



# INSTITUTE OF SOLOMON ISLANDS ACCOUNTANTS

## ANNUAL REPORT 2019



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ANNUAL REPORT**

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## **VISION**

***“To become a Professional Accounting Organisation by 2020.”***

## **ABOUT THE INSTITUTE**

### **Background**

The Institute of Solomon Islands Accountants (‘ISIA’) was originally formed in August 1982 under the Charitable Trust Act [Cap 55] by a group of Solomon Islanders who had undergone training in accountancy and were employed in the private and public sectors in accountancy and accounts related work. It subsequently became a statutory body established under the Accountants Act 2010 (“the Act”).

The Institute has recently opened its Secretariat office at the NPF Plaza and recruited its first ever CEO in 2018 with the financial assistance of the Australian Government through the Department of Foreign Affairs and Trade (DFAT).

## **GOVERNANCE**

The Institute’s strategic direction and oversight of the Secretariat’s business are managed by the ISIA Council which is made up of 10 members who gets voted in by the Institute’s financial members during the Annual General Meeting (AGM) annually. In addition to these 10 Council Positions, the Council gets to appoint two co-op members. The Council is headed by the President. Apart from the President, the Council comprises of a Vice President, a Treasurer, Secretary and 6 Council member positions.

## **MEET YOUR COUNCIL – 2019 / 2020**



President – Mr. David Dennis

Vice President – Mr. Peter Soqoilo

Treasurer – Mr. Roger M. Townshend

Secretary – Mr. Smiley Giobauta

### **Council Members**

Ms. Rhoda Meleu

Mr. Simon Ramoifai  
 Mr. Lester Soaika  
 Mr. Johnson Lobo  
 Mrs. Hazel Hamutagi (resigned May 2019)  
 Mrs. Pamela Alamu (resigned July 2019)  
 Mr. Bruce Raymond Phillips (Co-opt Member)  
 Mr. Peter Lokay (Co-opt Member)

## COUNCIL PERFORMANCE MATRIX

### Council Meetings Attendance

	NAME	Position	Number of meetings held	Presents	Apologies	Absents
1	David Dennis	President	5	4	1	
2	Peter Soqoilo	Vice President	5	5		
3	Roger Townshend	Treasurer	5	2	3	
4	Smiley Giobauta	Secretary	5	3	2	
5	Johnson Lobo	Council Member	5	3	1	1
6	Lester Soaika	Council Member	5	5		
7	Simon Ramoifai	Council Member	5	1	4	
8	Rhoda Meleu	Council Member	5	5		
9	Pamela Alamu	Council Member	3	3		
10	Hazel Hamutagi	Council Member	1		1	
11	Peter Lokay	Co-opted Member	5	3	2	
12	Bruce Phillips	Co-opted Member	4	3	1	

## **SECRETARIAT**

The day to day operations of the Institute is currently managed by the ISIA Secretariat which is headed by the Chief Executive Officer (CEO) who is assisted by a Finance Administrative Officer (FAO).

### **Secretariat Staff**

Chief Executive Officer (CEO) - Mrs Pamela Naesol-Alamu CPA

Finance Admin Officer (FAO) - Mrs Everlyn Suibaea

## PRESIDENT'S REPORT



On behalf of my colleague Council members, it is my pleasure to present this Annual Report of the Institute of Solomon Islands Accountants for the year ended 31<sup>st</sup> December 2019.

Before describing the major events for the reporting period, I have to draw attention to the extraordinary events that have occurred after the end of the 2019 financial year.

### *COVID-19 Pandemic*

As you are all very well aware, the unexpected advent of COVID 19 towards the end of my term and its subsequent impact on the whole country, has resulted in major delays to the planned operations of ISIA – including the conducting of the 2020 AGM which should have been held by the 30 March 2020.

Council was required to focus on ensuring the sustainability of the institute which included maintaining the delivery of key projects that were being funded by the Australian Government – such as the development of ISIA into an institute capable of carrying out its responsibilities under the Act.

To this end, your Council and its Secretariat have been maintaining the pressure to pursue the initiatives required to achieve this goal.

As Council is a voluntary role, it requires individuals who make the time and contributions necessary, without reward towards, to achieve our goal of creating an international standard professional accounting organization. I would like to acknowledge their dedication and hard work, without which we would not be able to achieve the good work and progress to date. I also would like to acknowledge the great work our CEO and team have also contributed and thank them for their dedication especially during the recent difficult times.

