



## President's Perspective



Elson Jordan  
President ICAC

A few matters have been engaging my thoughts as I again reflect on the opportunity to reach you in this revived organ of the ICAC.

### 22<sup>nd</sup> Annual Conference

The Institute of Chartered Accountants of St. Lucia will host the ICAC's annual stellar event, the annual conference of Caribbean chartered accountants. It will be held from June 18-19, 2004 at the Sandals Grande in the famous Rodney Bay area in the north of the island.

In organising this annual event, foremost in the mind of the ICAC's directors is the objective of affording participants an opportunity to update their technical skills, so critical for success in today's highly competitive global environment. We also endeavour, within the context of the imminent inauguration of the CSME, to further the potential for regional cooperation and to facilitate, through networking, opportunities for business development.

The conference's technical content has been refreshingly infused with subjects that are relevant to today's challenges and there is a social program that is intended to take advantage of the warmth of St. Lucia and its varied and interesting visitor attractions. I am certain that you will enjoy conference 2004...come join us...I look forward to greeting you in St. Lucia.

### Caribbean Single Market and Economy

The course has been set and time is certainly

taking us to the official start date planned for the inauguration of the Caribbean Single Market and Economy (CSME), come January 2005. Barbados, Jamaica and Trinidad and Tobago had each given a commitment to commence the implementation process in 2004, so as to provide a lead into the official start date.

Across the region, I believe that there is a growing air of expectancy amongst Caribbean people as the official start date beckons and the opportunities as articulated in the Heads of Government vision become a more immediate reality. It is envisaged that there will be a single economy to facilitate the free movement of services, skills, capital and the right of establishment.

The ICAC Board supports the initiatives contained in the CSME, but observes that, the 15 member states in the Community, are each at varying stages of readiness and, therefore, one is left to ponder whether we will all be ready by the proposed start date. The region's chartered accountants should welcome the opportunity and certainly the excitement that beckons.

We note that, included within the CSME provisions, are proposals for the establishment of appropriate national and regional accreditation infrastructure. The ICAC Board has already agreed to, and has a system in place leading to, the harmonisation of the recognition process for all professional accountancy designations, using IFAC's International Education Guidelines as its standard. There is also agreement by the Board to harmonise, by January 2005, the schedule of recognised accountancy qualifications, the intention being to facilitate the efficient

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## CONFERENCE 2004

The 22<sup>nd</sup> Caribbean Conference will be hosted by the Institute of Chartered Accountants of St. Lucia over the period June 17-19, 2004. The welcome cocktail scheduled for the evening of June 17 will be held in the Mistral Lounge at the Royal St. Lucian Hotel. All other conference events will be held at the Sandals Grande at Rodney Bay in the north of the island.

The opening ceremony, which is planned for the morning of Friday June 18, will be attended by

the St Lucian Prime Minister, Dr. Kenny Anthony and the Governor of the ECCB, Mr. K. Dwight Venner.

Participants will be accommodated at the following hotels:

- Royal St. Lucian
- Rex St. Lucian
- Rex Papillon
- Bay Gardens Hotel and Inn

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## CONFERENCE 2004 cont'd

All these properties are within 10 minutes of the Conference centre by car, and participants will be shuttled back and forth as required.

Deadline date for registration is May 15, 2004.

The theme for the conference will be: *Adapting to the changing face of the accounting profession: Expectations* Topics to be covered are:

- Corporate governance - Functions of the Board and the Role of Audit Committees
- IASB Insurance Project
- The Accountant as General Manager: The Changing Role of the Financial Controller

- Human Capital Management
- Ethics and Integrity in the Accounting Profession in the Caribbean
- Caribbean Single Market and Economy
- A Strategy for Fraud Prevention and Detection
- A Framework for Self-regulation of the Accounting Profession in the Caribbean
- An Overview of the Recent Improvements to the International Accounting Standards

Conference organizers expect that these topics will continue the tradition of vigorous debate among participants.

Additional information concerning the cost of accommodation may be obtained from the ICAC website ([www.icac.org.jm](http://www.icac.org.jm)) or St. Lucia website ([www.icastlucia.org](http://www.icastlucia.org)).

## BOARD BRIEF: MEETING HELD JANUARY 24, 2004

### ● Membership

The Board approved the membership request from the Institute of Chartered Accountants of Antigua & Barbuda thus increasing its membership to a total of nine territories.

### ● Update on IDB Project

Both Trinidad & Tobago and Jamaica reported that they were continuing their training programme on IFRSs which they had adopted previously. Trinidad had to-date received their first 10% of the deposit, while Jamaica's was still pending.

