



The Bahamas Institute of Chartered Accountants

OAS - Mechanism for Follow-Up on the Implementation of the Inter-American Convention
against Corruption (MESICIC)



Objectives & Functions

- The Bahamas Institute of Chartered Accountants (“BICA”) is the regulatory body of the accounting profession in The Bahamas. This is a statutory responsibility as provided for in the Public Accountants Act 1991 (“the Act”) and various other enabling regulations.
- The objectives of BICA are outlined in the Act. Some of the primary objectives of BICA included therein are:
 - (a) To govern the discipline, and regulate the professional conduct of members, associates, and students;
 - (a) To promote the best standards of practice in financial reporting and in the expression of professional opinions in relation thereto;
 - (a) To promote and protect the welfare and interest of BICA and the accounting profession;



Objectives cont'd

- (d) To promote and increase the knowledge, skill and proficiency of members, etc. in all things relating to the business or profession of accountants; and to provide information on accounting by way of lectures, discussions, and the dissemination of literature, etc.
- (e) To make provision for the training, education, and examination of persons engaging in or intending to engage in the accounting profession.
- (f) To establish standards of qualifications and to regulate the professional conduct of public accountants who are not entitled to be registered as members.
- The Council, which is constituted in accordance with the First Schedule of the Act, is responsible for the management of the affairs of BICA.



Sustainability

- As a not-for-profit Organisation, BICIA is sustained annually by the following:
 - Membership fees;
 - License Fees; and
 - Continuing Professional Education Fees.
- BICIA maintains healthy relationships with other regulators, stakeholders groups and the Government of the Commonwealth of The Bahamas.
- Annual meetings are held to ensure that processes and policies between organisations are reviewed, understood and updated.
- BICIA is also legislated to have representation on many Boards and Committees to ensure that the profession has input and to ensure harmonisation of functions.



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Membership

- BICA has membership in two (2) international bodies; namely:
 - The International Federation of Accountants (IFAC); and
 - The Institute of Chartered Accountants of the Caribbean (ICAC).
- BICA registers both members and licensees.
- BICA has more than 500 members; and the licensed practitioners represent just over 50% of its membership.
- In order to qualify for membership to BICA, an applicant must have successfully completed a qualifying exam as outlined in the Public Accountants Act, 1991 (“the Act”).
- The Act empowers BICA to issue Licenses; and forbids persons without licenses from holding themselves out as Public Accountants.



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Membership cont'd

- In order to qualify as a licensee, an applicant must:
 - Be a member of BICA, and
 - give evidence of employment at a senior level in a firm of public accountants; or with a public corporation, a Government Department, or a private business, that has been approved by the Council as providing suitable training in accounting, for a cumulative period of thirty-six (36) months;
- Where the Council rejects the application of any person, it shall within ten (10) days from the date of such rejection, give written notice thereof to the person whose application was so rejected. Any person aggrieved by the rejection by the Council of his/her application for registration as a member or for a license may, within three (3) months of the receipt of any such notice in respect thereof, appeal that account to The Bahamas Supreme Court.



Regulatory Framework

- As a member of IFAC and ICAC, BICA adopts the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), without modifications, as the accounting standards to be used for the preparation of financial statement of public entities in The Bahamas.
- BICA has adopted the use of International Accounting Standards (IAS) since its inception in 1973.



Current Legislation

- BICA's current governing and regulatory legislation is the Public Accountants Act, 1991 ("the Act"). The Act, which is divided in the five (5) parts, provides for matters relating to:
 - (1) Preliminary matters;
 - (2) The Institute (BICA);
 - (3) The registration and licensing for membership;
 - (4) Discipline; and
 - (5) Offences and penalties, and other miscellaneous provisions.
- Since the passage of the Act, there have been no amendments. However, the following Regulations have been passed pursuant to Section 32 of the Act:
 - The Public Accountants (Continuing Professional Education) Regulations (1994);
 - The Public Accountants (Rules of Professional Conduct) Regulations (1993); and
 - The Public Accountants Regulations (1992).
- The Regulations provide in more detail, the procedures regarding the making of applications, meeting of BICA, disciplinary procedures, restoration to the register, rules of professional conduct, and continuing professional education.



