

PUBLIC ACCOUNTANTS LICENSING BOARD

ANNUAL ACTIVITY REPORT - 2007

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Chair's Message

As Chair of the Public Accountants Licensing Board of Newfoundland and Labrador, I am pleased to submit this annual report for the activities of the Board for 2007. This plan is prepared in compliance with the *Transparency and Accountability Act* pursuant to which the Board has been categorized as a Category 3 government entity and which requires the Board to prepare an annual report. The Board is accountable for the preparation of this report and for the results herein. In developing this report, the Board has considered the strategic directions of the Minister of Government Services.

The Board is self-funding through annual fees charged for the issuance and renewal of public accountancy licenses. The board sets the licensing fee and pays remuneration and expenses that are consistent with government guidelines. The Board continually enjoys a surplus which it invests in interest-bearing assets. The Board is audited annually by the office of the Auditor General of the Province of Newfoundland and Labrador. As per the *Public Accountancy Act*, the Board reports annually to the Lieutenant Governor-in-Council on the status of the Board's fund and forwards the report to the Comptroller General for incorporation into government's consolidated statements. In 2007, the Board endowed the Public Accountants Licensing Board Scholarship at Memorial University of Newfoundland to promote excellence in public accountancy within our province.

The Board is comprised of members appointed by the Lieutenant Governor-in-Council from the three recognized accounting designations: chartered accountants; certified general accountants; and certified management accountants, as well as members from the general public. The Board enjoys very strong and cordial working relationships with the three designated accounting bodies and currently has no complaints outstanding against any licensees.

In 2008, the Department of Government Services will introduce new legislation into the House of Assembly that will govern public accountants. The new legislation will give self-regulatory status to the Public Accountants Licensing Board in keeping with the White Paper on Self Regulatory Occupations. We look forward to the challenges of the next planning cycle.

Respectfully submitted,



Alex Faseruk
Chair

Overview

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The Board at full capacity consists of 12 members, with three members from the Institute of Chartered Accountants of Newfoundland (ICAN), three members from the Certified General Accountants Association of Newfoundland and Labrador (CGAANL), three members from the Society of Management Accountants of Newfoundland and Labrador (SMANL) and three members representing the public. The members of the Board hold office at pleasure. At the current time the Board consists of 11 members: Fred Cole C.A., Eric Coombs F.C.A. and Donna Rideout C.A. from ICAN; Calvin Dawe CGA, Madonna Henderson FCGA and Bruce Smith FCGA from CGAANL; and, John Kattenbusch CMA and John King CMA from SMANL. The three members representing the public are Dr. Alex Faseruk, Chair, Shelley Senior, LLB, Secretary and Jim Furey, Treasurer. Currently, one vacancy exists from the SMANL following a resignation from the Board in 2006. These members meet twice a year in January and July as required by statute but may meet more often if required.

Mandate

The Board is established under Section 3 of the *Public Accountancy Act*. The powers of the Board include: (a) the granting or refusal of licenses under the *Act*; (b) the keeping and publishing of the Roll of Public Accountants in Newfoundland and Labrador in the Gazette; (c) the consideration of matters of common interest and concern to public accountants; and (d) the prescribing of standards and other qualification required of applicants for a license under the *Act*, the holding of examinations if found necessary, and the setting and marking of examination papers for the purpose of determining the existence of those qualifications. The Board may also revoke licenses, provide notice of suspension, hear appeals, restore licenses, and prescribe the titles that individuals engaged in public practice may use.

Values

The work environment of the Public Accountants Licensing Board is focused on protection of consumers and the delivery of exceptional customer service for citizens who engage public accountants. The Public Accountants Licensing Board shares the values articulated by the Department of Government Services.

Accountability: Each person accepts responsibility for their actions and follows through on requests and commitments.

Integrity: Each person engages in ethical behaviour exercising proper use of authority and responsibility.

Respect: Each person accepts differences and exercises courtesy in their encounters with others.

Primary Clients

The Public Accountants Licensing Board's primary clients are the general public of the province with its secondary clients being the Institute of Chartered Accountants of Newfoundland, the Certified General Accountants Association of Newfoundland and Labrador and the Society of Management Accountants of Newfoundland and Labrador.

Vision

The Department of Government Services' vision is to have, "Newfoundlanders and Labradorians living and working in a healthy and safe environment with access to an open, fair, and responsive regulatory system."