### Dr. Brymore Pollard's Report

ICAC accepted Dr. Brymore Pollard's detailed recommendations to each territory, on the amendments required in their Acts/ Bye-



Dr. Emily Dick-Forde, Lecturer at the Cave Hill Campus, (third from right) emphasises a point in her paper entitled "Framework for the ICAC Project Toward Regional Education and Examinations in Accountancy". The Paper provided an overview of the region's approach to the training of chartered accountants and sought to identify the role and responsibility of the ICAC in the future development of the region's accountancy profession.

Laws/Rules and Regulations in order to facilitate practice monitoring in the respective countries. Members have been asked to review his opinions and proceed to act thereon.



ICAC Vice-President, Linroy Marshal (third from right) tabled a report on Professional Indemnity Insurance prepared by a past Director, Ms. Patricia Hayle of Jamaica. The Board decided to move forward with this proposal as per the outline contained in the CGA model.

## President's Perspective cont'd

movement of chartered accountants across the region and to facilitate the mobility of membership of these professionals as they move around the region. Member institutes have also agreed to harmonise their CPD requirements and we believe that these measures will strengthen the region's profession as it works to advance the public interest.

### IFAC's Statement of Members' Obligations (SMOs)

In April, the International Federation of Accountants issued 7 Statements of Members' Obligations designed to provide clear benchmarks to its member bodies such that their individual memberships can sustain the quality of their individual and collective performances.

The Statements are as follows:

- Quality Assurance
- International Education Standards for Professional Accountants
- International Standards and Statements as issued by the IAASB
- IFAC's Code of Ethics for Professional Accountants
- International Public Sector Accounting Guidelines
- Investigations and Discipline
- International Financial Reporting Standards

Member bodies are expected to use their best efforts to comply with the SMOs have their members. We cannot forget the fundamental issues and concerns that came to the fore during the crisis that gripped the global profession a few short years ago. I believe that IFAC's efforts are a further step towards the fulfillment of its mandate, which includes the strengthening of the accountancy profession worldwide. This action also furthers our charge to act at all times in the public's interest and this objective remains at the forefront of all

that we do.

Several of our institutes are members of IFAC and the ICAC applauds their commitment to global standards. We believe that constraints of size do not constrain the application of international standards to that which we do. The fervour of our commitment to global standards at all levels, including the institutional arrangements that govern our Conduct and development, will redound to the good of the public interest we serve. I commend them to our members for adoption, most by year end and a few by the end of 2005.

### Membership

At our Board meeting in January in St. Lucia, the ICAC welcomed into membership the Institute of Chartered Accountants of Antigua & Barbuda (ICAAB). This institute, which comprises sixty (60) chartered accountants, is the third from the sub-region and is led by Mr. Davidson Charles, its President. Their objects are similar to those of their regional counterparts and they subscribe wholeheartedly to the goals and objectives of the ICAC. Their membership of 60 brings to 2572 the number of scheduled chartered accountants listed amongst our nine institutes. We welcome them into the ICAC's fold and look forward to their efforts in building a vibrant regional accountancy profession.

Not all of the region's chartered accountants are members of their respective territorial institutes and the ICAC encourages membership, as together we can more effectively advance our region's cause. Likewise, the Board acknowledges that there are some areas where there is no representation at the regional level and has agreed to step up its efforts to enjoin them. Your encouragement is appreciated and will further our efforts.

# PROFESSIONAL INDEMNITY INSURANCE: NEEDS OF SMALL PRACTITIONERS



Practising members of the territorial Institutes within the Institute of Chartered Accountants of the Caribbean (ICAC) are deployed amongst both large and small audit firms. Many of these practising members operate small firms (three or fewer partners) or as sole practitioners.

As we seek to implement a Monitoring Programme, we must recognize the need to educate members regarding the need to focus on essential areas of associated responsibilities that may previously have been ignored. These responsibilities include specific training programmes in Practice Management and the need to acquire and maintain

adequate Professional Indemnity Insurance.

Both the Territorial Institutes and the ICAC have a vital role in sponsoring specific training programmes in Practice Management as well as educating and facilitating practising accountants with regards to the need for adequate Professional Indemnity Insurance.

It must be acknowledged that it will take some time for the necessary legislative framework to be put in place to ensure that all member territories are provided with the teeth to ensure compliance. Consequently, encouraging voluntary compliance through the provision of accessible, affordable indemnity insurance would provide a quicker and smoother route to compliance. It is becoming increasingly risky for members to continue operating without coverage. Negotiation of appropriate coverage could be facilitated at the Caribbean level as this would embrace a larger number of participants and thus make the cost financially affordable.