Deficiencies in Current Legislation

- In a report issued by the International Monetary Fund (IMF) challenges were identified in the compliance and enforcement of regulatory initiatives in the capital markets by the regulator, market participants, and the legal and accounting professions. With respect to the Accounting profession, these challenges were mainly related to the legislative deficiencies and weaknesses in enforcement of standards.
- Specific findings were that:
 - BICA does not provide interpretations of IFRS;
 - There is no body acting in the public interest to oversee the work of auditors or BICA;
 - There is no peer review of the work of BICA members conducted; and
 - There is no adequate enforcement mechanism for compliance with internationally accepted auditing standards.



International Obligations of BICA

- On 14th June, 2012, membership of The Bahamas Institute of Chartered Accountants in IFAC was suspended. This occurred as a result of BICA's failure to participate in the IFAC Member Body Compliance programme, specifically, the failure to submit an updated SMO Action Plan.
- The Council prepared its Action Plan (March, 2013) which addresses the seven (7) Statement of Membership Obligations. A full copy of the Action Plan can be obtained via IFAC's Official Website.
- The suspension was lifted.
- The Action Plan referred to the revised legislation (BICA Bill, 2014) which will adopt many of the international standards expected.



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The new Bahamas Institute of Chartered Accountants Bill, 2014

- The Bahamas Institute of Chartered Accountants Bill, 2014 (“The BICA Bill, 2014”) was drafted to eliminate the deficiencies found in the Public Accountants Act, 1991.
- The new legislation provides for the introduction of several new concepts, namely:
 - The introduction of Practice Monitoring/ Peer Review;
 - The initiation of Investigations and Disciplinary proceedings by the Council on its own;
 - The Practicing Public Accountancy with limited liability;
 - The introduction and enforcement of the international requirements for compliance of Continuing Professional Education (which increased the hours of training required).



The BICA Bill, 2014 cont'd

- Licensees will be required to carry minimum cover for:
 - Professional Indemnity Insurance (PII) in respect of liability incurred in connection with the conduct of the firm's business; and
 - Fidelity Guarantee Insurance (FGI) in respect of any acts of fraud or dishonesty by any partner, director, or employee in respect of money or goods held in trust by the firm.
- Firm size (by fee income) will be relevant in setting minimum level of cover. Licensees will be required to provide BICA with evidence of PII and, where applicable, FGI are in force.
- Additionally, legislation will provide for:
 - The continuity of Council membership, as the current one (1) year tenure is too short;
 - The term of President to be elected for two (2) years;
 - The appointment of a President Elect;
 - The making of guidelines for the renewal and restoration of licenses;
 - Clarity in the renewal of licenses for persons whose licenses were not renewed for one (1) or more years; and
 - The Council to formally adopt the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants.



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Governance Framework

- Annually, a Council is elected by the membership (according to the provisions of the Act). The Council is responsible for the management of the affairs of BICA.
- The Council consists of not less than nine (9) but not more than fifteen (15) persons elected at the Annual General Meeting (AGM).
- The Executive Officers of the Council are:
 - The President;
 - 1st and 2nd Vice Presidents;
 - Secretary;
 - Treasurer; and
 - Immediate Past President.
- There is a Registrar and Assistant Registrar appointed to oversee and maintain the register of members and licensees as prescribed in the Act.
- BICA has an established Secretariat with two (2) full-time staff members (Office Manager and CEO) that support the Council, Committees, and Member Services. BICA also has a pool of part-time associates that are available to assist.



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BICA's Committees

- The Committees of BICA are chaired predominantly by Council Members. These committees are:
 - IFAC (chaired by the President)
 - Practice Monitoring/ Peer Review Committee
 - Legislative Reform Committee
 - Technical Committee
 - Investigations & Ethics Committee
 - Disciplinary Committee
 - Membership & Licensing Committee (chaired by The Registrar & Asst. Registrar)
 - Public Practice & Associate Membership Committee
 - Continuing Professional Education (CPE) Committee
 - Small & Medium Size Practices (SMP)
 - Student Membership & Education Committee
 - Website, Branding & Public Relations Committee (Quarterly Newsletter)
 - Taxation (V.A.T.) Committee
 - Grand Bahama & Family Island Committee



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Taxation Committee

- With the introduction of the VAT Regime being the focus of the Ministry of Finance herein The Bahamas; BICA deemed it necessary to form a Taxation Committee – aimed at assisting the Government with the implementation, through:
 - Participation on advisory and technical committees, and
 - Education and training (for our Members, Licensees, and the general public)
- The *ex officio* members of the Taxation Committee are:
 - Technical Committee Chair;
 - SMP Chair; and
 - BICA's Representative on ICAC's Regional Tax Reform Committee.



