

MINISTRY PAPER 30/2021
PUBLIC ACCOUNTANCY BOARD

ANNUAL REPORTS FOR YEARS ENDED MARCH 31, 2020

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, 2020.

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

Mair Russell Grant Thornton, independent auditors, have audited the financial statements of the PAB and indicated that the Board's financial statements give a true and fair view of the financial position of PAB, as well as its financial performance and its cash flows for the year ended March 31, 2020. Mair Russell Grant Thornton also stated that the audit evidence obtained was sufficient and appropriate to provide a basis for their opinion and noted that the financial statements were prepared in accordance with International Financial Reporting Standards and the requirements of the Public Accountancy Act.

2.2 Compensation Packages of Senior Executives

Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability (PBMA) Act, details of the compensation package for the senior executive are enclosed. The Registrar operates in the capacity of a Chief Executive Officer. For the review period, salaries and emoluments paid to the Registrar totalled \$2.49 million (2018/19: \$2.31 million). Details of the compensation paid to Board members, a total of \$0.35 million, (2018/19: \$1.21 million) are also enclosed. The amounts paid to directors as compensation decreased during the period as a result of a reduction in the number of hearings held from eighteen (18) to four (4) and the passing of the Chairman of the Board.

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 2019/20, there were ten (10) [2018/19: six (6)] additions to the Register while six (6) persons were removed; one (1) was removed due to death, one (1) due to disciplinary action and four (4) others due to retirement from practice. At March 31, 2020, two hundred and fifty-seven (257) persons [2018/19: two hundred and fifty three (253)] were registered with the PAB. Of the total registered members, one hundred and fifty-one (151) 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 the International Standards on Auditing, the International Standards on Quality Control and the Code of Ethics for Professional Accountants. One hundred and fifty-one (151) reviews were conducted of which one hundred (100) registrants (2018/19; eight three [83]) had satisfactory outcomes either at their first or follow-up review. There were twenty-seven (27) (2018/19; fifty-two [52]) registrants who were found to be marginally unsatisfactory while twenty-four (24) (2018/19; twenty-four [24]) had unsatisfactory outcomes. The programme is having a positive effect on the profile of registrants as over time, an increased number has moved from unsatisfactory to satisfactory.

3.3 Breaches of Section 15 of the Act

During the 2019/20 financial year, one breach came to the Board's attention and was referred to the Office of the Director of Public Prosecutions.

3.4 Improving and Strengthening the Effectiveness of the Profession

The PAB undertook a review of the various regulations governing the functioning of RPAs in Jamaica to determine how these could be improved and strengthened for the effectiveness of the profession. The recommendations were designed to legislate the requirement for auditor's independence and codify the standards to be used by the RPAs. The recommendations have been incorporated into the Board's Rules and Recommendations.

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

Table 1 Financial Highlight for 2019/20

Particulars	2019/20	2018/19	Variance \$	Variance %
TOTAL INCOME	14.79	13.01	1.78	14%
TOTAL EXPENSES	13.1	13.4	-0.3	-2%
NET SURPLUS/(LOSS)	1.69	-0.39	2.08	-533%
			0	
CASH & CASH EQUIVALENTS	3.75	3.79	-0.04	-1%
TOTAL RECEIVABLES	11.39	9.13	2.26	25%
TOTAL ASSETS	15.15	12.94	2.21	17%
TOTAL LIABILITIES	3.1	2.6	0.5	19%
TOTAL LIABILITIES AND EQUITY	15.15	12.94	2.21	17%

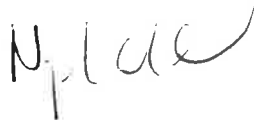
4.1 The PAB realised a net surplus of \$1.69 million for the 2019/20 financial year, a \$2.08 million improvement on the loss of \$0.39 million for the 2018/19 financial year. The outturn for 2019/20 was influenced primarily by an increase in practising certificate fee income (\$1.78 million).

4.2 The Statement of Financial Position at March 31, 2020, indicated that the Board remained solvent and continued to record positive liquidity ratios; honouring its obligations as required. Total assets increased by \$2.21 million to \$15.15 million due primarily to net

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5.0 Conclusion

5.1 The PAB has been promoting higher standards of professional conduct among RPAs 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 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 the International Standards on Auditing and the International Standards on Quality Control.



Nigel Clarke, DPhil., MP
Minister of Finance and the Public Service
April 15, 2021