

III. Professional Infrastructure

This chapter describes the professional accountancy infrastructure of the Fiji Islands. It is structured as follows:

- 1 – Introduction – describes the development of the Fiji Islands accountancy profession.
- 2 – Professional Regulation and Organization – describes the laws and organizations that regulate the profession and the professional bodies that represent accountants.
- 3 – Fiji Institute of Accountants (FIA) – describes the framework, and activities of the FIA, the national professional accountancy body.
- 4 – FIA Membership and Entry Criteria – sets out the requirements for the Chartered Accountant designation and compares these against international guidelines.
- 5 – Institute of Public Sector Accountants of Fiji (IPSAF) – describes the formation, membership and activities of IPSAF, the professional body for public sector accountants.
- 6 – Professional Quality Control and Assurance – briefly outlines activities in relation to professional quality control and assurance.
- 7 – Registered Tax Agents (RTAs) – discusses the activities of RTAs.
- 8 – Challenges and Responses: The FIA Corporate Plan – outlines the key issues that the Institute has identified and how it intends to address these through the Corporate Plan.
- 9 – Issue Synopsis: Professional Infrastructure – summarizes the issues identified in this chapter.

1. Introduction⁴¹

The development of the Fiji Islands' accountancy profession dates back to the 1940s when the Government accepted a proposal to register tax agents. At the same time, few of the practicing Fiji Islands accountants had recognized professional qualifications. Any person could open an accountancy practice and publicly offer their services. Despite some pressure, the Government did not introduce registration procedures for accountants.

⁴¹ Primary Source: Chand, Parmod. 2002. *Relevance of International Accounting Standards to Developing Countries: The Case for South Pacific Island Nations*. University of the South Pacific: Draft Unpublished Manuscript. pp. 70-73.

It was not until 1961 that the Government acknowledged the need for accountant registration. The Legislative Council subsequently approved the *Public Accountants (Registration) Ordinance 1962* with effect from 1 July 1963. This Ordinance provided for establishment of the Public Accountants Registration Board, which comprised the Registrar and two other Governor-appointed members. It also stipulated the registration requirements. To be registered, Fiji Islands accountants either had to meet the New Zealand Society of Accountants (NZSA) requirements, or be a member of an NZSA-recognized accountants association.

The Board had limited supervisory powers. Moreover, it was ineffective in developing the Fiji Islands' accountancy profession. Registered accountant numbers grew from just 13 in 1963 to only 40 by 1970.

In response, practicing accountants lobbied the Government to establish a strong professional body that would not just control, but also develop the profession. Therefore, at the request of the Public Accountants Registration Board, the Government developed and passed the *FIA Act 1971*. The Act provided for FIA's establishment. Section 6(a) of the Act states that one purpose of the Institute is to "register accountants and to regulate the practice of the profession of accountancy in Fiji." While at the time it was intended that Registered Tax Agents (RTAs) would also be FIA members, this was never implemented.

Today, despite its small size, the Institute has developed into a strong and effective professional body—the standard of its members compares very well with those of other professional accountancy bodies. Nevertheless, the Fiji Islands' accountancy profession faces two key challenges. First, not only does the continued emigration of qualified accountants have considerable social and economic implications, it also directly affects FIA's ability to maintain critical mass. Second, globalization has brought about major changes in professional requirements and in accounting and auditing standards. These changes are largely transitory and the FIA—through its Corporate Plan—recognizes and is working to meet these challenges. However, it is doing so with limited resources.

The 1987 turmoil triggered an exodus of professionals from the Fiji Islands' public sector. In recognition of the need to strengthen public sector financial management, significant efforts have been made in the past five years to professionalize the accounting cadre. The 1998 founding of the Institute of Public Sector Accountants of Fiji (IPSAF) is one such initiative.

This chapter describes the Fiji Islands' professional arrangements and, where relevant, compares these arrangements with international standards and guidelines (see Appendix 4).

2. Professional Regulation and Organization

The Fiji Islands' accountancy profession is largely self-regulated and comprises one domestic private sector professional body; the FIA. As of 30 December 2000, the Institute had 493 members.⁴² There is no regulatory body. The *FIA Act 1971* governs the accountancy profession and FIA members are recognized in several other laws (for instance, by the *Banking Act 1995*).

The *FIA Act 1971*, together with the *FIA Rules*, was last amended in 1997. Among other things, the revisions: (i) extended the required periods of practical experience; and (ii) reduced the tenure period for presidents and vice presidents from two years to one.