Our affiliate, CGA, has already facilitated such an umbrella scheme and an outline of their approach and suggestions for implementation is as follows:

## **A CGA PROPOSAL FOR PROFESSIONAL INDEMNITY INSURANCE**

CGA Canada has successfully managed a professional liability insurance program for the past twenty years. They have approximately 3,000 practitioners covered and still have the lowest premiums and best coverage in spite of the recent downturn in the liability insurance market. CGA public practitioners are required by their rules to carry insurance, although they do not have to use their program. But there are no competitors who can match their coverage and price.

Key features of a successful program are -

### **Coverage**

They devoted a lot of time in the early years to developing the policy that they have today, identifying the exclusions, retro and tail cover, limits and deductibles.

The Company (i.e. the Insurer) will pay on behalf of the Insured, the Ultimate Net Loss that the Insured shall become legally obligated to

pay, as Compensatory Damages and Defence Expenses caused by reason of any act, error, or omission in Professional Accounting Services rendered, or which should have been rendered.

### **Claims management**

They view the insurance as protecting the public's interest first and the practitioner second. Members make errors and the goal is to ensure the client is protected in the event of errors. They are equally vigilant when unsubstantiated claims are made. Accountants have become easy targets and the claims manager will fight to protect members from illegitimate claims.

A Claim shall be deemed to have been made when prompt written notice of any Claim made against the Insured is reported to and is received by the Company (i.e. the Insurer) or its authorized agent.

### **Risk management through loss prevention programs**

They have, through seminars and newsletters, highlighted to their members the problem areas, how to avoid claims, what to do in the event of a claim, etc.

### **Risk management through practice inspection**

All their practitioners are subject to practice reviews, which help to identify problem areas and again reduce risk.

The Insurer may examine and audit the books, records, and operations of any Insured under the policy at any time during the Policy Period and within three years after the final termination of the policy, as far as they relate to the subject matter of the insurance.

### **Knowledgeable team approach**

The CGA staff has worked with the same broker and claims adjuster for many years. This team has developed an excellent knowledge about the issues in their liability insurance program.

## **THE APPROACH ADOPTED FOR ICAC**

Each member territory has been asked to:

- Establish the market potential for this approach, such as the number of practitioners by country.
- Whether in their territory the program should be mandatory or optional.
- Ascertain whether there are legislative differences (with respect to liability) between countries.
- Decide the level of coverage (limits) the territory would desire.

A broker would be able to identify which liability insurers are licensed in the Caribbean and make a preliminary contact on our behalf. Given the radical differences between Canadian and US liability law, Canadian carriers would be a better first approach. I also assume that Canadian and Caribbean liability laws are closer.

As the ICAC seeks to implement, we would welcome suggestions, which should be sent to [@icac@cwjamaica.com](mailto:CEO, ICAC).

C. Patricia Hayle, a member of the ICAJ, is a past President of that body, a former Director of the ICAC Board, and, until recently, a member of the IFAC Compliance Committee.

See related Article "Accountants under Threat: Liability Issue becoming a Viability Issue" on page 7

# TERRITORIAL UPDATE

## BAHAMAS

### CPE SEMINAR

Two CPE seminars were held in Grand Bahama during the first quarter of this year. The first was held on April 22, 2004 in Nassau. The topics covered were:

- "The Changing Role of the Financial Controller", presented by Barry Williams, Cable Bahamas
- "Financial Transactions Reporting Act- The risk based approach", presented by Senator Tanya McCartney, Bank of Butterfield Ltd.
- "The Investment Act - What every accountant should know", Presented by Keith Seymour, Securities Commission.
- "Anti - Money Laundering Procedures for Non-Traditional Institutions - Workshop for Auditors and Accountants", presented by Rowena Bethel, Compliance Commission.

Seminar costs were USD\$ 100 for members and USD\$ 125 for non-members. This CPE session was designed for members in industry. This seminar received extensive press coverage in the business section of one of our leading newspapers. There was a large turnout and it received positive feedbacks from our members. Attendance and feedback from our members provided important information for designing future seminars.

The second of the two seminars during the year was held on April 30, 2004 in GRAND BAHAMA. Topics were:

- CPE Update
- "Mergers & Acquisitions", presented by Senator Phil Galanis. "Minimum Disclosure and the Credit Risk Guidelines", presented by Nicola Virgill-Rolle
- "Impairment of Assets and Loan Loss Provisioning", presented by Geoff Andrews

Seminar costs were the same as the first seminar, that is USD\$100 for members and USD\$125 for non-members. One of the complaints of our members in Grand Bahama was the lack of CPE seminars held on their island. This seminar as well as the previous one was our council's response to their needs.

