

Report No. AAA74 - SR

Suriname

Report on the Observance of Standards and Codes (ROSC) -- Accounting and Auditing

May 31, 2012

Financial Management Unit, Operations Services Department
Caribbean Country Management Unit
Latin America and the Caribbean Region

CURRENCY: SURINAME DOLLAR (SRD)

1 USD = SRD 3.25 (as of April 10, 2012)

Main Abbreviations and Acronyms

A&A	Accounting and Auditing
ACCA	Association of Chartered Certified Accountants (UK)
CBS	Central Bank of Suriname
CLAD	<i>Centrale Landsaccountantsdienst</i> (Central Government Auditing Bureau - CLAD)
CPD	Continuing Professional Development
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GBS	General Bureau of Statistics
GDP	Gross domestic product
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants of England and Wales
IESBA	International Ethics Standards Board of Accountants
IFAC	International Federation of Accountants
IFRC	International Financial Reporting Committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
MOF	Ministry of Finance
NBA	<i>Nederlandse Beroepsorganisatie van Accountants</i> (Netherlands Professional Organization of Accountants)
NIVRA	<i>Koninklijk Nederlands Instituut van Registeraccountants</i> (The Netherlands Institute of Registered Accountants)
NOvAA	<i>Nederlandse Orde van Accountants-Administratieconsulenten</i> (Netherlands Accounting Body of Certified Accountants)
PPP	Purchasing power parity
ROSC	Reports on the Observance of Standards and Codes
SAI	Rekenkamer van Suriname (Supreme Audit Institution)
SME	Small and medium-size enterprise
SOE	State-owned enterprise
SSE	Suriname Stock Exchange
SUVA	Surinaamse Vereniging van Accountants (Institute of Chartered Accountants of Suriname)

Vice-President	Hasan A. Tuluy
Country Director	Francoise Clottes
Sector Director	Elizabeth O. Adu
Sector Manager	Trichur K. Balakrishnan
Task Team Leader	M. Mozammal Hoque

Standard Disclaimer:

This volume is a product of the staff of the International Bank for Reconstruction and Development/ The World Bank. The findings, interpretations, and conclusions expressed in this paper do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Copyright Statement:

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The International Bank for Reconstruction and Development/ The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA, telephone 978-750-8400, fax 978-750-4470, <http://www.copyright.com/>.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA, fax 202-522-2422, e-mail pubrights@worldbank.org.

Table of Contents

EXECUTIVE SUMMARY	i
I. Introduction and Country Context	1
II. Institutional Framework for Corporate Financial Reporting	6
A. Statutory and Legal Framework	6
B. The Accountancy and Audit Profession	8
C. Professional Education and Training	11
D. Setting Accounting and Auditing Standards	13
E. Ensuring Compliance with Accounting and Auditing Standards	14
III. Accounting Standards as Designed and as Practiced	16
IV. Auditing Standards as Designed and as Practiced	18
V. Perceptions on the Quality of Financial Reporting	20
VI. Policy Recommendations	21
A. Strengthening Statutory Framework	22
B. Implementing International Standards	22
C. Strengthening Capacity of National Institutions and Monitoring	23

Preface

The global financial community considers that the adoption and implementation of internationally recognized standards and codes provides a framework to strengthen domestic institutions, address potential vulnerabilities, and improve transparency in regard to the economic health of a country. The Report on Observance of Standards and Codes, Accounting & Auditing (ROSC A&A) is a joint initiative of the World Bank and the IMF on standards and codes. It covers one of the twelve modules developed jointly by the World Bank and IMF to strengthen the international financial architecture.¹ The ROSC thus aims to enhance countries' resilience to economic shocks and to better support their risk assessment and investment decisions.