### *Progress towards our vision*

Our current vision was to “To become a Professional Accounting Organisation by 2020.”. Clearly, we are still quite a way away from that goal.

ISIA is still building its foundations and requires ongoing focus in relevant areas towards developing the accounting profession in Solomon Islands. There is much to do and a need to reprioritise some areas.

I believe that the accounting profession has the potential to significantly contribute to nation building and in time deliver professionals who can engage broadly in the economy and other areas.

I look to our members (past, current and future) to be inspired to engage and together help deliver on a new Vision to be an international standard professional accounting organisation that provides leadership and builds trust in the accounting, assurance, finance and business advisory professions in Solomon Islands.

### **MILESTONES ACHIEVED IN 2018-2019**

The following are the key strategic achievements for the period up to the next Annual General Meeting including challenges and a vision of the future.

#### *New Chief Executive Officer (CEO)*

The 2019 Council was onboarded without a CEO following the unplanned departure of the previous CEO, and immediately embarked on filling this role.

It was not until August of 2019 that the Council managed to appoint Mrs Pamela Naesol-Alamu as the replacement CEO. Mrs Alamu had been a Council member on the ISIA Council since 2015, and twice been Vice President (2016/2017) and Secretary to Council (2018). She is a passionate advocate for developing the Solomon Islands accounting profession, and to raise accounting standards in this country. She is also a determined advocate for women in leadership in the Solomon Islands.

#### *DFAT Grant funding*

Following the landmark Partnership Agreement with the Australian Government in 2017, ISIA continued to receive critical support towards funding the CEO role and key foundation activities to assist ISIA in achieving its statutory role.

With the support of the Australian Government, ISIA (successfully) pursued renewed funding for 2020/2021 in order to put in place a learning and development framework to support its members in a transition towards a professional accounting organisation. Whilst this initiative has been impacted by COVID 19, it remains a key foundational focus for ISIA for the immediate future.

#### *ISIA Statutory Compliance Project*

This program, also funded by the Australian Government, was started in 2018 and has been ongoing. This project is to support ISIA in achieving full statutory compliance and where necessary recommend changes to the Act and rules to support ISIA in achieving its vision. We are grateful to have an old friend of ISIA, Mr Robert Cohen (former Acting

Auditor General of Solomon Islands) as a Technical Advisor. Mr Cohen has had a long association with ISIA and remains a key advocate and supporter of ISIA.

During 2019 workshops on a pathway to international recognition and new rules for ISIA were workshopped with members. It was pleasing that attending members were supportive of the strategies outlined for identifying key principles and steps required to progress forward. Those endorsements were crucial for the Technical Advisor to be able to progress the next steps of developing the statutory framework that was presented to members in 2020.

Because of the lateness of the 2020 year, it is essential that I speak to what we have done with the framework to date and where we go as next steps.

### *Statutory framework*

The Technical Advisor has presented a draft statutory framework to Council for review and this will be lodged with the yet to be formed Standards Committee for review and recommendation to the Institute for adoption. The framework establishes the basis for formulating the amendments to the Act, Regulations and Statutory Rules which need to be established to make ISIA compliant with the Act and achieve its Vision.

The draft rules will require a staggered rollout in line with other initiatives underway to support our members in the transition. We require member engagement throughout to ensure our vision and new values put the interests of all members first without compromising the need to improve our professionalism and deliver on our statutory role.

This Project remains a critical focus for current and future Council foundation building activities.

### *New strategy for ISIA*

Although this initiative properly belongs to the 2020 financial year, given the lateness of this report due to COVID-19, I must tell you that the current Council embarked on revamping our strategy and putting in place a new vision, mission and values which align with international standards and enshrines the various foundational activities already underway and required in the future.

A strategic planning document has been prepared for consideration by the incoming Council which focuses on a number of key strategic planks comprising:

- Membership
- Professional Development
- Act, Rules and Standards
- Branding and Profile Building

- Business and Government
- Communications and Technology
- Congress
- Staff and Administration
- Financial Stability

This framework will be subject to further workshops in 2020 including with our general membership. Please keep an eye out for these and take part in building our future ISIA.

### *Professional Development*

During 2019, ISIA engaged with development partners volunteer services to source a volunteer to assist with developing and rolling out an in-country learning and development framework. This framework is critical for supporting the upskilling and on-going professional skills development for our members. COVID19 impacts have put this on hold and ISIA is currently working with those volunteer organisations on suitable options.