### WHAT'S COMING UP:

- May 2004 - The Annual General Meeting
- November 2004 - Accountants Week Scheduled for the first week

## BARBADOS

### WHAT'S COMING UP:

CPE Seminars are as follows;

- May 20, 2004 Consumer Protection Legislation, to be presented by Mr. Jeff Cumberbatch at the Savannah Hotel for a total of 3.5 CPE hours.
- June 26, 2004 Dispute Resolution, presenter Mr. Neilson Waithe at the Island Inn Hotel, also for 3.5 CPE hours.
- July 21, 2004 - Corporate Risk management, presenter Mr. Nick Shepherd, at the Grand Barbados Hotel, for a total of 6 CPE hours.
- August 30, 2004 - TBA (Joint with Placer Dome), presenter TBA, at Sherbourne for 6 CPE hours.
- September 9, 2004 - IFRS, presenter Gubbins, also at Sherbourne, for 6 CPE hours.
- November 5, 2004 - Annual Conference with a panel of

presenters, at the Sherbourne, for 6 CPE hours.

## BELIZE

A Fraud Prevention and Forensic Auditing Workshop was held on March 16, at the Radisson Fort George Hotel. The workshop was done in collaboration with the ACCA and featured Mr. Emile Valere as the presenter. Members of the Institute as well as the general public were invited to attend. A total of 135 participants attended. Members of the Institute who attended received a total of three CPD hours. The topics covered included the role of the forensic accountant, financial statements manipulation, earnings management techniques, money laundering, employee and management fraud. The workshop was well received by all who attended.

### WHAT'S COMING UP:

- The Institute's Annual General Meeting is scheduled for May 14<sup>th</sup>.
- The new Council's first responsibility will be to plan for the Institute's activities for the 2004/2005 fiscal year, including the hosting of the Caribbean Conference of Accountants in June 2005.

## GUYANA

### CPE SEMINAR

The seminar hosted by the Central Bank of Guyana in November 2003 was successful and discussions were held on the following International Financial Reporting Standards:

1. IAS 19: Employee Benefits
2. IAS 30: Disclosure in the Financial Statements of Banks and Similar Financial Institutions.
3. IAS 32: Financial Instruments: Disclosure and Presentation.
4. IAS 39: Financial Instruments: Recognition and Measurement.

The forum facilitated far-reaching debate on these standards and ICAG wishes to express its sincere gratitude to the Bank for their contribution in improving the accounting profession in Guyana.

### ANNIVERSARY CELEBRATION

The annual dinner held on November 29 as part of the Institute's 37<sup>th</sup> Anniversary Celebration was well attended. Two members of the Institute, Mr. Purshotam Shivraj and Mr. Maurice Solomon, were honoured for their outstanding contributions to the Accounting Profession, Business and the development of the country. Also, as part of the celebration, a domino competition was held between members of the Institute and staff of various auditing firms. The members' team, including the ICAC General Secretary, Mr. Harryram Parmesar, won the competition.

### STRENGTHENING THE ACCOUNTING PROFESSION

Arising from the need to strengthen the accounting profession in Guyana so that we can effectively perform the role of recorder, interpreter, reporter and adviser on accounting, auditing, and financial matters; the Institute approached the Multilateral Investment Fund (MIS) of the Inter American Development Bank (IDB) to provide grant financing. Such a fund would support the adoption and compliance with International Financial Reporting Standards and International Standards on Auditing. Subsequent to this approach a preliminary report has been forwarded in February to the IDB's office in Guyana for comments and input as to the level of funding required.

### ANNUAL GENERAL MEETING

The Institute of Chartered Accountant of Guyana (ICAG) had its 38<sup>th</sup> Annual General Meeting on Tuesday 30 March 2004 at the

Georgetown Club, to receive and consider the audited Financial Statements for the year ended December 2003, and to execute such other business as may be properly transacted at an AGM.

## STUDENT ACTIVITY

The students and lectures organized their usual after-exams evening of games and Fry Fish Lyme in December 2003. Classes commenced in January 2004 for the June 2004 examinations.

## JAMAICA

### • AMENDMENTS TO PUBLIC ACCOUNTANCY ACT

Amendments to the Public Accountancy Act (PAA), approved by the Senate on Friday, January 30, now gives the Public Accountancy Board (PAB) the "legislative teeth" to effectively monitor and ensure compliance of its members (Registered Public Accountants/RPAs) with a Code of Conduct as well as technical standards in keeping with those being met by members of the ICAJ.

The revisions are geared towards modernising the existing legislation to reflect developments within the local accountancy profession since the Act was first passed in 1968. It is intended that the amendments will promote higher standards for public accountancy and enable the monitoring of the public practice and professional conduct of RPAs.