The ROSC A&A focuses on the institutional framework regulating accounting and auditing practices, and the comparability of national accounting and auditing practices with international standards and best practice, using International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) as benchmarks. It evaluates the effectiveness of enforcement mechanisms for ensuring compliance with applicable standards and codes.²

Shortly after assuming office in August 2010, the new Government of Suriname sought to reengage with the World Bank, which the Government sees as a partner in its efforts to diversify its economy into a globally competitive one, and to restructure its public and private sectors. In the reengagement letter, Suriname expressed interest in conducting a ROSC A&A.³

This ROSC A&A review was carried out by the World Bank from December 2010 to June 2011, in active collaboration with the Government of Suriname through the Ministry of Finance and the Central Bank of Suriname, and with the assistance of stakeholders, including the Institute of Chartered Accountants of Suriname (SUVA). It included discussions with representatives of the accounting profession, banks, and insurance companies, corporate entities, some multinational companies, state-owned enterprises, Rekenkamer van Suriname (the country's Supreme Audit Institution), *Centrale Landsaccountantsdienst* (the government's Auditing Bureau), audit firms, the Suriname Chamber of Commerce, and academia. The Ministry of Finance and the Central Bank of Suriname guided and facilitated the ROSC review exercise.

¹ The current ROSC modules as approved by the boards of the World Bank and IMF are monetary and financial policy transparency, fiscal policy transparency, data dissemination, banking supervision, securities regulation, insurance supervision, crisis resolution and deposit insurance, insolvency, corporate governance, accounting and auditing, payment, clearing and settlement, and market integrity.

² An overview of the ROSC A&A program, including rationale and detailed methodology, is available at http://www.worldbank.org/ifa/rosc_aa.html.

³ Although the World Bank's first involvement with Suriname was in 1954, when it published *Recommendations for a Ten-Year Development Program*, the last significant engagement was a proposal for a hydropower plan in 1980. Since then, the Bank had little engagement with the country, although some missions did take place and reports were issued, including *Diagnosis of Key Public Sector Issues* (World Bank, P07355, November 2002); *HIV/AIDS Prevention and Control* (World Bank, P090018, December 2004); and *Suriname: Improving the Legal Framework for Investment* (FIAS, IFC, April 2005).

The World Bank ROSC team comprised M. Mozammel Hoque (Task Team Leader, Senior Financial Management Specialist, LACFM); M. Zubaidur Rahman (Program Manager, OPCFM, and ROSC Team Adviser); and Cyril Soeri (Local Consultant). Ms. Lindsay Tjong A Hung provided research support for the analysis of the financial reports. The report benefitted substantially from comments of peer reviewers Auguste T. Kouame (Lead Economist and Sector Leader, LCSPR); Marius Koen (Lead Financial Management Specialist, ECS03); Mariano Cortes (Lead Financial Sector Specialist, LCSPF); Andrei Busuioc (Financial Management Specialist, ECCAT); and Thomas Zimmermann (Senior Technical Manager, Member Body Development, IFAC).

The task team is extremely grateful to Alan Carroll, Operations Adviser, for his thoughtful comments, which greatly improved the quality of the report. Giorgio Valentini (Country Representative) provided useful guidance and was involved in some of the policy discussions. Trichur Balakrishnan (Manager, Financial Management, LCSFM) and Daniel Boyce (Lead Financial Management Specialist, LCSFM) also provided guidance.

The task team additionally acknowledges the contributions of David Martinez Munoz (Operations Officer, LCSFM); Paul Dowling (Operations Analyst, LCCGY); Michiel P. Paris (Junior Professional Associate, LCSPE); and Alejandra Gonzalez (Program Assistant, LCSFM).

The ROSC team appreciates the excellent cooperation and support provided by Iris Sandel and Cinthia Ramdin from the Ministry of Finance, and Maikel Soekhnandan and Nicole Pieters of the Central Bank of Suriname. The team is also grateful to the Minister of Finance and the Governor of the Central Bank of Suriname for their generous support and guidance.

EXECUTIVE SUMMARY

1. This report provides an assessment of the corporate sector accounting, financial reporting, and auditing practices in Suriname, with the aim of assisting the Government of Suriname's efforts to strengthen private sector accounting and auditing practices and enhance financial transparency in the corporate sector, so as to support the Government's objective of private sector-led growth and deepened integration with the international economy.

