

## THE PUBLIC ACCOUNTANTS LICENSING BOARD

*Chair, Dr. Alex Faseruk*

*Members: Frederick Cole, C.A.  
Eric Coombs, F.C.A.  
Donna Rideout, C.A.*

*Secretary, Shelley Senior, LL.B*

*Calvin Dawe, CGA  
Madonna Henderson, FCGA  
Bruce Smith, FCGA*

*Treasurer, James Furey*

*John Kattenbusch, FCMA  
John King, FCMA*

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May 30, 2011

Honourable Harry Harding  
Minister of Government Services  
Second Floor, West Block  
Confederation Building  
St. John's, NL A1B 4J6

Dear Minister Harding:

**Re: 2010 Annual Activity Report**  
**Public Accountants Licensing Board**

In compliance with the Accountability Framework for Boards and Agencies, I am pleased to provide you with the 2010 Annual Activity Report for the Public Accountants Licensing Board.

Yours truly,



Alex Faseruk  
Chairperson  
Public Accountants Licensing Board



Government Services

# **Public Accountants Licensing Board**

**Annual Activity Report  
2010**

**FOR MORE INFORMATION:**

**ONLINE**

Website: [www.gs.gov.nl.ca](http://www.gs.gov.nl.ca)

**PAPER**

Department of Government Services  
P. O. Box 8700, Confederation Building  
St. John's, NL A1B 4J6  
Telephone: 709.729.4834 Fax: 709.729.4754  
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**REFERENCE PERIOD**

This report covers the period January 1, 2010 through December 31, 2010,  
the fiscal year of the Public Accountants Licensing Board.

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## Chairperson's Message

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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 2010. This plan is prepared in compliance with the *Transparency and Accountability Act*, pursuant to which the Board has been categorized a Category 3 government entity, requiring the Board to submit an annual activity 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 in accordance with government guidelines. The Board invests its accumulated surplus in interest-bearing assets. The Board is audited annually by 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

The Board comprises 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.

On December 22, 2009, the *Public Accountants Act* was assented to replace the *Public Accountancy Act*. Proclamation has not yet been made as the House of Assembly debated amendments to the *Public Accountants Act* which received Third Reading on March 31, 2011. The *Public Accountants Act* and the Amendments come into force on a day to be proclaimed by the Lieutenant Governor-in-Council. Assuming that the Act and its amendments will be proclaimed during the current fiscal year, this report should be the last activity report prepared under the *Public Accountancy Act*.

Respectfully submitted,



Alex Faseruk  
Chair

## **Government Entity Overview**

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### **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 individual 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.

### **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.

### **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 behavior exercising proper use of authority and responsibility.

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

### **Mission**

By March 31, 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. *For more information, see the Department's 2008-11 Strategic Plan on-line at <http://www.gs.gov.nl.ca/publications>.*

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*.

### Membership

The Board, at full capacity, consists of 12 members, with three members from the Institute of Chartered Accountants of Newfoundland and Labrador (ICANL), three members from the Certified General Accountants Association of Newfoundland and Labrador (CGAANL), three members from Certified Management Accountants of Newfoundland and Labrador (CMANL) 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 ICANL; Calvin Dawe CGA, Madonna Henderson FCGA and Bruce Smith FCGA from CGAANL; and, John Kattenbusch FCMA and John King FCMA from CMANL. The three members representing the public are Dr. Alex Faseruk, Chair, Shelley Senior, LLB, Secretary and Jim Furey, Treasurer. Currently, one vacancy exists from CMANL following a resignation from the Board in 2006. The Board meets twice a year in January and July as required by statute, but may meet more frequently if required.