The Amendments strengthen the powers of the PAB and enable the Board to carry out its responsibilities as the entity issuing licenses to applicants who qualify as public accountants. The Board may now establish systems for the review of the methods and records of the work of registered public accountants to ensure adherence to any prescribed standard of professional conduct and established accounting and auditing standards. Additionally, disciplinary action may now be taken against registered public accountants for breaches of the Act, as the range and value of penalties have now been increased significantly.

It also provides for the establishment, implementation and regulation of a system of continuing professional education for Registered Public Accountants. The Board will also, among other things, implement, regulate and monitor a system of quality control reviews to ensure the maintenance of high professional standards among members of the profession.

### • ICAJ CELEBRATED 39-YEAR MILESTONE ON JANUARY 11

On Sunday, January 11, the ICAJ marked its 39<sup>th</sup> Anniversary with Thanksgiving Services in Kingston at the First Missionary Church and in Montego Bay at the Emmanuel Chapel. In reflecting on the 39 years of achievements, ICAJ President, Mr Linroy Marshall, paid tribute to the contributions of past and present leaders and members of Council, who have remained committed to the objectives of the Institute. He noted that through its membership, the Institute has made and continues to make an invaluable contribution to the economic and social development of Jamaica.

"As a body of professionals, we see our role as dynamic and we will continue our efforts to ensure that our members are seen as trustworthy protectors of the public interest while fulfilling our mandate," Mr Marshall added.

A 39<sup>th</sup> Anniversary Luncheon was also held in Montego Bay at the Wexford Court Hotel on January 21, which was attended by members and their clients, particularly those in the western region of the island.

### • IFRS SEMINARS

In recognition of the ongoing challenges being faced by some companies in applying the new standards, and in keeping with its commitment to assist stakeholders in overcoming the various challenges, the Institute hosted a two-day hands-on workshop on International Financial Reporting Standards (IFRS) on February 27-28. The workshop focussed on IFRS Projects and Exposure Drafts; Applying IFRS - First-Time Adoption; Financial Instruments, Impairments of Assets, Income Taxes and Employee Benefits. Lead Presenter was Ian Charles, Director, Emile Woolf and Specialist in

IFRS.

A seminar on the "**Tax Implications of IFRS & Compliance Issues**" was also held on Saturday, January 31, 2004 attracting a capacity crowd of over 350 participants. The seminar was aimed at ascertaining the views of the tax authorities on how they proposed to treat certain of the items appearing for the first time or being presented differently in financial statements prepared under IFRS.

### • NEW CARETAKER'S COTTAGE & STUDENT RESTROOMS OPENED

A newly built caretaker's cottage and restroom facilities for students were officially opened on Thursday, November 6. The construction of the facilities was in response to the need for a suitable residence for the caretaker, Victor Hall, as well as the demand for expanded restroom amenities for students, given the increased use of the ICAJ study facilities. The construction cost was approximately J\$2.4 million.

ICAJ President, Mr. Linroy Marshall, announced that the next phase in the development of the property would include an expanded parking area, in response to the increased use of the Secretariat facilities by members and students.

### • ICAJ BLOOD COLLECTION DRIVE

The ICAJ Blood Drive, which is in its second year, was also held on February 17, in support of the Ministry of Health's national appeal for blood. The Blood Drive is in keeping with the Institute's commitment to ensure that its members become more vocal and actively involved in national issues.

### WHAT'S COMING UP:

- **July 21, 2004** - 39<sup>th</sup> Annual General Meeting & Luncheon (Jamaica Pegasus Hotel)
- **August 25, 2004** - CAT Graduation Luncheon (Knutsford Court Hotel)
- **September 25, 2004** - ICAJ/ACCA Joint Graduation Luncheon (Jamaica Pegasus Hotel)
- **December 15, 2004** - Christmas Luncheon (Jamaica Pegasus)

## ST KITTS / NEVIS

### • FAREWELL

The Association said farewell to member Ms. Joan Millington in December 2003. Ms. Millington served the Association as Director for two terms. She was employed by the Eastern Caribbean Central Bank and has returned to St. Vincent to serve there. The Association expresses its appreciation for her service and extends best wishes to Ms. Millington for the future.

### • SUPPORTING EDUCATION

The Association continued its support of education by making its usual academic awards to outstanding accounting students graduating from the Clarence Fitzroy College of Further Education and High Schools in the Federation.

### • ANNUAL GENERAL MEETING

The Association elected a new Executive in its Annual General Meeting held in February this year. The Principal Officers are:

President	-	Mr. Donald Thompson
Vice-President	-	Ms. Marilyn Johnson
Secretary	-	Mr. Joseph Periera
Treasurer	-	Mr. Marcela Lanns-Monish

### • OUTREACH PROGRAMME

The Association made a decision to donate two computers and peripherals to the St. Thereas's Convent School in St. Kitts. The computers have been purchased and will be officially donated next week.