2. Suriname is one of the smallest country in South America, with a total land area of 163,820 sq km (or 63,241 sq miles) and population of 531,170 (2010)). Suriname has GDP of US\$4.4 billion (2010) and per capita income of US\$8,297, as per the General Bureau of Statistics (GBS).¹ Suriname's economy is heavily dependent on the extractive sector (especially alumina, oil, and gold), which accounts for about 55 percent of GDP and 95 percent of total exports of goods. The prospects for the oil industry are positive, and bauxite deposits are among the world's most extensive. In contrast, the agriculture sector represents about 10 percent of GDP. The tourism sector accounts for about 15 percent of GDP and is mainly focused on the Netherlands, with daily flights between the two countries by Suriname Airways, a state-owned company, and KLM. Overall, the medium-term economic outlook for Suriname is favorable, with public debt projected to remain relatively low, at 18 percent of GDP by end-2010 and a small budget surplus projected from beginning in 2014, as economic output and commodity prices recover. At independence, the Netherlands provided about \$3 billion in foreign aid through the Dutch Treaty Fund. This Fund was fully committed in 2009 and current projects being implemented using the Netherlands Treaty Fund amount to about \$36 million. In addition, the Inter-American Development Bank is also major donor, with a portfolio of about \$70 million.

3. For Suriname to develop a competitive and efficient financial sector and facilitate growth of a vibrant private sector, its financial reporting system must be reasonably robust to earn investors' confidence. A strong financial reporting regime for corporate entities in both the private and public sectors will benefit the Suriname economy in several ways, including:

- Contributing to financial sector development through strengthening the country's financial architecture and helping reduce the risk of financial crises and corporate failures, and their associated adverse economic impacts that have been witnessed in many industrialized and developing countries.
- Increasing foreign direct investment through greater confidence in, and improved comparability of financial information.
- Facilitating economic integration on an international level, through further alignment of Suriname's national standards and codes with those of its main trading partners.
- Improving access to financing for small and medium-size enterprises by providing banks and venture capitalists with standardized, useful, and reliable information.

¹ Unless otherwise specified, the unit of currency used in this review is the US dollar.

4. **Key Findings.** Accounting and auditing practices in Suriname should be developed in line with the growing economy as well as with international good practice in order to better address an environment that reflects the following:

- The legal and regulatory framework for corporate financial reporting, accounting, and auditing should be strengthened. Currently there is no requirement for accounting standards to be used, nor a requirement for auditing of entities unless specifically mentioned in the Articles of association of the company.
- A review of 25 sets of published accounts and corporate financial statements revealed differences between current practices in Suriname and the International Financial Reporting Standards (IFRS).
- In Suriname, the demand for qualified accountants outstrips the supply. Except for large corporate entities, the corporate sector in general does not have access to professionally qualified accountants, of whom there are only 35 in Suriname, whereas the Chamber of Commerce and other stakeholders' estimates demand as 200-300. In general, professional accountants in Suriname often face capacity challenges, including keeping up to date with evolving professional standards and practices.
- The Institute of Chartered Accountants of Suriname (SUVA) faces substantial capacity challenges. Moreover, it is yet to be an official independent body per Suriname law.
- Auditors face capacity challenges and are sometimes placed in an invidious ethical position because they are also, in practice, preparing the accounts that they subsequently audit. Moreover, to date there is no legal mandate to follow International Standards on Auditing (ISA) for audit of various enterprises in Suriname.
- The academic education in accounting lacks adequate coverage of professional values and ethics. Formal education can significantly sharpen aspiring accountants' awareness of ethical problems, and can influence their reasoning and judgment with respect to ethical dilemmas. For this reason, the International Federation of Accountants (IFAC) recommends teaching professional ethics separately in the pre-qualifying education of professional accountants.
- There is a need to better implement audit quality control standards.

5. **Recommendations.** Key tasks for strengthening Suriname's accounting and auditing practices are (a) establishing institutional mechanisms for regulating the accounting profession and enhancing technical capacities of the profession and associated regulatory agencies, (b) establishing an independent oversight of the auditing profession, (c) improving professional education and training, and (d) providing implementation guidance for adopted reforms. The recommendations proposed in this report are presented for the consideration of appropriate authorities in Suriname. They are suggested as inputs for the development of a country action plan, geared toward strengthening the corporate financial reporting regime in Suriname through building the capacity of relevant players. The recommendations include:

- ***Strengthen the statutory framework.*** Enact an Accountants Act that establishes a national accountancy body as an independent legal entity and defines its roles and responsibilities.