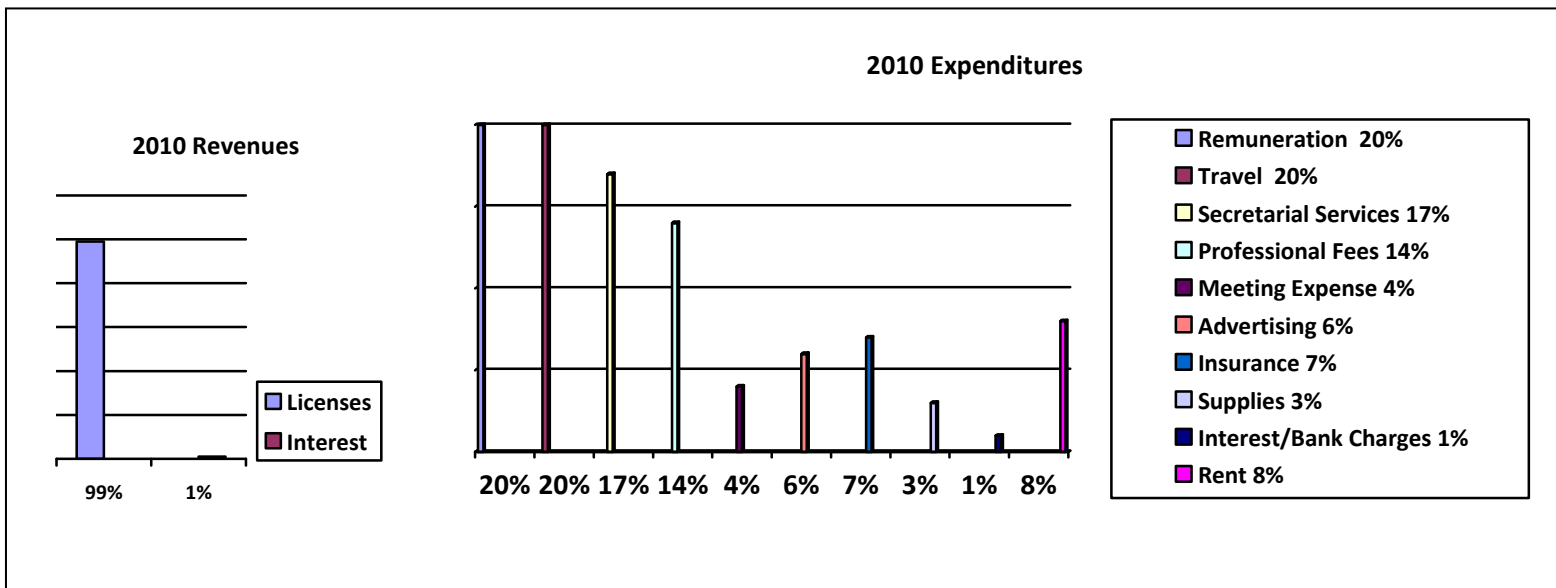
### Primary Clients

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 Certified Management Accountants of Newfoundland and Labrador.

### Revenues and Expenditures

The audited financial statements for 2010 are the basis for the figures below. In 2010, the Board had revenues of \$21,184, and expenditures of \$19,470.

Source: 2010 Financial Statements



## Highlights and Accomplishments

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As was reported in the Board's Activity Report for 2007, a scholarship was established at Memorial University. The goal of the Public Accountants Licensing Board Scholarship is to promote excellence in public accountancy within our province. The Board is pleased to report that it has been awarded each year since its inception to highly qualified students from Memorial University. In the January 2011 Statutory Meeting of the Public Accountants Licensing Board, the Board voted to increase the endowment of the Scholarship by \$5,000.

## Outcomes of Objectives

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The following objective was established in the Board's 2008-2011 Activity Plan. The 2010 results confirm the objectives were met.

### Objective

In 2010, 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 *Public Accountancy Act*. In 2010, there were 210 licenses issued. The Board will continue to ensure that its licensing criteria are met by all the licensees including Section 19 of the Act entitled, "Corporation not to practise as public accountant." There were no disciplinary complaints received in 2010. Hence, there were no disciplinary actions taken and the Appeals Committee was not convened, as no appeals were made to the Board in 2010. Compliance of the continuing education criterion was met by all members as attested to by the designated accounting bodies. The roll of public accountants was published in the Gazette.

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## **Opportunities and Challenges Ahead**

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As mentioned, the *Public Accountants Act* and its Amendments to govern public accountants are awaiting proclamation by the Lieutenant Governor-in-Council. They will give self-regulatory status to public accountants providing them with a greater level of autonomy and authority.

**PUBLIC ACCOUNTANTS LICENSING BOARD**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2010**



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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Public Accountants Licensing Board, which comprise the balance sheet as at 31 December 2010 and the statement of revenue, expenses and equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Auditor's Report (cont.)

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Accountants Licensing Board as at 31 December 2010, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

20 April 2011

St. John's, Newfoundland and Labrador

**PUBLIC ACCOUNTANTS LICENSING BOARD**

**BALANCE SHEET**

31 December

2010

2009

**ASSETS**

**Current**

Cash	\$ 35,065	\$ 7,888
Short-term investments (Note 2)	13,798	38,100
Sales tax receivable	902	1,455
Prepaid expense	487	-

50,252 47,443

**Long-term**

Long-term investments (Note 2)	3,485	3,420
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\$ 53,737 \$ 50,863

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 2,680	\$ 920
Deferred revenue (Note 3)	7,900	8,500

10,580 9,420

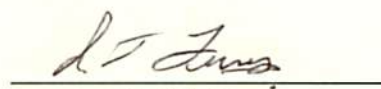
Equity	43,157	41,443
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\$ 53,737 \$ 50,863

*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

2010

2009

**REVENUE**

Licences	\$ 21,000	\$ 22,000
Interest income	184	586
	<b>21,184</b>	<b>22,586</b>

**EXPENSES**

Advertising	1,246	767
Board remuneration	3,835	7,150
Insurance	1,273	493
Interest and bank charges	198	160
Meeting expense	807	858
Office supplies	635	326
Professional fees	2,786	2,350
Rent	1,500	1,200
Secretarial services	3,275	5,220
Travel	3,915	6,884
	<b>19,470</b>	<b>25,408</b>
Excess of revenue over expenses (expenses over revenue)	1,714	(2,822)
<b>Equity, beginning of year</b>	<b>41,443</b>	<b>44,265</b>
<b>Equity, end of year</b>	<b>\$ 43,157</b>	<b>\$ 41,443</b>

*See accompanying notes*

**PUBLIC ACCOUNTANTS LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 2010**

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**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 license. A new *Act*, the *Public Accountants Act*, comes into force on a day to be proclaimed by the Lieutenant-Governor in Council.

**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. Investments**

Short-term investments of \$13,798 (2009 - \$38,100) in guaranteed investment certificates are valued at cost plus accrued interest. Maturity date is 9 February 2011 with an interest rate of 0.2%.

Long-term investments of \$3,485 (2009 - \$3,420) in a guaranteed investment certificate is valued at cost plus accrued interest. Maturity date is 27 January 2012 with an interest rate of 1.9%.

**3. Deferred revenue**

Deferred revenue consists of license payments for subsequent year received in advance.

**4. Financial instruments**

The Board's financial instruments recognized on the balance sheet consist of cash, 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/or the short-term maturity associated with them.

**5. 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.

**PUBLIC ACCOUNTANTS LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 2010**

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**6. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.