Investigation & Ethics Committees

- The decision-making body of BICA is known as the Investigation & Ethics Committee and the Disciplinary Committee.
- The Investigation & Ethics Committee shall consist of:
 - A Chairman (who shall be a member of the Council); and
 - Not more than seven (7) other members or associates.
- The Disciplinary Committee consists of:
 - A Chairman (who is a member of the Council); and
 - Not more than eight (8) other members or associates (who are, so far as is practicable, persons of good professional standing comparable to, or senior to, the person complained against); and
 - One (1) person who is not an accountant
- The Council appoints the members of the Investigation & Ethics Committee and the Disciplinary Committee. A member of the Investigation & Ethics Committee shall not at the same time be a member of the Disciplinary Committee.



Complaints of Misconduct

- A complaint that any person registered under the Act has been guilty of professional misconduct may be made to the Council in writing by any person and shall bear the date of the complaint and the signature. Further Regulations require an Affidavit.
- It shall be the function of the Investigation & Ethics Committee to decide whether a complaint ought to be referred to the Disciplinary Committee to be dealt with by them in accordance with the provisions of the Act.



Sanctions for Misconduct

- On the hearing of a complaint, the Disciplinary Committee shall make recommendations to the Council concerning that complaint. The Council, acting on such recommendations, shall either dismiss the complaint or make an order of disciplinary nature:
 - the removal from the register of the name of the person to whom the complaint relates; or
 - Where the person to whom the complaint relates has been issued with a license:
 - The suspension for a period not exceeding one (1) year, or
 - The revocation of the license; and
 - Payment, by a party to the proceedings, of an award of costs or of such sum as the Disciplinary Committee may consider a reasonable contribution towards the costs incurred in connection with those proceedings.



Appeals against Misconduct

- Any person aggrieved by an order by the Council (under Section 23 of the Act) in relation to a complaint made by or against him/her, may within three (3) months of the receipt of any such notice in respect thereof, appeal that account to The Bahamas Supreme Court.



Training

- Annually, typically in November during 'Accountants Week', BICA conducts a one (1) day workshop to introduce any new standards revisions to pronouncements to members and licensees. This is otherwise known as a 'technical update'.



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Human Resources

- The manner in which human resources needed for BICA are selected is through a transparent process that involves the following:
 - Notification to the general public of the vacancy and the requirements/ qualifications to fill the vacancy in the daily periodicals.
 - Electronic Notification to our members of the vacancy and the requirements/ qualifications to fill the vacancy (sent via e-mail).
 - Upon receipt of resumes at the BICA Secretariat, the resumes are reviewed by the Executive Officers of the Council (who have responsibility for Operations) to select suitable candidates for the interview process based on the information contained in the resumes.
 - Suitable candidates are interviewed by at least two (2) members of the Executive with review notes reported to the other Executives with recommendations.
 - If necessary, another round of interviews are conducted with review notes from the short-listed candidates reported to the entire Council with recommendations for the successful candidate as well as remuneration.



Human Resources cont'd

- The candidate is selected by a simple majority vote of the Council with the benefits package also being voted and agreed.
- The probationary period is three (3) months; during which time the candidate is trained and monitored and a probationary evaluation completed at the end of the probationary period.
- If the candidate successfully completes the probationary period, employment continues with appropriate guidance and monitoring and Annual Performance Evaluations are carried out.
- If, at any point during the period of employment, there are any breaches of the employment contract; such breaches are addressed with the appropriate coaching, re-training, citations/warnings up to and including termination.
- There are documented procedures (Terms of Reference) that are reviewed annually (at the beginning of each Administrative year) by Committee Chairs appointed by the Council to ensure that any new requirements, goals, and objectives, are captured and the impacted policies and procedures at the Secretariat are updated to reflect these changes.
- Additionally, BICA has completed a total systems upgrade (hardware and software) complete with the introduction of a comprehensive membership software.