### • EDUCATION COMMITTEE

In recent times the Committee has been publishing a number of

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# NEW MEMBERSHIP ICAC

The Institute of Chartered Accountants of the Caribbean (ICAC) extends its heartiest welcome to the Institute of Chartered Accountants Antigua and Barbuda (ICAAB), whose application for membership in the ICAC was approved at our Board of Directors meeting, held on January 24, 2004, in St. Lucia. As a result of this approval, the ICAC now adds a ninth territory, comprising 60 members, to its membership, now totaling 2,572 members. These are the Institutes of Chartered Accountants of Antigua & Barbuda, Barbados, Belize, Guyana, Jamaica, St. Lucia and Trinidad and Tobago, the Bahamas Institute of Chartered Accountants and the St. Kitts-Nevis Association of Chartered Accountants.

## The aims and objectives of ICAAB are:

- (a) To promote, foster and maintain the highest standards of accountancy and professional ethics among members.
- (b) To promote facilities for the study of accountancy and make provision for the examination of persons pursuing courses in accountancy.
- (c) To promote and protect the welfare and interest of the Institute and of the accountancy profession in Antigua and Barbuda.
- (d) To advise the Government, public authorities and other bodies on matters relating to public accounting and the profession of accountancy.
- (e) To promote and foster relations with other professional accountancy bodies in the Caribbean and elsewhere and to cooperate with other professional bodies in Antigua and Barbuda and elsewhere for the purpose of

better achieving the objects of the Institute.

## The Principal Officers of ICAAB are:

Davidson Charles - President  
Cleveland Seaforth - Vice President  
Erwin D. Southwell - Secretary / Treasurer  
Cassandra Simon - Public Relation Officer  
Yvette Edwards - Member

## Mailing address of the Secretariat is as follows:

Institute of Chartered Accountants of Antigua and Barbuda  
P.O Box W 1135  
9 Factory Road  
St. John's, Antigua.

## Benefits of ICAAB's membership in the ICAC includes:

- The opportunity to have an input in the development of the accountancy profession in the region.
- Advantage of Caricom mobility under the Protocol II arrangement, which provides for the free movement of personnel throughout the Caribbean community.
- Benefits of a regional Practice Monitoring Programme being implemented by the ICAC to enhance the regulatory capacity of the profession in the region.
- The opportunity to network and be more integrated into the future of the region's accountancy profession

The ICAC is excited with their membership and certainly do look forward to their contribution to the development of the region's accountancy profession.

## ICAC's Appointment to the Board of Trustees of the Caribbean Court of Justice

On the advice of the Heads of Member States of Caricom, its Secretary General has extended an invitation to the President of the ICAC to serve on the Board of Trustees of the Caribbean Court of Justice.

### BACKGROUND

The Members of the Caribbean Community are currently in the final stages of establishing the Caribbean Court of Justice (CCJ). The Court is intended to be a unique institution in the region's approach to its international institutional relations. For not only is the Court designed to replace the Judicial Committee of the Privy Council as the highest appellate Court for the Member States of the Caribbean Community but it is also structured to be an international tribunal employing rules of international law in interpreting and applying the revised Treaty of Chaguaramas establishing the Caribbean Community, including the CARICOM Single Market and Economy.

In the exercise of its appellate jurisdiction, the Court will be the tribunal of last resort for participating Member States of the Community. As an international tribunal, however, the Court will exercise an original but exclusive jurisdiction in respect of the interpretation and application of the Treaty.

In the exercise of both jurisdictions, the Court is expected to play a critical role in ensuring legal certainty in the Community and CSME, in the absence of which there is unlikely to be the stability of expectations which investors require as a basis for predicting outcomes in respect of economic decisions, especially those

relating to investments in one or another economic activity.

### THE CCJ TRUST FUND

From the preparatory process which commenced in 1999 with the establishment of a Preparatory Committee, a major area of public concern has been to ensure that financing for the Court is placed on a sustainable basis. The mode of financing should also insulate the Court from any kind of undue influence. Keeping faith with the people of the Community, the Heads of Government have agreed to the establishment of a Trust Fund for the Court.

The Agreement Establishing the Trust Fund provides that the purpose of the Fund is to provide the resources necessary to finance the biennial capital and operating budget of the Caribbean Court of Justice and the Regional Judicial and Legal Services Commission in perpetuity.

The ICAC is appreciative of the opportunity to serve the Community and for the invitation to be amongst those chosen to advance the region's interest in this very important area.



