

April 22, 2010

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

Dear Minister O'Brien:

**Re: 2009 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 2009 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  
2009**

**FOR MORE INFORMATION:**

**ONLINE**

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

**PAPER**

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**REFERENCE PERIOD**

This report covers the period January 1, 2009 through December 31, 2009,  
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 2009. 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 replacing the *Public Accountancy Act*. The *Public Accountants Act* comes into force on a day to be proclaimed by the Lieutenant-Governor in Council. This report is 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 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 Strategic Plan for 2008-2011, 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

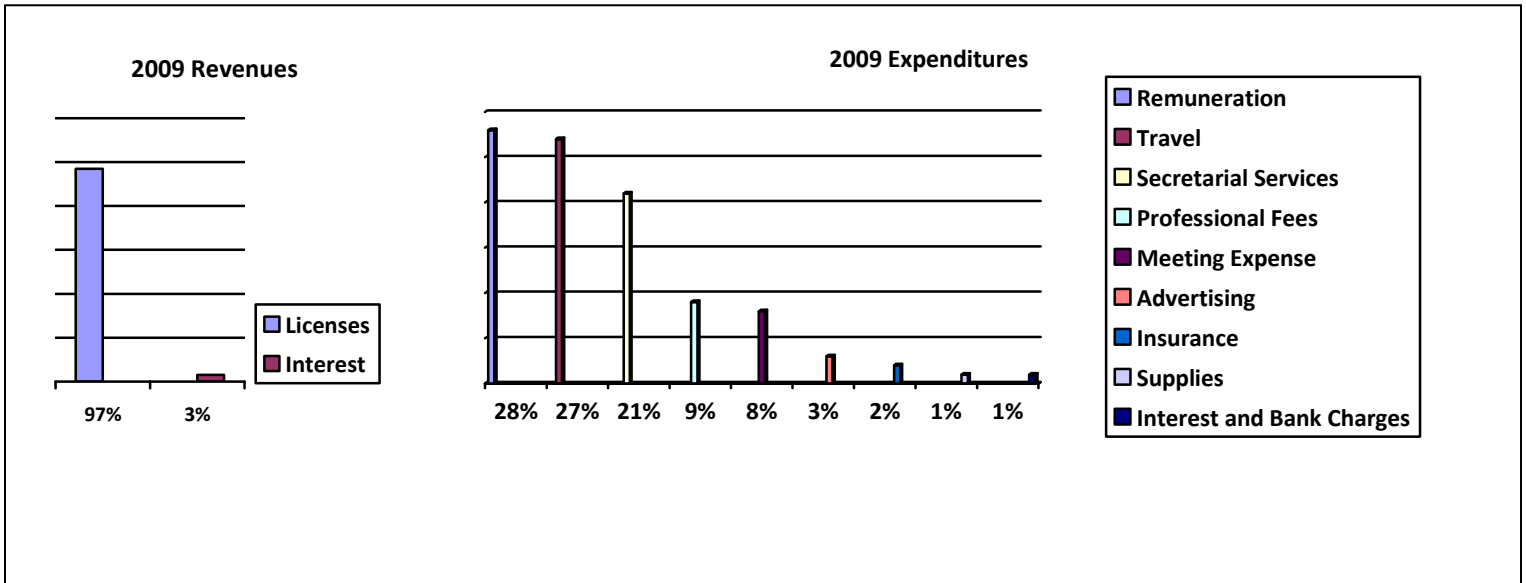
The Board, at full capacity, consists of 12 members, with three members from the Institute of Chartered Accountants of Newfoundland and Labrador (ICANL), three members from the Certified General Accountants Association of Newfoundland and Labrador (CGAANL), three members from the Certified Management 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 CMA and John King CMA 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 the SMANL 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. In 2009 there were two meetings of the Legal Sub-Committee and one additional meeting of the Board to discuss the proposed *Public Accountants Act* in order to advise Government on the legislation.

## 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.

## Revenues and Expenditures

In 2009, the Board had revenues of \$22,586, and expenditures of \$25,408.



Source: 2009 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.

### Outcomes of Objectives

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The following objective was established in the Board's 2008-2010 Activity Plan. The 2009 results confirm the objectives were met.

