

MINISTRY PAPER NO. 18/18
PUBLIC ACCOUNTANCY BOARD
FOR FINANCIAL YEAR MARCH 31, 2017

1.0 Introduction

1.1 The matter for tabling in the Houses of Parliament is the Annual Report of the Public Accountancy Board (PAB) for the financial year ended March 31, 2017.

1.2 The PAB was established to carry out the functions of the Public Accountancy Act of July 6, 1970. The primary functions of the Board are to promote in the public's interest acceptable standards of professional conduct of Registered Public Accountants (RPAs) in Jamaica and to perform the functions assigned to it by other provisions of the Act. The Act was amended in February 2004 to strengthen the Board's role in promoting higher standards of public accountancy, and to improve monitoring of the practice and professional conduct of the RPAs.

2.0 Disclosures

2.1 Auditors' Report

The Auditors' (Crowe Howarth Jamaica Limited) conducted the audit of PAB's financial statements as at 31st March 2017 and issued an unqualified opinion. The auditors stated that proper accounting records have been maintained and the financial statements give a true and fair view of the financial performance of the Board, and its cash flows for the year ended in accordance with International Financial Reporting Standards and the Public Accountancy Act.

2.2 Compensation Packages of Senior Executives

Pursuant to the Second Schedule (Part One) of the Public Bodies Management and Accountability (PBMA) Act 2001 (Amendment 2014) details of the compensation packages for Board members and the Registrar are enclosed. The Registrar operates in the capacity of a Chief Executive Officer. The Registrar receives a travelling allowance in accordance with Government rates.

3.0 Review of Operating Activities

3.1 State of the Register

The Board continued to review applications for admission and renew the practicing certificates for RPAs. During the year there were ten (10) [2015/16: 9] additions to the Register while four (4) persons were removed; one (1) was removed due to death and three (3) others due to retirement from practice. At March 31, 2017, two hundred and eighty-two (282) persons [2015/16: 276] were registered with the PAB. Of the two hundred and eighty-two (282) registered members, one hundred and sixty-five (165) Registrants are principals in audit firms.

3.2 Monitoring, Disciplining and Regulating the Profession

During the review period, the PAB continued to collaborate with the Institute of Chartered Accountants of Jamaica (ICAJ), the Institute of Chartered Accountants of the Caribbean (ICAC) and the Association of Chartered Certified Accountants (ACCA) for the monitoring of all practicing accountants in Jamaica. The parties continued to undertake activities under the Monitoring and Enforcement Programme to assess the extent to which each RPA, in the conduct of his practice, complies with International Standards on Auditing (ISA) and International Standards on Quality Control. One hundred and sixty-five (165) reviews were conducted. Seventy-seven (77) Registrants had satisfactory outcomes either at their first or follow-up review. There were forty-five (45) Registrants who were found at either the first or follow-up review with limited deficiencies of significance requiring some improvement. In addition, forty-three (43) Registrants had unsatisfactory outcomes eight (8) of whom had three (3) reviews. At year-end the PAB was scheduling disciplinary actions for the eight (8) registrants with unsatisfactory reviews.

3.3 Breaches of Section 15 of the Act

During the FY 2016/17 three (3) breaches under Section 15 of the Public Accountancy Act were reported to the Director of Public Prosecutions (DPP). These matters were referred by the DPP to the Fraud Squad. The Board awaits the results of the investigations.

