

MINISTRY PAPER # 2/03
Public Accountancy Board
Review of Annual Report for the year ended March 31, 2002

Introduction

1.0 The matter for tabling in the Honourable House of Representatives is the Annual Report for the Public Accountancy Board for period ended March 31, 2002.

1.1 Emanating from the Public Accountancy Act of July 6, 1970, the Public Accountancy Board (PAB) was established. The functions of the Board are to promote, in the public interest, acceptable standards of professional conduct among registered public accountants in Jamaica, and to perform the functions assigned to the Board by the other provisions of the Act.

1.2 The Board maintains a fund, into which is paid all fees that are collected. Out of this fund are paid all expenses incurred in carrying out the Board's functions under the Public Accountancy Act. The Act also empowers the Board to invest any moneys standing to the credit of the fund in any investment in which trustees are by law authorised to invest trust funds.

2.0 Review of Operating Activities

2.1 Amendments to the Public Accountancy Act

2.1.1 The Board submitted to the Minister proposals for the revision of the Public Accountancy Act. Cabinet Decision dated December 17, 2001 approved the proposed amendments to the Act and the issue of drafting instructions to the Chief Parliamentary Counsel (CPC). The CPC has drafted the amendments to the Act and these are to be presented to the Houses of Parliament during the 2002/03 financial year.

2.2 CARICOM Single Market and Economy

2.2.1 The Board engaged in discussions with the Ministry of Foreign Affairs and other relevant parties on the implications for the accounting profession of the CARICOM Single Market and Economy (CSME). In 1989 Member States of CARICOM developed the CARICOM Single Market and Economy Treaty, which among other things would allow the free trading of goods and services, thereby allowing nationals of Member States to establish businesses, provide services and transfer capital throughout CARICOM with no discriminatory restrictions. A series of Protocols have been developed to facilitate and guide the formation of the CSME. Protocol II outlines the guidelines for the rights of establishment, the provision of services and the movement of capital. The primary objective of these discussions is to seek parity regarding qualifications/criteria of accounting professionals in the various professional bodies across the region and their eligibility to practise in any territory within CARICOM.

2.3 Register of Public Accountants

Table 1: Practising Certificates and Admissions

	Increase	2001/02	2000/01
Registered Public Accountants (at end of period)	11	491	480
Admissions	6	30	24
Practising Certificates Issued	211	420	209

2.3.1 The number of persons registered recorded a net increase of eleven over the previous year. **Table 1** above. **Table 2** below shows the number of persons removed from the Register and the basis for their removal.

Table 2: Number of Persons Removed

	Number Removed
No Longer Practising	18
Retired	15
Deceased	2
Overseas for more than two years	3

2.3.2 The number of practising certificates issued each year is dependent on the level of compliance with the requirement for fees to be paid on the due date. In previous years the number of certificates issued had fallen well below 50% of the number of registered accountants on record. In an effort to ensure a greater level of compliance, the Board issued reminder notices. The appeal achieved positive results as evidenced by the increase of more than 100% over the previous year. See **Table 1**.

2.4 Persons Practising in Breach of the Act

2.4.1 There were three cases concerning persons who appeared to be practising in breach of Section 15 of the Act. Two of these were referred to the Director of

Public Prosecutions (DPP), and the ruling of that Office is awaited. The Board investigated the third, a complaint concerning a person who was also in breach of Section 15 of the Act. The recommendations of the Board were complied with and the matter amicably resolved.

3.0 Financial Performance

3.1 Auditors' Report

3.1.0 For the year ended March 31, 2002 the Board obtained an unqualified audit report from its auditors, Paul Goldson & Co. The examination was conducted in accordance with standards of auditing generally accepted in Jamaica.

3.2 Income & Expenditure Report

3.2.1 Table 3 below highlights the Board's financial results over the period of this report.

Table 3: Income & Expenditure Statement

	2001/02 \$	2000/01 \$
Revenue		
Practising Certificate Fees	842,759	542,680
Registration and Application Fees	6,550	7,550
Interest Income	36,263	46,941
Total Revenue	885,572	597,171
Auditor's Remuneration	(66,000)	(60,000)
Administrative and other Expenses	(702,094)	(243,617)
Total Expenses	117,478	293,554
Finance Costs	(1,155)	(2,025)
Net Surplus for the year	116,323	291,529

3.2.2 The Board generated a surplus of \$116,323, a reduction from the previous year's out-turn, due primarily to increases in administrative and other expenses, as explained in **Table 3.1** presented below.

Table 3.1: Extract from Schedule of Expenses

	2001/02	2000/01	\$ Change	% Change
Salaries and related expenses	132,900	4,000	128,900	322
Office expenses	27,765	1,000	26,765	2,675
Board members fees	132,600	90,000	42,600	47
Travelling expenses	165,000	30,000	135,000	450


3.2.3 Reasons for increases

3.2.3.1 As part of the re-organisation of the Board, an office manager was engaged during the financial year, resulting in increased salaries and related expenses. The travelling allowance paid to the Registrar was also increased effective April 1, 2001. Increased Board members' fees were directly related to the number of meetings held during the year.

3.2.3.2 Fees are accounted for on a cash basis and modified by the accrual of fees actually received in the new financial year up to June 25, 2002. Practising fees collected for the year reflected an increase of \$300,079 or 55% over that for the previous period. *See Table 3 above.*

3.3.0 Liquidity Position

3.3.1 The Board was not exposed to any liquidity risk, and as at March 31 2002, recorded a current ratio of 12.5:1 and net current assets of \$777,877.



Omar Davies, M.P.
Minister of Finance and Planning
November 25, 2002