#### Objective

In 2009, the Public Accountants Licensing Board fulfilled all its 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 2009, there were 220 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 was one disciplinary complaint received late in 2008 which did not result in a charge being laid under the Act. The matter was resolved in conjunction with the relevant designated accounting body. The previous licensee is no longer practicing as a public accountant. Compliance of the continuing education criterion was met by all members. The roll of public accountants was published in the Gazette. The Appeals Committee was not convened, as no appeals were made to the Board in 2009.



## **Opportunities and Challenges Ahead**

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As mentioned, the *Public Accountants Act* to govern public accountants is awaiting proclamation by the Lieutenant-Governor in Council. It 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 2009



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

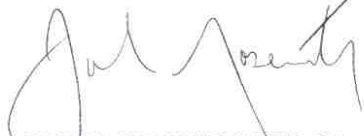
### AUDITOR'S REPORT

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 2009 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 2009 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  
22 March 2010

**PUBLIC ACCOUNTANTS LICENSING BOARD  
BALANCE SHEET**

31 December

2009

2008

**ASSETS**

**Current**

|                                 |          |          |
|---------------------------------|----------|----------|
| Cash                            | \$ 7,888 | \$ 6,396 |
| Short-term investments (Note 2) | 38,100   | 43,935   |
| Sales tax receivable            | 1,455    | 1,061    |
| Prepaid expense                 | -        | 493      |

47,443

51,885

**Long-term**

|                               |       |   |
|-------------------------------|-------|---|
| Long-term investment (Note 2) | 3,420 | - |
|-------------------------------|-------|---|

\$ 50,863

\$ 51,885

**LIABILITIES AND EQUITY**

**Current**

|  |        |        |
|--|--------|--------|
| Accounts payable and accrued liabilities | \$ 920 | \$ 920 |
| Deferred revenue (Note 3)                | 8,500  | 6,700  |

9,420

7,620

**Equity**

41,443

44,265

\$ 50,863

\$ 51,885

*See accompanying notes*

Signed on behalf of the Board:

  
Chair

  
Member

Office of the Auditor General

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

2009

2008

**REVENUE**

|                 |               |               |
|-----------------|---------------|---------------|
| Licences        | \$ 22,000     | \$ 22,800     |
| Interest income | 586           | 1,189         |
|                 | <u>22,586</u> | <u>23,989</u> |

**EXPENSES**

|   |                  |                  |
|---|------------------|------------------|
| Advertising   | 767              | 610              |
| Board remuneration                                      | 7,150            | 2,760            |
| Insurance   | 493              | 880              |
| Interest and bank charges                               | 160              | 246              |
| Meeting expense   | 2,058            | 1,774            |
| Office supplies   | 326              | 1,619            |
| Professional fees                                       | 2,350            | 2,065            |
| Secretarial services                                    | 5,220            | 2,940            |
| Travel  | 6,884            | 3,449            |
|   | <u>25,408</u>    | <u>16,343</u>    |
| Excess of (expenses over revenue) revenue over expenses | (2,822)          | 7,646            |
| <u>Equity, beginning of year</u>                        | <u>44,265</u>    | <u>36,619</u>    |
| <u>Equity, end of year</u>                              | <u>\$ 41,443</u> | <u>\$ 44,265</u> |

*See accompanying notes*

**PUBLIC ACCOUNTANTS LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 2009**

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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 licence. A new *Act*, the *Public Accountants Act*, was assented to December 22, 2009 to replace the *Public Accountancy 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 the changes in cash flows are readily apparent from the other statements.

**2. Investments**

Short-term investments of \$38,100 (2008 - \$43,935) in guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from 12 January 2010 to 21 December 2010 with interest rates from 0.2% to 1.2%

Long-term investment of \$3,420 (2008 - nil) in a guaranteed investment certificate is valued at cost. The maturity date is 27 January 2012 and the interest rate is 1.9%.

**3. Deferred revenue**

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

**4. Financial instruments**

The Board's short-term financial instruments recognized on the balance sheet consist of cash, short-term 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.

The Board's long-term financial instrument recognized on the balance sheet consists of a long-term investment. The carrying value of the investment approximates the current value.

**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.