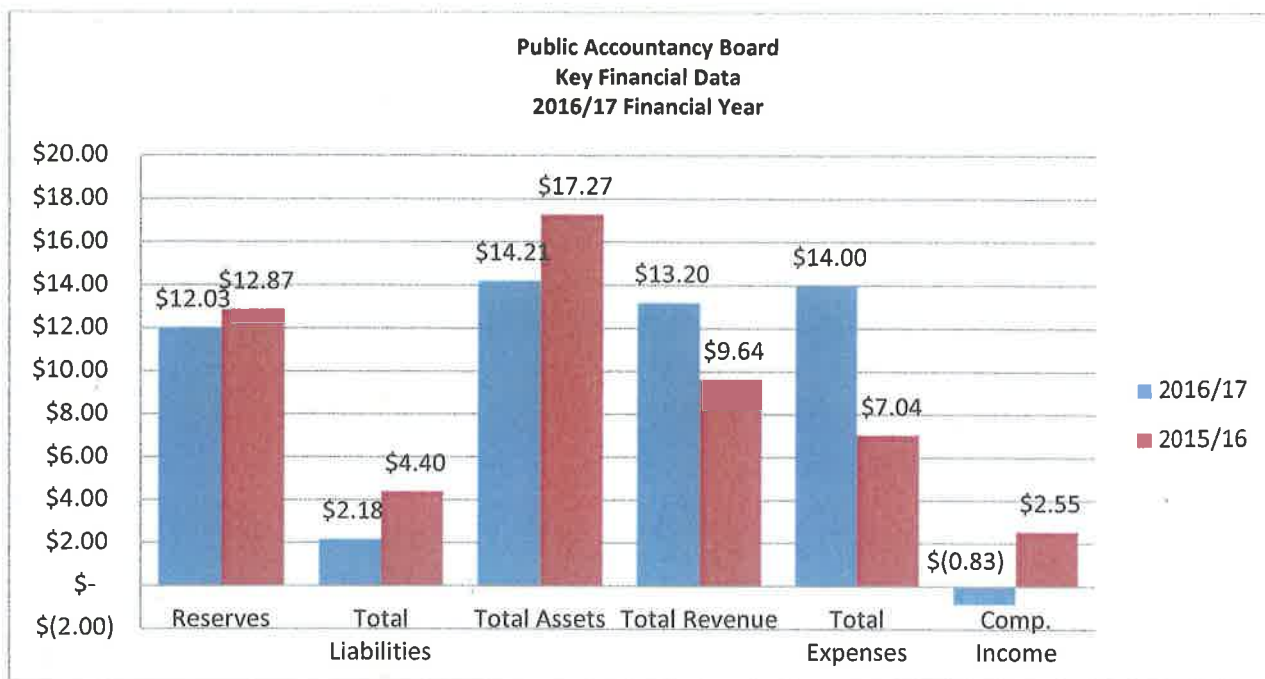
3.4 Improving and Strengthening the Effectiveness of the Profession

The PAB continued to work toward the overall improvement and effectiveness of the profession through the review of various regulations governing the functioning of RPAs. In this regard the PAB completed the review and update of the Board's Rules and Recommendations.

The Recommendations provide for acceptable standards of professional conduct for registered public accountants. The Recommendations were approved by the Minister of Finance and the Public Service September 2017 in accordance with Section 28 of the Public Accountancy Act.

4.0 **Comprehensive Income and Statement of Financial Position**

4.1 The PAB realized total comprehensive loss of \$0.83 million for 2016/17 financial year, \$3.38 million deterioration on the \$2.55 million income for the 2015/16 financial year. The outturn for 2016/17 was influenced primarily by an increase in administrative expenses (\$7.02 million) this was partially offset by an increase in practising certificate fee income (\$2.88 million). Notably, the monitoring fees for April to December 2016 were paid in November 2016. Monitoring fees for January to March 2017 were paid in April 2017.



4.2 The Statement of Financial Position at March 31, 2017, indicated that the Board remained solvent and continued to record positive liquidity ratios; honouring its obligations as required. Total assets fell by \$3.06 million to \$14.21 million due primarily to a decrease in cash and cash equivalents of \$5.05 million. This was negated partially by an increase of \$1.99 million in membership fees and other receivables.

5.0 Conclusion

5.1 The PAB has been promoting higher standards of professional conduct among Registered Public Accountants in Jamaica. As such, the Board continued to collaborate with the ICAJ, ICAC and ACCA to monitor all practicing accountants. During the review period, the entity also made recommendations regarding amendments to the PBMA Act in order to improve and strengthen the effectiveness of the profession.

Audley Shaw CD, MP
Minister of Finance and the Public Service
October 17, 2017