Publications & Information

- As provided for in the Act and other various enabling regulations, BICA is statutorily responsible for regulating the accounting profession in The Bahamas. The manner in which the general public is provided with information regarding BICA is as follows:
 - The Act itself is a matter of public record and can be accessed from the Government's website;
 - BICA's website;
 - Hardcopy gazettes through Government Publications;
 - Annual Reports published in hardcopy as well as made available on BICA's website (that documents goals and objectives of BICA);
 - BICA's Annual General Meeting (AGM);
 - BICA's Action Plan – that is updated and published annually on the International Federation of Accountants (IFAC) website;
 - Educational Forums held throughout the year;
 - Newsletters published throughout the year;
 - Writing and/or telephoning the BICA secretariat for information and resource mediums.



Statistics

- In 2014, five (5) cases were reported:

Nature of Complaint	Investigations Committee Report	Disciplinary Committee	Status
<p>Complainant inquired whether there was a conflict of interest in the case of a member who was hired as a bookkeeper and auditor of a Real Estate Company. The Complainant's concern and objection to this arrangement was based on the fact that this Chartered Accountant was also the husband of a member of the Company and also the brother-in-law of the Vice President and Secretary of the Company.</p>	<p>The Investigations and Ethics Committee advised the Complainant that at this point, the Committee was unable to proceed further as the communication appeared to be more of an inquiry and not a specific complaint against a specific named member of BICA. The Complainant was referred to the Act, as it applies to Complaints of Professional Misconduct. The Complainant was also referred to the Regulations, which state that professional misconduct allegations shall be accompanied by an Affidavit of the Complainant state the matter of fact on which the complainant relies in support of the Complaint. An Affidavit was never provided.</p>	<p>Not referred to the Disciplinary Committee</p>	<p>complete</p>
<p>A former licensed member of BICA applied for reinstatement of his membership and license. However, the Council was aware that the member had been charged with a crime in a Court of law in The Bahamas (June, 2014). July 2014: former member sent a subsequent response that the matter was "quashed and set aside in the courts as though it never happened".</p>	<p>The matter was referred to legal counsel who wasn't very clear on any firm position. He alluded that it was up to the Council whether the individual should have his membership restored. The Council requested further clarification from the legal counsel for its decision. July - August, 2014: the Committee reviewed this matter again as the former member insisted he had been cleared of all charges. We requested that he provide BICA evidence with such details. No information has been received.</p>	<p>Not referred to the Disciplinary Committee</p>	<p>Pending</p>
<p>Complainant reported a member for poor execution of review and audit engagements for the past several years for a religious organization. Whilst the Complainant had exercised much tolerance, the Defendant's many undelivered promises and apparent nonchalant attitude had prompted the complaint (May, 2014). Affidavit was file August, 2014</p>	<p>The Investigations and Ethics Committee requested a formal written Affidavit as required by the Act in order to proceed. The Committee also noted that this was not the first case brought against the Defendant in the past few years. (May, 2014) September, 2014: member was written and given 30 days to provide evidence to defend his position based on the complaint</p>	<p>Not referred to Disciplinary Committee</p>	<p>Complete.</p>
<p>Complainant was a firm of Canadian Attorneys representing several clients in Canada. Inquiry as to whether the named individual was a member or licensee of BICA.</p>	<p>The Investigations and Ethics Committee found that there was no breach of the Act and Regulations. It should also be noted that the Defendant was not a member or licensee of BICA. The Complainant was informed that this was not within our powers to administer any disciplinary action against him.</p>	<p>Not referred to Disciplinary Committee</p>	<p>Complete.</p>
<p>July 2014: Complainant inquired whether members of an accounting and audit profession can practice under Legal Liability Company and also if members are allowed to change the accounts of previous auditors. Also member initially audited the accounts then cancelled them and issued a completion.</p>	<p>The Investigations and Ethics Committee met and found that although we could not act on his queries due to him not filing the Affidavit, we would answer, where possible any of his questions that were general and addressed in the Public Accountants Rules of Professional Conduct. Letter was sent in August, 2014.</p>	<p>Not referred to Disciplinary Committee</p>	<p>Complete.</p>
<p>Based on conversations and correspondence, the complainant is not willing to file an Affidavit at this time.</p>			