In 2019 ISIA had also commenced expressions of interest from established global professional accounting training organisations in Australia and UK to assist with developing an expanded professional development framework which covers the needs of our members at entry, technician and professional levels. Whilst these have also been impacted by COVID19, ISIA will continue to progress this in 2020.

### *Public and Private Sector partnership*

ISIA has been working with the Solomon Islands Government Accounting Service (SIGAS) towards a partnership in jointly developing both public and private sector needs to international standards. Offering an opportunity to deliver suitable professional development solutions as well as ensuring a uniform accountability framework, progress has been positive with plans to formalize a relationship in 2020.

ISIA intends to create new membership classes and special public sector committee which cater to public sector needs. The training partners which ISIA is exploring a partnership with, will have capability for both public and private sector training content all at international standards.

### *Regional and Global Relationships*

ISIA continues to engage with the Confederation of Asian Pacific Accountants (CAPA) and the International Federation of Accountants (IFAC) as the premium regional and global accounting bodies. Meetings held during 2019 highlighted the importance of regional alignment of accounting practices and possibilities, with donor support, of a pooled approach in areas of common needs.

This was especially apparent in ISIA's need to develop an independent quality assurance system for professional auditor members. ISIA values and is grateful for these relationships and looks forward to continued strong relationship in the future.

#### *Financial results 2019*

The attached financial report needs to be read with the knowledge that the report is based upon 15 months rather than 12 months due to a realignment of the reporting period to the calendar year in line with Solomon Islands reporting practice.

In terms of financial performance during the year, ISIA was able to increase its reserves delivering an audited net surplus of \$301,760. This was driven primarily by funds provided under the Australian Government support which enabled ISIA to deliver a record eight workshops in 2019.

COVID 19 impacts will result in significantly reduced revenue in 2020, however Council is confident that it has taken necessary steps to ensure ISIA is well positioned to ensure both business continuity and positive result into 2021.

#### *Going forward into 2020*

ISIA's immediate plans remain to complete the foundational activities, transform and adapt to remain relevant and capable of supporting the accounting profession needs in Solomon Islands. We will look to supporting local accounting development needs and drawing on international or offshore skills to supplement where necessary. I am confident, with our new CEO, a determined incoming Council, the Australian Government and your support, ISIA will be successful in these endeavours.

I would like to convey my sincere thanks to the outgoing Council, CEO and staff of ISIA, STA Rob Cohen and to the Australian Government for ensuring ISIA success in 201-2019.

My thanks also to our members for engaging in our activities. We value your feedback, so please jump on our new website [www.isia.org.sb](http://www.isia.org.sb) and share your views on this report or any other aspect of ISIA which we can improve.

Thank you

David Teika Dennis  
President

President

## CEO REPORT



It is with great pleasure that I present to you the inaugural CEO Report for the Institute of Solomon Islands Accountants for the period 2019 / 2020.

It has been an interesting period during which we, as a professional accounting organisation (PAO), experience progress, successes and unprecedented challenges from the global pandemic, and ultimately being forced to revisit our original plans and rethink about the best way going forward.

As with all other PAOs globally, ISIA has been significantly impacted by the COVID 19 Pandemic. As the head of the ISIA Secretariat, I have to say that the past 6 months has not been an easy journey for a young organisation at its start-up phase, with limited resources.

Since taking up office in August 2019, ISIA had made some progress in its development. Some of the highlights are briefly described below.

### ACHIEVEMENTS IN 2019

#### *Public launching of website*

ISIA did a public launch of its website on 30<sup>th</sup> August 2019. This was facilitated by the Solomon Islands Chamber of Commerce and Industry (SICCI) through their Business After 5 (BA5) program which was co-hosted with Solomon Airlines.

At the launch, attending ISIA members and business houses were given an update on recent developments in the Institute and also on ISIA's plans going forward. The key message given out during the launch is about who the registered practitioners are, and that anyone whose name is not on the list of registered practitioners (which can be accessed on the website), and is providing accounting and auditing services to the public, is doing so illegally. Attendees were also advised to contact the Institute if they wanted to raise complaints against any of its members, which they could do so via the chat function on the website.