Two foreign accountancy bodies have branches in the Fiji Islands: the Australian Society of Certified Practising Accountants (ASCPA), and the Institute of Chartered Accountants of New Zealand (ICANZ).⁴³

3. Fiji Institute of Accountants (FIA)

Introduction

The FIA was established in 1972 in accordance with the *FIA Act 1971*. The Institute was founded with 123 members of whom 71 were Chartered Accountants with other professional accountancy bodies, and 52 were licensed accountants. Licensed accountants were admitted to the Institute based on their experience.

Structure and Financing

A nine-member Council governs the Institute. The Institute President and Vice President head the Council. Council members are elected by members at the Institute's Annual General Meeting, in accordance with the procedures prescribed in the *FIA Act 1971* and *FIA Rules*. The Council appoints members of the Institute's various Committees.

The FIA Council approved a revised structure in November 2001. In addition to the Council, the revised structure will comprise 10 committees: (i) Education, Membership and Awards / Graduate Professional Program;

⁴² As of 31 December 2000. Includes Chartered Accountants, Provisional Members, Affiliate Accountants and Licensed Accountants.

⁴³ Formerly the New Zealand Society of Accountants (NZSA).

(ii) Investigation; (iii) Disciplinary; (iv) Professional Development; (v) Accounting and Auditing Standards; (vi) Business and Government; (vii) Congress Organizing; (viii) Staff and Administration; (ix) Journal; and (x) Act and Rules.

In contrast to the professional accountancy bodies of most other developing countries—which are financially dependent on training income—FIA derives most of its revenues from admission and membership fees and from the FIA Annual Congress (see Table 9).

Table 9: FIA Income and Expenditures, year ended 31 December 2000⁴⁴

	F\$	US\$	Percent
Income			
Admission fees	5,550	2,434	4.3
Members' subscriptions	48,344	21,202	37.5
Surplus from Annual Congress	59,437	26,067	46.1
Surplus from CPE courses	6,150	2,697	4.8
Other	9,549	4,188	7.4
	129,030	56,588	100.0
Expenditure			
International subscriptions	6,679	2,929	7.4
Other	83,150	36,467	92.6
	89,829	39,396	100.0
Net Surplus	39,201	17,192	

The first FIA Annual Congress was held in 1973. The Congress is a landmark event on the Fiji Islands' business and government calendar—it also provides almost half the Institute's revenue (see Table 9).

Code of Ethics and Disciplinary Procedures

In September 1979, the Institute Council developed the *FIA Ethical Rulings* to regulate members' conduct. In response to a markedly changed environment—including growth in membership numbers—the Institute decided to review the *Ethical Rulings*. The review was completed in early 2000 and enabled the *Code of Ethics* to be issued in July 2000.⁴⁵ The *Code* is

⁴⁴ FIA. 2001. *Annual Report 2000*. p. 16.

⁴⁵ FIA. 2000. *Code of Ethics*.

directly based on IFAC's *Code of Ethics* with additional provisions covering trust accounts and advertising. It was issued in accordance with Section 28 of the *FIA Act 1971* and came into effect on 1 July 2000.

The Institute's Investigation and Disciplinary Committees meet three to five times annually to investigate and consider complaints against members. The Disciplinary Committee has a range of sanctions that it can, and does, apply. These include censure, fines and expulsion.

Professional Education

The introduction of mandatory requirements for Continuing Professional Education (CPE) in 2000 has heightened demand for professional education courses. Among other things, the Institute arranges regular Technical Conferences. For instance, 152 people attended the Technical Conference in July 2000; topics included "Cases of Strategic Management" and "Presentation of Cash Flow Statements."⁴⁶

The Institute has recently reached agreement with ASCPA and ICANZ on CPE course delivery within the Fiji Islands.

International and Regional Affiliations

FIA was admitted as a member of the International Accounting Standards Committee when IASC was formed in 1973, and as a member of IFAC in 1974. The Institute is also a member of the Confederation of Asian and Pacific Accountants (CAPA).

4. FIA Membership and Entry Criteria

The Institute has six membership categories (see Table 10).

⁴⁶ FIA. 2001. *Annual Report 2000*. p. 8.

