indicating that they are expected to have addressed the shortcomings by the time the second review commences. It is of interest to note that ACCA have advised that their experience, when they started in the UK and in the other jurisdictions where they perform Practice Monitoring, the results of the reviews are very similar to what has been experienced in Jamaica.

Based on suggestions made by Registrants who have been interviewed by the Committee, the Board in collaboration with the Institute is scheduling a number of workshops to help Registrants gain hands-on knowledge of how to make the necessary adjustments to their work process to

ensure compliance on future visits. Most registrants interviewed by the Committee have indicated that the visit has been beneficial to them and helped them to take note of their shortcomings as to their operations, for example, merging of businesses.

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

Following a review of the various regulations governing the functioning of registered public accountants in Jamaica for improving and strengthening the effectiveness of the Profession, the Board submitted its recommendations to the Ministry of Finance and the Public Service. 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) were approved by the Cabinet in 2011/2012 and drafting instructions issued to the Chief Parliamentary Counsel (CPC). During the 2012/2013 year the Board received from the CPC the first Draft of the Bill to Amend the Public Accountancy Act which reflects the recommendations made. The Board reviewed the Draft Bill which was returned to the CPC for further action. It was anticipated that the Bill would have been tabled in Parliament during the 2013/2014 financial year. It is understood that this was not possible

because of the workload of the CPC. The Board hopes that the Bill will be finalized by the CPC so that same can be tabled in Parliament during the current financial year.

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.

### **13. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS**

On November 30, 2013, The Board held a Seminar designed to inform registrants about the progress of the amendment to the Proceeds of Crime Act and the Regulations. This is the second time in three years that the Board held a Seminar to discuss Money Laundering.

Presentations made were by

- (i) Mr. Robin Sykes, of the Bank of Jamaica.
- (ii) Ms Shirley Ann Eaton former Consultant to the Bank of Jamaica.

The Seminar was also addressed by Mr. Eric Crawford, PAB President and Mr. Dennis Chung, ICAJ President. The Moderator was Mr. Garth Kiddoe.

### **14. PROCEEDS OF CRIME (DESIGNATED NON\_FINANCIAL INSTITUTION) (PUBLIC ACCOUNTANTS) ORDER 2013**

The Board continued to work with the Bank of Jamaica to bring to the attention of registrants the FATF 40 requirements as well as the provisions of the Proceeds of Crime Act (POCA) and the Amendments to the Act and Regulations approved in Parliament in October 2013. Effective April 1, 2014 any Registrant who carries out any of the following activities on behalf of any client will be designated a non-financial institution for the purposes of the Proceeds of Crime Act.

- (a) purchasing or selling real estate;
- (b) managing money, security or other assets;
- (c) managing bank accounts or savings accounts of any kind, or securities accounts;
- (d) organizing contributions for the creation, operation or management of companies;
- (e) creating, operating or managing a legal person or legal arrangement (such as a trust or settlement); or
- (f) purchasing or selling a business entity.

The Order, signed by the Minister of National Security, dated November 15, 2013, was published in the Jamaica Gazette, Proclamations, Rules and Regulations on November 29, 2013.

Registrants are required annually commencing January 2014 to inform the Board if they are carrying out any of the above six activities. They will be monitored under the Practice Monitoring Programme to ensure compliance.

## 15. RULES and RECOMMENDATIONS

The Board is in the final stages of the revision of its Rules. In the process the Board has received approval of the International Federation of Accountants (IFAC) and ACCA to incorporate the provisions of their Ethics Codes in our Rules. Once the review exercise is complete the Rules and Recommendations will be sent to the Minister for approval.

## 16. COMPENSATION TO BOARD MEMBERS AND THE REGISTRAR

Set out below are particulars of compensation to Board members, and non Board Committee members for 2013/14 based on meeting attendance and functions as Registrar.

	<b>Fees Board</b>	<b>Fees Committee</b>	
<b>Board Members</b>			
Eric Crawford	9,500		
Ethlyn Norton-Coke	24,500	21,000	
Linval Freeman	16,500	10,500	
Raphael Gordon	11,000	7,000	
C. Patricia Hayle	16,500	17,500	
Minna Israel	11,000		
Garth Kiddoe	16,500	33,500	
Annaliesa Lindsay	16,500	21,000	
Ann Marie Rhoden	16,500		
Eric Scott	11,000		
Nicola Reid	9,000		
Rene Allen-Casey	3,000		
	<b>149,500</b>	<b>122,500</b>	
<b>Registrar</b>			<b>Travelling</b>
Compton Rodney			666,388

## 17. CONCLUSION

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