- ***Mandate and implement international financial reporting standards.*** Mandate IFRS for public interest entities and nonlisted large companies, and simplified IFRS for other nonlisted companies and medium-size enterprises.
- ***Mandate International Auditing Standards.*** Mandate ISA for the audit of all public interest entities, nonlisted companies, and medium-size enterprises using ISA. Audit would not be mandated for small and micro enterprises.
- ***Strengthen the capacity of the national professional accountancy organization.*** Develop SUVA/Institute of Chartered Accountants of Suriname into an active national organization to represent Suriname both nationally and internationally in the corporate financial reporting and auditing arenas. An independent professional accountancy body in Suriname should be established on the framework of SUVA with adequate legal backing to develop the accountancy profession in the country and represent the profession both nationally and internationally. Government support will be critical to establishing a legal and institutional framework (including establishing in law the Institute of Chartered Accountants of Suriname) and to strengthening the country's capacity for regulating the accountancy profession so as to facilitate future implementation of applicable international standards and codes.
- To strengthen the capacity of SUVA, ***establish a twinning arrangement between SUVA and an IFAC member body.***
- ***Strengthen the capacity of the Central Bank of Suriname and the Ministry of Finance.*** The monitoring and enforcement capacity of the Central Bank of Suriname (CBS) and the Division of State-Owned Enterprise of the Ministry of Finance (MOF) should be strengthened. It is essential that staff of these entities have the ability to conduct reliable reviews of corporate financial statements and to understand the relationship between prudential and general purpose corporate financial statements.
- ***Develop an independent audit quality review mechanism.*** It is critical to develop an implementable arrangement for independent audit quality assurance review of the auditors of public interest entities, nonlisted large companies, and medium-size enterprises in Suriname. This arrangement might be developed through collaboration among the financial sector regulators, tax authorities, the professional accountancy organization, and other relevant institutions, with appropriate legal backing. In addition, the capacity of the Rekenkamer van Suriname (the country's Supreme Audit Institution, or SAI) should be strengthened.
- ***Foster curriculum development.*** The government should consider strengthening outreach to accounting departments in universities and other educational institutions with a view toward upgrading the curriculum in graduate programs, which should include IFRS and ISA.

- **Regulate the securities market.** The Government should devise a mechanism for regulating the securities market to protect the interest of stakeholders. Until such a mechanism is instituted, the current Stock Exchange of Suriname could undertake this responsibility.
- **Introduce a public awareness program.** An awareness program for improving the degree of compliance with the applicable financial reporting requirements should be introduced. SUVA and government regulators should work jointly to design awareness programs that highlight the significance of compliance with accounting and auditing standards, and to improve information dissemination channels. Shareholders, directors, and top officials from the corporate sector should be briefed adequately on their responsibilities to ensure compliance with standards and enforcement processes, including legal implications. These programs could benefit from the discussions of cases focusing on emerging international developments and the role of transparent financial reporting in attracting both strategic and portfolio investors.

6. These recommendations would significantly enhance the country’s corporate financial reporting and auditing practices and the working environment for professional accountants and auditors in Suriname. In developing an action plan toward these goals, the Government should prioritize and sequence the practical reform, taking into account available resources.

7. **Action Plan.** The following action plan has been prepared by the Government of Suriname to further develop accounting and accounting standards and to build sustainable capacity of the key accountability institutions in Suriname. The Government is considering ways by which to implement effectively this Action Plan.

Action Plan (1–4 years)	Responsibility
A. Improve financial governance in parastatals and public enterprises	Ministry of Finance
A.1 Review accounting and auditing practices, and conduct a capacity needs assessment.	
A.2 Foster capacity development in accounting and auditing.	
A.3 Prepare timely and good quality financial statements.	
A.4 Ensure timely audit of financial statements.	
A.5 Train Board and Audit Committee Members.	
A.6 Review corporate governance.	
A.7 Strengthen capacity of the Ministry of Finance (SOEs Unit).	
B. Establish a national accountancy body and build its capacity	Joint Desk (MOF and CBS) and SUVA
B.1 Draft and enact an Accountancy Act to establish Institute of Chartered Accountants of Suriname (SUVA) as an independent legal entity, and to adopt the application of IFRS for public interest entities and nonlisted large companies, and simplified IFRS for other nonlisted companies and medium-size enterprises.	
B.2 Strengthen technical capacity of SUVA – technical staffing and establish its Secretariat.	