Table 10: FIA Membership Categories and Numbers⁴⁷

Membership Category	Admission Requirements	Members at 31 December 2000
Chartered Accountants in Public Practice (CPP)	A CPP may be issued to a Chartered Accountant who has had at least three years' acceptable practical experience in the office of a chartered accountant—after their admission as a Chartered Accountant.	37
Chartered Accountants	To be designated a Chartered Accountant (i.e. be admitted to full membership), candidates must satisfy the Council that they: <ol style="list-style-type: none"> (i) have had at least three years' practical experience under the supervision or guidance of a full member <u>since meeting the provisional membership requirements</u>; or (ii) have had at least six years' practical experience under the supervision or guidance of a full member <u>and have met the provisional membership requirements</u>; or (iii) are members of a professional accountancy body that the Institute recognizes (e.g., the Institute of Chartered Accountants of Australia, or the Institute of Chartered Accountants in England and Wales). 	236
Provisional Members	<p>Holders of an accounting degree from USP, who have not yet met the practical experience requirement, are eligible for registration as Provisional Members. The prescribed degree requirements are presented in Appendix 5.</p> <p>Alternatively, those who have studied in Australia or New Zealand and are associates of ASCPA or provisional members of ICANZ are eligible for provisional membership.</p>	104
Affiliate Accountants	Holders of the following tertiary qualifications can be admitted as Affiliate Accountants: Diploma of Accounting from USP; Diploma in Business Studies (Accounting) from FIT or from any other institute recognized by the Institute.	107
Licensed Accountants	Fifty-two accountants were admitted to the Institute when it was founded in 1973, based on their experience. This membership category is no longer available.	10
Student Members	Students studying accountancy at tertiary institutions are invited to become student members and partake in Institute activities.	21
Total Members at 31 December 2000		515

⁴⁷ Primary Sources:

- FIA. 2001. *Annual Report 2000*. p. 10.
- FIA. 2001. *Requirements for Registration as a Member of the Fiji Institute of Accountants*.

Despite high admissions, the Institute loses significant numbers of members annually—principally to emigration.

“While the number of new members admitted is encouraging, the Institute continues to lose members—principally through emigration—and this has particularly been the case in 2000, following the “civilian coup” on 19 May 2000. It is difficult to gauge with any precision the exact number of members who have migrated permanently; 72 are known to have migrated.”⁴⁸

Figure 2: FIA Membership Trends 1995–2000⁴⁹

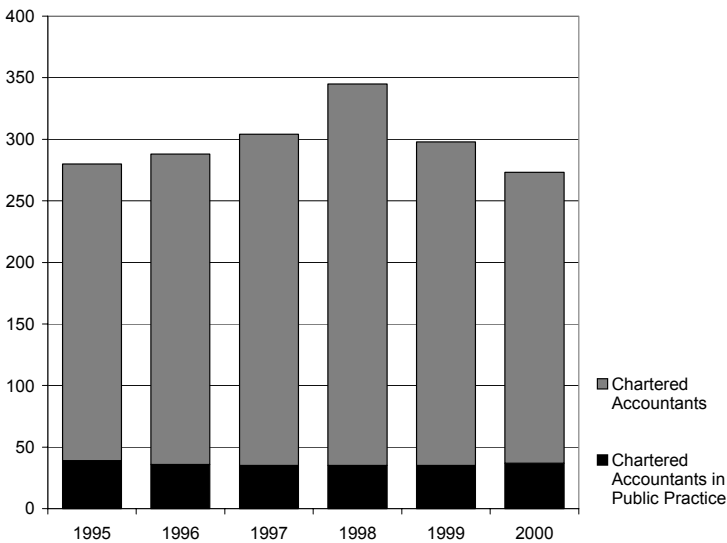


Table 11 sets out FIA’s admission requirements for Chartered Accountants and compares these against international and selected country requirements. IFAC recommends that the appraisal process be founded upon the key components of a professional qualification, falling into: (i) education—entry standards / body of knowledge; (ii) examinations—tests of professional competence; and (iii) experience—relevant to the practice function.⁵⁰ Furthermore, IFAC requires that CPE be a requirement for practicing accountants (see Appendix 4).

⁴⁸ FIA. 2001. *Annual Report 2000*. p. 10.

⁴⁹ *Ibid.* p. 10.

⁵⁰ IFAC. June 1995. *Statement of Policy of Council: Recognition of Professional Accountancy Qualifications*. New York: IFAC.