# FORMATION OF THE OECS INSTITUTE

The Agreement to form an Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) was signed by seven (7) islands, comprising Antigua & Barbuda, St. Lucia, St. Vincent & the Grenadines, Dominica, Montserrat, Grenada and St. Kitts/Nevis. This Agreement is subject to ratification by the respective Governments, and enters into force when five (5) of the islands have given their approval.

The ICAC is pleased that the instrument of ratification has now been deposited by five countries namely Dominica, Montserrat, St. Kitts/Nevis, St. Lucia and Antigua and Barbuda. Thus the

Agreement becomes effective on the first day of the third month following that in which the fifth instrument of ratification or acceptance is deposited.

The launching of the Institute is tentatively scheduled for June 16, 2004 in St. Lucia, just prior to the 22<sup>nd</sup> Annual Conference of Caribbean Accountants. The Eastern Caribbean Central Bank, the driving force behind the formation of the Institute, is proposing a series of presentations that will address topics such as:

- Vision of the Institute
- Role of the Institute in Capital Market Development
- Management of the Eastern Caribbean Stock Exchange
- Current Issues relevant to the Profession

When launched, the ICAEC becomes the regulatory body for the accounting profession in the Eastern Caribbean.

## Accountants Under Threat: Liability Issue becoming a Viability Issue

### Are you Next?

The Barbados Companies Act states that only an *individual* with the requisite practicing certificate issued by Institute of Chartered Accountants of Barbados (ICAB) is able to practice accounting in Barbados. Local accountants are restricted to either practicing as sole practitioners (as individuals) or as partners in an unlimited liability structure. The consequence of this is that Barbadian accountants retain unlimited personal liability for the debts and obligations of the business. The significance of this is enormous, especially when working as a partner in an unlimited liability structure. Potentially an aggrieved party could bring suit against any one of the partners regardless of that partner's individual degree of responsibility for the damage. Partners could possibly stand to lose not only their livelihood but also their personal assets as a consequence of a negligent or a fraudulent act of a partner.



### The Liability Crisis Has Become a Viability Crisis

### Practising as Individuals Versus Corporate Vehicles

On the contrary, internationally, accountants have further options of incorporation and / or to practice with liability caps (limits to the amount of liability). Barbadian accountants therefore face more risk of financial ruin and have higher operating and insurance costs. In a global market, where there is competition with professionals from other jurisdictions, establishing a level playing field for the local professionals is an absolute obligation. Therefore, Barbados must provide the option of limiting the exposure to professional liability that has been afforded to professionals everywhere- that is restricting a professional's liability to acts for which they are some way responsible.

The following amendment to the Barbados Companies Act is proposed;

- The companies act should be amended to replace the word "individual" with the word "persons" (which includes corporate entities) in section 153.

It should be further noted that under the current bill for the free movement of people within the CARICOM Single Market and Economy (CSME) the definition provided for "persons" includes corporate entities. In maintaining a level of consistency, it is necessary to define persons in the Barbados Companies Act in the same way in which we invite regional professionals under the CSME.

### Further Concerns

Two other areas for concern in regards to limited liability are; managing the implied duty of care to third parties and the introduction of caps on the extent of liability, further explained below. Third party liability refers to the liability of a professional to a person other than a client who may suffer injury in some way as a result of the professional's act or omission. Accountants especially face huge claims of this nature in respect of audit work. The accountants believe that because someone has chosen to rely on the information supplied by a professional as a more cost-effective solution than seeking advice of their own, this third party must bear their own risk of relying on this information.

The cost risk for the auditing profession has for some time been extremely onerous. Over the last few years, that burden has grown dramatically and is now a true viability issue. Limited liability caps would place a maximum limit on the amount of damages awarded. This element of certainty should remove some of the problems with respect to the availability and cost of professional insurance and will bring about a reduction in the cost of doing business, beneficial to accountants and clients alike.

The significance of this issue to Barbados is consistent with the Prime Minister's comments on the International Business Sector as published in the Business Barbados 2004 magazine. "The legal, regulatory and fiscal frameworks are constantly being re-engineered to reflect business realities and position Barbados to capitalize on future opportunities". Though the quote was made focusing on amending the legislation to accommodate businesses wishing to set up in Barbados, the accountants would like the government to also amend legislation to accommodate the Institute and accountants who are practicing here.

Extracted from "The Barbados Coalition of Service Industries Newsletter"

# IFAC UPDATES

## New IFAC Guidance Addresses Anti-Money Laundering and the Role of the Professional Accountant

(March 26, 2004) Governments, regulators and the global business community are increasingly calling on accounting practitioners to contribute to the battle against money laundering. A new paper issued by the International Federation of Accountants (IFAC), **Anti-Money Laundering 2<sup>nd</sup> Edition**, addresses the increased expectations of legislators and regulators with respect to the profession's role in detecting money laundering and implementing controls and safeguards against it.