B.3	Develop a Continuing Professional Development program - for both SUVA members and students.	
B.4	Establish a SUVA Centre – develop physical facility for SUVA.	
B.5	Establish a modern library and documentation centre for SUVA.	
B.6	Develop curriculum at the higher education-level for accountancy education.	
B.7	Arrange twinning support for SUVA with a professional body of a developed/regional country.	
B.8	Develop an appropriate independent audit quality review arrangement – Audit Oversight Board under the Ministry of Finance/Central Bank of Suriname.	
B.9	Provide training to the accountants in the public sector on international standards and public financial management.	
C.	Improve regulatory environment in the capital market	Ministry of Finance/Central Bank
C.1	Establish a Securities and Exchange Commission (SEC) by an Act of Parliament.	
C.2	Appoint key SEC staff and develop their technical capacity.	
C.3	Prepare regulations for regulating the capital market.	
D.	Strengthen the capacity of the Central Bank	Central Bank
D.1	Review the capacity needs of the Central Bank (Bank Supervision Unit)	
D.2	Provide training for broadening, and strengthening supervision of financial institutions.	
D.3	Conduct general financial review of the financial statements of financial institutions.	
E.	Strengthen audit and oversight capacity	Ministry of Finance
E.1	Provide support to Rekenkamer van Suriname (SAI) to implement its Strategic Plan.	
E.2	Provide support to SAI to strengthen its staff capacity.	
E.3	Provide support to SAI to conduct financial and performance audit.	
E.4	Provide support to the government’s Audit Bureau (CLAD) to strengthen its capacity, and support to strengthen internal auditing capacity in the line ministries.	
E.5	Provide support to the concerned Parliamentary Committee to review the reports submitted by the Rekenkamer (SAI).	

I. INTRODUCTION AND COUNTRY CONTEXT

1. **The Reports on the Observance of Standards and Codes, Accounting and Auditing Review (ROSC A&A), is a joint initiative of the World Bank and IMF.** The ROSC A&A focuses on the corporate accounting and auditing environment that influences the quality of corporate financial reporting, and involves a review of both mandatory requirements and actual practices. It uses International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) as benchmarks and draws on recent global experiences and good practice in the field of corporate financial reporting and auditing. A diagnostic template developed by the World Bank to facilitate collection of information was used in this review; it was complemented by the findings of a due diligence exercise, based on a series of meetings with key stakeholders conducted by the World Bank ROSC team.

2. **Trend of ROSC A&A Findings Worldwide.** As of June 30, 2011, the World Bank has conducted ROSC A&A reviews in 112 countries. Although each ROSC A&A review and its recommendations are tailored to the specific situation of the country being analyzed, the reviews as a whole have revealed a number of cross-cutting issues that are frequently present. Among these are (a) outdated legal frameworks; (b) weak accountancy professions; (c) widespread noncompliance with the applicable accounting and auditing standards; (d) weak monitoring and enforcement mechanisms; (e) lack of access to international standards and absence of implementation guidance based on country-level case studies; and (f) inadequate academic curriculum and professional training.

3. **Country Background.** Suriname is one of the smallest countries in South America, with an area of 163,820 square kilometers (63,241 square miles) and a population of 520,000.¹ Suriname gained independence from The Netherlands in 1975. Democracy was reestablished in 1987 after a decade of military rule. Currently, Suriname is a multiparty constitutional democracy with a presidential system of government, in which the president and vice-president are elected by the 51-member unicameral National Assembly, and the president appoints the executive government. The National Assembly is elected every five years. Following elections in May 2010, H.E. Desire Delano Bouterse was sworn in for a five-year term as President of Suriname in August 2010; the *Mega-Combinatie* (Mega Combination) coalition he leads holds 36 seats in the National Assembly.