Table 11: Professional Accountancy Qualifications⁵¹

Requirement	International	Fiji Islands (FIA: Chartered Accountant, CA)	Sri Lanka (ICASL: CA)
Education	Recognized education program (IFAC: IEG 9, Para 26).	<input checked="" type="checkbox"/> Prescribed degree in accountancy (see Appendix 5).	<input checked="" type="checkbox"/> Range of entry qualifications accepted—degree not necessarily required.
Examination	Yes (IFAC: IEG 9, Para 44).	<input checked="" type="checkbox"/> While there is no specific professional examination, degree requirements cover aspects of professional examinations.	<input checked="" type="checkbox"/> Yes.
Practical Experience	Minimum of three years practical experience in an appropriate, supervised environment (IFAC: IEG 9, Para 49).	<input checked="" type="checkbox"/> Either at least three years since meeting the education requirement, or at least six years (i.e., concurrent with the education requirement). Experience must be gained under the supervision of a Chartered Accountant in an approved undertaking.	<input checked="" type="checkbox"/> At least three years for university degree holders and four years for others.
Continuing professional education (CPE)	Annual minimum of 30 hours, or 90 hours over each three-year period, of structured learning activities (IFAC, ISAR).	<input checked="" type="checkbox"/> / <input checked="" type="checkbox"/> 20 hours annually, or 60 hours over a three-year period. At least half should be structured (formal).	<input checked="" type="checkbox"/> Recommended but not mandatory.

5. Institute of Public Sector Accountants of Fiji (IPSAF)

Introduction

The Institute of Public Sector Accountants of Fiji (IPSAF) was founded in 1998 to represent public sector accountants and to advance the profession within the public service. IPSAF’s Constitution governs its operations and stipulates election and management procedures. The Institute President, Vice President and a five-person Committee govern IPSAF.

⁵¹ Table adapted from: Favere-Marchesi, Michael. 2000. Audit Quality in ASEAN. *The International Journal of Accounting*. Vol. 35(1). pp. 121-149.

Membership and Finances

IPSAF had 214 members as of 31 December 2000 (see Table 9). The Institute derives its income from fortnightly member subscriptions.

Table 12: IPSAF Membership, 31 December 2000⁵²

Membership Category and Admission Requirements	1999	2000
Full Members		
• Assistant Accounting Officers (AAOs) and above.	153	161
Associate Members		
• Senior Clerical Officers (SCOs) or those who have completed a Diploma in Business Studies (Accounting), but have not been promoted to AAO.	38	53
Total	191	214

Activities

The Institute publishes a newsletter and convenes an Annual Conference—the most recent of which was held in July 2001. It also provides limited support for professional training activities for members.

6. Professional Quality Control and Assurance

In comparison to international guidelines and norms (see Appendix 4), the FIA does not currently emphasize quality control assurance over professional practices. However, the Institute has signaled its intention to address this issue as part of its Corporate Plan.

7. Registered Tax Agents (RTAs)

The requirement for Tax Agent registration was introduced in the 1940s. RTAs continue to provide advice on taxation matters. They are registered with the *Tax Registration Board* of the Fiji Islands Revenue and Customs Authority (FIRCA). RTA qualification requirements are currently quite low, however FIA—through its representation on the TRB—is supporting moves to improve these requirements.

⁵² Institute of Public Sector Accountants of Fiji (IPSAF). 2001. *Institute of Public Sector Accountants of Fiji (IPSAF) for the year ended 31 December 2000*. p. 5.

Furthermore, it is contended that some RTAs provide accountancy services to small businesses in areas where Chartered Accountants are not available. This contravenes the *FIA Act 1971*, which conveys a monopoly on these services to FIA members who hold *Certificates of Public Practice*.

8. Challenges and Responses: The FIA Corporate Plan

In the late 1990s, the FIA Council identified a range of issues that the Institute faced. These included: (i) the need to align the FIA qualifications with international and regional norms; (ii) the need to redefine FIA membership categories and to increase membership; (iii) a growing international and regional emphasis on quality assurance over professional activities; (iv) the need to enhance CPE in line with international guidelines; (v) the need to raise Fiji Islands’ accounting and auditing standards to international standards; and (vi) the need to raise the profession’s status and effectiveness.

In response to these challenges, the Council developed a *Corporate Plan* during 2000-01.⁵³ The *Corporate Plan* was developed with assistance from AESOP Business Volunteers (partially supported by AusAID). It details six key result areas and associated action plans (see Table 13). The Institute began implementing the *Corporate Plan* in 2001—beginning with a structural reorganization.⁵⁴

Table 13: Fiji Institute of Accountants: Corporate Plan 2001-2006⁵⁵

Objectives	Activities
I. Institute Membership and Services	
<ul style="list-style-type: none"> Promote Mutual Recognition of FIA Membership Implement an Internationally Recognized Graduate Professional Program (GPP) Review and Redefine Membership Categories and Increase Membership Redefine “Accountant” and “Accounting Profession” 	<ul style="list-style-type: none"> Update FIA admission criteria to at least Australian and New Zealand standards Update list of overseas bodies accepted by FIA to at least Australian and New Zealand level Design and progressively implement GPP Analyze existing and potential membership Set sectoral targets for membership drive Review and introduce membership categories that better reflect market needs

⁵³ FIA. 2001. *Corporate Plan 2001-2006*.
⁵⁴ McDonald, Ross (FIA President). 2001. Our Corporate Plan. *The Fiji Accountant*. December 2001. p. 5.
⁵⁵ Synopsis of: FIA. 2001. *Corporate Plan 2001-2006*.