The Public Accounts Licensing Board supports the department's vision through its open and responsive regulation of public accountants in the province.

Mission

By 2011, the Department of Government Services will have improved citizen protection in the areas of public health and safety, worker health and safety and consumer interests (Strategic Plan 2006-2008).

The Public Accountants Licensing Board supports this mission of citizen protection and consumer interests through the prescribing of standards and other qualifications required for a license under the *Public Accountancy Act*.

Activities

The following objectives were established for the Board's transitional plan for 2007 and results confirm the objectives were met.

By 2007, the Public Accountants Licensing Board will have endowed a Public Accountants Licensing Board scholarship at Memorial University.

Measure: Scholarship established.

Indicators

- Scholarship committee established.
- Agreement with university officials.
- Scholarship endowed.

The Board acted as a scholarship committee of the whole, consulted with the three recognized accounting bodies, reached an agreement with university officials, and in July, 2007 the Board voted to approve the transfer of \$25,000 to the University to fund an endowed scholarship. Approval was subsequently obtained by the University and the scholarship will be awarded for the first time on March 14, 2008.

By 2007, the Public Accountants Licensing Board will have fulfilled all the requirements under the *Act*.

Measure: Requirements of the *Act* fulfilled.

Indicators:

- Number of applications and licenses issued.
- Number of complaints received.
- Number of disciplinary actions taken.
- Appeals Committee convened in a timely manner.
- Monitoring compliance of continuing education criteria.
- Roll of public accountants maintained and published.

The Board is pleased to report the fulfillment of requirements under the *Act*. In 2007 there were 236 licenses issued. There were no disciplinary complaints. Compliance of continuing education criteria was met by all members. The roll of public accountants was published.

Financial Statements

Attached as Appendix "A"

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2007



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

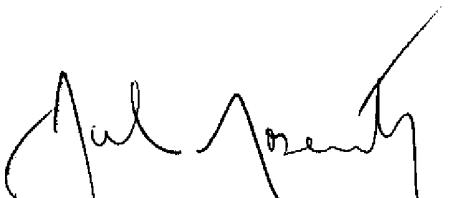
AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2007 and the statement of revenue, expenses and equity for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 March 2008

PUBLIC ACCOUNTANTS LICENSING BOARD

BALANCE SHEET

31 December

	2007	2006
ASSETS		
Current		
Cash	\$ 233	\$ 6,495
Temporary investments	42,745	55,706
Sales tax receivable	1,569	1,215
Prepaid expense	492	703
	\$ 45,039	\$ 64,119
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 920	\$ 920
Deferred revenue	7,500	5,900
	8,420	6,820
Equity	36,619	57,299
	\$ 45,039	\$ 64,119

See accompanying notes

Signed on behalf of the Board:

Chair

Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENSES AND EQUITY
For the Year Ended 31 December

2007

2006

REVENUE

Licences	\$ 23,600	\$ 24,600
Interest income	<u>1,514</u>	<u>1,520</u>
	25,114	26,120

EXPENSES

Advertising	5,123	5,359
Board remuneration	3,125	2,765
Insurance	880	997
Interest and bank charges	227	195
Meeting expense	1,743	1,652
Office supplies	290	600
Professional fees	1,775	1,375
Scholarship (Note 3)	25,000	-
Secretarial services	3,290	2,460
Travel	4,341	4,790
	45,794	20,193
Excess of revenue over expenses (expenses over revenue)	(20,680)	5,927
Equity, beginning of year	57,299	51,372
Equity, end of year	\$ 36,619	\$ 57,299

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
31 December 2007

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, temporary investments, sales tax receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

3. Scholarship

During 2007 the Board entered into a Gift Agreement with Memorial University of Newfoundland to establish the *Public Accountants Licensing Board Scholarship*. The Board provided \$25,000 to the University to establish an endowment fund to be managed by the University.

A scholarship valued at a portion of the income on the endowment is to be awarded from the fund annually, to an undergraduate student entering the final year of an academic program in the Faculty of Business Administration, who is in scholarship standing and demonstrates an interest in pursuing public accountancy as a profession. All scholarships will be awarded and administered in accordance with the University's student awards policies and practices.

4. Income taxes

The Public Accountants Licensing Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.