4. **Economy.** Suriname has GDP of US\$4.4 billion (2010) and per capita income of US\$8,297, as per the General Bureau of Statistics (GBS).² Suriname's economy is heavily dependent on the extractive sector (especially alumina, oil, and gold), which accounts for about 55 percent of GDP and 95 percent of total exports of goods. The prospects for the oil industry are positive, and bauxite deposits are among the world's most extensive. In contrast, the agriculture sector represents about 10 percent of GDP. The tourism sector accounts for about 15 percent of GDP and is mainly focused on the Netherlands, with daily flights between the two countries by Suriname Airways, a state-owned company, and KLM. Overall, the medium-term economic outlook for Suriname is favorable, with public debt projected to remain relatively

¹ According to the *World Development Report 2011*, published by the World Bank. The latest census (2004), indicated the population of Suriname as 493,000.

² Unless otherwise specified, the unit of currency used in this review is the US dollar.

low, at 18 percent of GDP by end-2010 and a small budget surplus projected from beginning in 2014, as economic output and commodity prices recover. At independence, the Netherlands provided about \$3 billion in foreign aid through the Dutch Treaty Fund. This Fund was fully committed in 2009 and current projects being implemented using the Netherlands Treaty Fund amount to about \$36 million. In addition, the Inter-American Development Bank is also major donor, with a portfolio of about \$70 million.

5. The public sector employs more than 60 percent of the formal sector workforce. Suriname has 144 parastatals and state-owned enterprises (SOEs), some of which are among the country's largest business entities while others (42 of them) are not in operation, although they have assets and/or liabilities.³ Of the entities in operation, 74 are parastatals, 20 public corporations, 4 financial institutions, and 4 enterprises having mixed ownership (3 banks and one hotel). In some cases, there is limited financial information on these entities, although in recent years some improvements have been noted.⁴ The Government plays an important distributive role in the economy, collecting revenues from royalties, taxes, and grants and reallocating them via the public sector.

6. The Corruption Perception Index of the Transparency International (2009) ranks Suriname 75 out of 180 countries. Suriname's economic freedom score is 53.1 in the *2011 Index of Economic Freedom*, ranking it 129 among 179 countries in measures that demonstrate "the fundamental right of every human to control his or her own labor and property."⁵ Its score is 0.6 point higher than in 2010, reflecting gains in 4 of the 10 components of economic freedoms. Suriname is ranked 22nd out of 29 countries in the South and Central America/Caribbean region, and its overall score is lower than the world and regional averages. The Government is making commendable efforts to improve the business environment. By streamlining government procedures, it is reported that the time needed to register a limited liability company has been reduced from 500 days to less than a month in 2011.⁶

7. The private sector is characterized by many small firms producing goods and services, mainly domestic trading, with the sector's growth hampered by the state's heavy presence in the economy. It is estimated that there are about 16,000 active private enterprises although a far larger number are formally registered with the Suriname Chamber of Commerce.⁷

³ Parastatals are government-owned and –managed; state-owned enterprises are government-owned but with independent management and are governed by specific Organic Laws. Among the latter, State Oil is the largest, with an annual turnover of \$569 million (2010). Suriname Airways is another large SOE, with annual revenue of about \$100 million. Due to a lack of transparency, there is little information about the finances of some state enterprises.

⁴ For example, to improve transparency in the mining sector, Suriname recently agreed to join the Extractive Industries Transparency Initiative (EITI), which promotes and supports improved governance in resource-rich countries through full publication and verification of company payments and government revenues from oil, gas, and mining. In 2010, the Bank organized a workshop to develop awareness about the requirements of EITI. The government is planning to prepare an action plan and take the necessary steps for reporting on the operations of foreign companies in Suriname and the revenue generated by the Government from such operations.

⁵ The Heritage Foundation. <http://www.heritage.org/index/> and Cost of Doing Business Report.

⁶ IMF website, www.imf.org/external/np/ms/2011/021711a.htm.

⁷ The records of the Suriname Chamber of Commerce, as of June 17, 2011, report 27,776 business enterprises registered, with 18,272 sole proprietorships; 2,859 partnerships; 5,032 limited liability companies, of which 11 are listed with the stock exchange; 1,222 foundations; 107 associations; and 284 branches of foreign companies.

Limited access to financial resources is cited as one of the main impediments to private sector growth. One factor impeding access to credit is that financial information about the firms seeking credit is often insufficient or unavailable, which means that potential lenders are unable to assess these firms' repayment capacity. The quality of accounting and auditing practices in a country like Suriname is important for both the private and public sectors, in that both play an important role in driving the country's growth.