The 2<sup>nd</sup> edition of the IFAC's paper expands on the original paper issued in January 2002 to address the professional accountants' role and ethical obligations as well as recent best practices in auditing. "This paper is significant for several reasons. The accountancy profession is becoming increasingly involved in combating corruption as a result of legislation requiring businesses to have compliance monitoring programs and to independently test the control environment and effectiveness of these programs".

"Money laundering can have devastating impacts, particularly on emerging financial markets and developing economies, thus undermining financial stability worldwide".

The new paper highlights both the causes and possible means of preventing money laundering. Sections of the paper focus on indications of money laundering, vulnerability of banks, non-bank financial institutions and other entities, and governance-related issues.

## TERRITORIAL UPDATE cont'd from page 5

educational articles in the print media to provide relevant financial, economic and business information, to educate both our members and the public at large.

### WHAT'S COMING UP:

**May 12** - The OECS Institute of Accountants is scheduled to become effective during the first half of this year. In light of this the Institute Committee of the SKNACA has organized a meeting with officials of the Eastern Caribbean Central Bank to air the views and concerns arising from the Proposed Rules governing the Institute. In a general meeting scheduled for May 12 2004, the issue will again be addressed by the general membership. It is hoped that the concerns will be addressed before the Institute comes into effect.

**May 19** - A one-day seminar which is jointly sponsored by ACCA and the St. Kitts Nevis Association of Chartered Accountants. The team of the seminar is 'Strengthening Financial Controls and Preventing Fraud.' The presenter will be Dr. Robertine Chaderton, Phd(accounting), FCCA, Bsc. And CEO of the Caribbean Consulting Group of St. Kitts.

## ST. LUCIA

### • CONFERENCE 2004

The Institute of Chartered Accountants of St. Lucia is honoured to be hosting the 22<sup>nd</sup> Annual Caribbean Conference over the period June 17-18. This comes at a time when the accounting profession is in a mode of constant change with new expectations of the accountant coming to light almost every day. The theme of this year's Conference, **Adapting to the changing face of the accounting profession: Expectations**, recognizes the times we live and operate in.

### • LAUNCHING OF WEBSITE

The Institute is pleased to inform readers that they launched their

## CURIOUS TIT BITS... TIT-BITS...TIT-BITS.....TIT-BITS DO YOU KNOW?

The name of the longest serving Officer of the ICAC?

The name of the first treasurer of ICAC?

If you do..... e-mail your answer to our address:

[ceo@icac.org.jm](mailto:ceo@icac.org.jm)

The first person to e-mail us with the correct answer will get a **20% discount on the registration fee for the 22<sup>nd</sup> Caribbean Conference** to be held in Rodney Bay St. Lucia.

## CONGRATULATIONS!!

The President of The Institute of Chartered Accountants of Trinidad and Tobago fathered a bouncing baby boy in January 2004. The ICAC hopes that he will fill your heart with joy.

The ICAC administrative assistant Miss Jay-Ann Pottinger entered marital bliss on April 10, 2004. The Institute wishes her a lifetime of love, luck and happiness.

## QUOTE

Firmness of purpose is one of the most necessary sinews of character, and one of the best instruments of success. Without it genius wastes its efforts in a maze of inconsistencies.

From the writings of Lord Chesterfield

website on March 29, 2004 Address <http://www.icastlucia.org>. The website displays a few historic and attractive landscapes of the island and information on the Institute, in addition to highlights of the upcoming conference.

### WHAT'S COMING UP:

May 21	-	Annual General Meeting.
August	-	Seminar Corporate Governance.
September	-	Accountants' Week.

## TRINIDAD & TOBAGO

### • UPDATE ON IDB PROJECT

Further to the signing of the agreement with the Inter-American Development Bank aimed at strengthening Trinidad's accounting profession, ICATT is pleased to advise that we have received the first 10% tranche of the US\$650,000 amount from the Multilateral Investment Fund towards our project. The Institute is conducting ongoing training programmes on IFRSs, with emphasis on small workshops of approximately 30 individuals. These seminars have lifted the profile of the Institute and, to-date, we have received positive feedback from stakeholders such as bankers and Government ministries.

### WHAT'S COMING UP:

The Institute and the Association of Chartered Certified Accountants (ACCA) will be co-hosting a special training programme on Forensic Auditing on Tuesday April 27, 2004 at the Crowne Plaza, Wrightson Road. The seminar will be interactive and will include group sessions. Topics are as follows:

- Computer Forensic Technology
- Is it possible to diagnose Fraud and Misconduct?
- Financial Statement Fraud
- The facilitator will be Mr. Derek Rostant of KPMG, Canada.