Statistics cont'd

- In 2013, there were two (2) cases reported:

Nature of Complaint	Investigations Committee Report	Disciplinary Committee	Status
<p>Complainant reported that the Defendant was in breach of a Magistrates Court agreement to pay the substantial balance of rent owed on leased premises he vacated prior.</p>	<p>The Investigations and Ethics Committee found that there was no breach of the Act and Regulations. It should also be noted that the Defendant was not a member or licensee of BICA. The Complainant was informed that this was not within our powers to administer any disciplinary action against him.</p>	<p>Complete.</p>	<p>Complete.</p>
<p>Complainant accused Member of misappropriating in excess of \$100,000.00 by being negligent in the course of reviewing payments of a mortgage the complainant received from a financial institution.</p>	<p>The Investigations and Ethics Committee asked the complainant to provide an Affidavit in order to bring clarity as to how the Defendant would have been able to misappropriate money from him, given the Defendant never signed on any of his accounts and otherwise did not appear to have any access to his account. The Complainant was asked to prepare an Affidavit to facilitate this understanding pursuant to the Act. The Complainant did not provide the committee with the Affidavit and after a few months, the Committee wrote the complainant again indicating that if not heard from within 30 days, the matter would be considered closed. The complainant did not respond.</p>	<p>Complete.</p>	<p>Complete.</p>

- In 2012, no cases were reported.



Statistics cont'd

- In 2011, there were three (3) cases reported:

Nature of Complaint	Investigations Committee Report	Disciplinary Committee	Status
Complainant informed that Defendant prepared the Financial Statements of a Condominium Association and also performed the Audit.	Defendant was found to be in breach of section 32, Rule #4 Independence and Objectivity of the Public Accountants (Rule of Professional Conduct) Regulations, 1993. Complainant and Defendant were advised and the Defendant withdrew the Financial Statements and sent a written apology to the complainant, the Condominium Association, and BICA.	No further action as Financial Statements were withdrawn. The Committee further issued a letter to Defendant warning that the complainant was not satisfied with action taken.	Complete.
Complainant reported that Defendant was in possession of several personal documents which the Defendant would have received in the course of doing business with the complainant (i.e. passport, bank statements, business license) that the Defendant refused to return.	The Investigations Committee found that there was no breach of the Act and Regulations. It should be noted that the Defendant was not a member or licensee of BICA. The complainant was informed that this was more of a civil matter and advice should be sought in that regard.	Matter not referred.	Complete.
Complainant informed that Defendant was the Manager of a Condominium Association and also performed the Audit.	Defendant was found to be in breach of section 32, Rule #4 Independence and Objectivity of the Public Accountants (Rule of Professional Conduct) Regulations, 1993. Complainant and Defendant were advised that the matter would be referred to the Disciplinary Committee and a hearing would be convened.	BICA is in receipt of correspondence from the Defendant's Attorney who has requested an opportunity to confer with his client prior to the hearing being convened.	Pending.

- In 2010, there were two (2) cases reported:

Nature of Complaint	Investigations Committee Report	Disciplinary Committee	Status
Complainant reported that the Defendant was in breach of contract, negligence, fraud and withholding funds.	Defendant was found to be in breach of Rule #1 Conduct and Reputation of an Accountant, #2 Objectivity and Integrity, #11 Fair Compensation of work performed, the Public Accountants Act (Rule of Professional Conduct) Regulations, 1993, the Complainant and Defendant were advised that the matter was referred to the Disciplinary Committee	A Disciplinary Hearing was held and both the Complainant and Defendant states their cases. Supporting documents were presented by both parties.	Complete. Matter was withdrawn by the Complainant
Complainant reported that Defendant was in breach of description of Public Practice and services related to Public Practice.	Defendant was found to be in breach of Rule #23 Service related to public practice, #3 description of public practice, name of firm of public accountant of the Public Accountants Act (Rules of Professional Conduct) Regulations, 1993.	Matter pending. Awaiting sworn Affidavit from Complainant.	Pending.



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Challenges

- Funding
- VAT Education
- Legislation



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Conclusion

- The Bahamas Institute of Chartered Accountants Bill, 2014 is currently waiting passage in Parliament.



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