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Table 13: Fiji Institute of Accountants: Corporate Plan 2001-2006 (continued)

Objectives	Activities
<p>II. Institute Support, Activities, Image and <i>FIA Act 1971</i></p> <ul style="list-style-type: none"> • Improve FIA Technology Support • Promote the Institute and the Profession • Realign the <i>FIA Act 1971</i>, Structures and Resources to Better Meet Members' Needs 	<ul style="list-style-type: none"> • Develop the Institute's office technologies • Implement FIA website • Systemically promote the Institute and the Profession • Review and realign: (i) Council role and responsibilities; (ii) Committee structures, roles, responsibilities and resources; (iii) Executive Director role and responsibilities; (iv) Education and development, administrative and technology support; (v) Financial resources usage; and (vi) the <i>FIA Act 1971</i>
<p>III. Professional Ethics and Discipline</p> <ul style="list-style-type: none"> • Introduce Quality Control and Benchmarking • Review, Promote and Monitor Professional Standards and Ethics 	<ul style="list-style-type: none"> • Introduce quality control and benchmarking • Review discipline process • Provide regular education to members on rules, regulations and standards • Publicize Ethical Code and all breaches of the code and other relevant regulations and rules
<p>IV. Professional Education and Development</p> <ul style="list-style-type: none"> • Implement High-Quality Professional Development (PD) Programs • Provide Access to Education Programs • Ensure Traditional Accounting, Technical Accounting, IT, Specialist and Multidisciplinary Advisory Skills are Included in Education and PD Programs 	<ul style="list-style-type: none"> • Review, revise and progressively implement PD program to meet market needs • Progressively raise structured and unstructured PD hours to 40 hours, over a two-year period • Improve FIA-USP linkages through formal processes and systemically monitor and publish results • Assess market needs through USP Advisory Board (or FIA resources) and publish results • Review range and roles of education providers • Provide access to education programs • Regularly assess quality and content of education and PD programs • Benchmark FIA program content and availability against similar Australian and New Zealand activities (at least)

Table 13: Fiji Institute of Accountants: Corporate Plan 2001-2006 *(continued)*

Objectives	Activities
V. Accounting and Auditing Standards	
<ul style="list-style-type: none"> • Adopt and Actively Monitor Accounting and Auditing Standards • Introduce Quality Control and Benchmarking 	<ul style="list-style-type: none"> • Complete review and adoption of international accounting and auditing standards • Provide regular training on standards • Actively monitor and report on field practices regarding standards • Benchmark field practice to international standards • Investigate, decide on and adopt quality control and benchmarking for FIA • Monitor and evaluate results
VI. Business and Government	
<ul style="list-style-type: none"> • Improve the Focus and Impact of the Annual Congress • Promote Fiji Business • Promote Small and Medium-Sized Enterprises (SMEs) • Lead and Facilitate General Reform Program • Provide Public and Private Advice to Government 	<ul style="list-style-type: none"> • Improve the focus and sectoral attendance at the Annual Congress • Prepare and systemically release comments to media • Establish "Small-to-Medium Business" event based on basic accounting and value-added accountancy services • Coordinate annual event with others (e.g., tax agents, banks, etc) • Issue quarterly communiqué on SME concerns • Develop FIA strategy and form a partnership with the public sector reform process • Develop and publicize FIA plan and agenda for legislative changes

9. Issue Synopsis: Professional Infrastructure

Chapter VIII – *Issues and Recommendations* – identifies and describes constraints and proposes corrective actions. These include the following issues regarding Fiji's professional accountancy infrastructure:

- The requirements for FIA Chartered Accountant membership fall short of international guidelines in two respects: (i) the absence of a professional examination; and (ii) lower than-expected requirements for CPE. However, the *FIA Corporate Plan: 2001-2006* envisages that these issues will be addressed.
- It is contended that inappropriately-qualified RTAs are performing accountancy services in contravention of the monopoly conferred to FIA members (who hold a CPP) under the *FIA Act 1971*.
- FIA's membership categories do not extend to government accountants.