#### *OAG provides a IT-connected venue for ISIA's examination centre*

The Auditor General has agreed to provide a space in the Office of the Auditor General (OAG) to ISIA to host its planned online examination centre. This centre is crucial for delivering online courses and examinations for candidates at technician and professional level. ISIA is grateful to the Auditor General, as well as to the Australian Government for providing technical expertise and funds necessary to establish the centre.

#### *CPA Australia conducted CPD Workshops*

ISIA and CPA Australia facilitated 8 professional workshops during the year. The topics covered included:

- Advanced Fraud Investigation
- The Accountant as a Strategic Advisor
- International Financial Reporting Standards (IFRS)
- Executive Leadership, and
- Risk and Governance.

Thanks to subsidies received from the Australian Government, the overall profit made from all workshops held throughout the year amounted **to \$90,638**.

#### *Members Information Nights*

The Secretariat organised two members information events in 2019. The first presentation was done by Mr. Robert Cohen who is the Technical Advisor to ISIA giving an update to members on the Institute's roadmap for the next 5 years.

The second session was by a presentation by a team of visiting auditors from Pricewaterhouse (Fiji), giving updates on IFRS 9, 15 and 16; ISA 540 (revised); and preparing for year-end (auditors expectations).

#### *DFAT Funding Proposal Submission*

ISIA formally submitted a proposal to the Australian Government for further funding of its activities for the next 18 months from January 2020 to June 2021 on 5<sup>th</sup> of December, 2019.

The main components of the proposal include funding support for:

- CEO remuneration
- volunteer support to the Secretariat and recruitment of a local training officer
- capital funding to equip the planned online examination centre
- inaugural annual Congress; and
- ISIA's communication strategy activities. Total funding applied for is \$1,605,000.

I am pleased to report that this proposal was approved by the Australian Government in April 2020 and has enabled the Secretariat to continue with its work in developing the Institute.

### *ISIA attends VAT consultations with SIG*

ISIA was recognized by the Solomon Islands Government as a key stakeholder in consultations on a proposed new VAT tax regime that was held by the Economic Reform Unit (ERU) of the Ministry of Finance and Treasury.

The consultation was held on 11<sup>th</sup> of September and was successful with ISIA members presenting their views on the proposed change from Goods and Sales Tax to Value Added Tax.

After the meeting, the CEO informed by the facilitating officer of their appreciation for the contributions made by ISIA and its members, and that they will send another invitation to ISIA for further consultation once they have a draft Bill in place to legislate these changes.

### *ISIA attends IFAC Conference*

The President, CEO, Technical Advisor and Secretary attended a conference organised by the International Federation of Accountants (IFAC) from the 10<sup>th</sup> to 12<sup>th</sup> of December in Kuala Lumpur, Malaysia. Other representatives from Solomon Islands included the Accountant General and the Deputy Auditor General.

The three-day conference was based on the theme “Developing Accountancy Capacity in Emerging Economies” and focused on exploring action-oriented reforms to enhance Public Financial Management (PFM) and accelerate the accountancy profession’s contribution to building sustainable, resilient and effective institutions.

I was invited to be a panelist in one of the sessions on the topic “Experience Building Accounting Capacity in a Fragile and Conflicted Affected State” during which I shared with the participants ISIA’s journey as a PAO from establishment to now - opportunities and challenges faced, successes and failures, and the way forward for ISIA to continue building its capacity as the national PAO in Solomon Islands.

## **COVID 19 PANDEMIC**

### *Impact on ISIA’s 2020 Program*

At the end of 2019, all our plans had been laid out and ready to roll in 2020 - a Medium Term Plan, and ISIA’s Roadmap to achieving international accreditation with IFAC.

Unfortunately, the COVID 19 pandemic significantly impacted the progress of the implementation of the ISIA Medium Term Plan (from which the CEO Quarterly Workplans are derived).

Consequently, all our plans have now been moved back by at least a year. As highlighted in my Update to Members circulated in August of this year, the Institute's activities most affected were mainly:

- postponement of the 2020 AGM
- freezing of the work program
- revision of strategic workplans
- cancellation of all CPA workshops
- postponement of annual congress
- postponement of the recruitment of volunteer which in turn also affected ISIA's employment of a local training officer and the expansion of training program; and
- delay in setting up the online examination centre.

I look forward to working with the incoming Council to progress the many initiatives that are currently in train for the Institute.

Pamela Naesol-Alamu (Mrs) CPA  
Chief Executive Officer