8. **There is limited foreign investment and few foreign companies operating in Suriname.** Foreign direct investment, 2007-2009, was only \$539 million. Foreign companies are concentrated in the gold and bauxite sectors. Currently, all investments, both foreign and local, are subject to the same standard regulatory laws that govern daily trade. However, larger, multi-million dollar investors have been able to negotiate separate terms with the Government of Suriname in matters such as land acquisition and mining.

9. **Although the financial sector of Suriname is small and is continuing to evolve, approximately 80 percent of the Surinamese population has a bank account.** The financial sector comprises 9 commercial banks, 5 insurance companies, 34 pension funds, and 29 credit unions. Other financial intermediaries include finance companies, investment companies, and development banks. Some of these are subsidiaries of the commercial banks. The Government holds an interest in seven financial institutions, with its participation ranging from 10 to 100 percent.⁸ The credit unions are quite small; their total assets are less than 1 percent of the assets of the financial sector. The three largest banks account for more than 80 percent of total assets and deposits of the sector.

10. **The Suriname Stock Exchange (SSE) started operations in 1994.** The 11 companies listed in the SSE have a market capitalization of about \$300 million. In addition, State Oil issued a bond in 2010 for \$45 million, which was over-subscribed. The trading in the stock market is quite low. The buyers of stock tend to retain the stock for a substantial period rather than promptly selling their shares. There is no supervision ordinance in place for the SSE. The 11 SSE members have internal regulations in place with respect to the terms and procedures for the settlement of transactions.

11. **Suriname has few professional accountants.** In other small countries where the private sector is more developed, the ratio of accountants to population is significantly higher than in Suriname. The ratio of professional accountants per thousand population is 0.07 in Suriname compared to 0.44 in The Bahamas, 0.81 in Trinidad and Tobago, 0.92 in Mauritius, 2.54 in Barbados, 2.74 in Singapore, and 3.68 in Malta⁹ (see Table 1).

⁸ The total asset of the banks amount to SRD 5.8 billion (\$1.78 billion) as of December 2010. The banks provide traditional loan and savings products. The total assets of the pension funds are SRD 1,053.9 million (\$324 million) whereas the total assets of insurance companies are SRD297.45 million (\$91 million) as of December 2009. The Royal Bank of Trinidad and Tobago NV (RBTT, Suriname), which is being taken over by the Royal Bank of Canada, is the only foreign bank in the country.

⁹ The qualified accountants in Malta comprise the foreign qualified accountants serving in that country.

Table 1. Cross-Country Comparison: Population, Accountants, and GDP

Countries	Population in 000	No. of Accountants	Population to Accountants Ratio	GDP (PPP) Billion USD	Per Capita GDP (PPP) USD
1. Singapore	4,741	13,000	2.74	291.0	62,100
2. Malta	408	1500	3.68	10.4	25,000
3. Mauritius	1,304	1200	0.92	18.1	14,000
4. Trinidad & Tobago	1,228	1000	0.81	26.1	21,200
5. Barbados	287	728	2.54	6.3	21,800
6. The Bahamas	313	137	0.44	8.9	28,700
7. Suriname	520	35	0.07	4.7	9,700

Source: CIA Fact Book 2010, and websites of various accountancy bodies. According to the World Development Report 2011, published by the World Bank, the per capita gross national income of Suriname is \$6,990 (PPP).

12. **One of the priorities of the Government of Suriname is to improve the country's investment climate in order to foster private sector growth.** To reach that goal, Suriname will need to strengthen its accounting and auditing practices, as both local and foreign investors require credible financial information for investment decision-making purposes. A strong financial reporting regime for corporate entities in both the private and public sectors would benefit the Suriname economy in several ways, including:

- Contributing to financial sector development through strengthening the country's financial architecture and helping reduce the risk of financial crises and corporate failures, and their associated adverse economic impacts that have been witnessed in many industrialized and developing countries.
- Increasing foreign direct investment through greater confidence in, and improved comparability of financial information.
- Facilitating economic integration on an international level, through further alignment of Suriname's national standards and codes with those of its main trading partners.
- Improving access to financing for the small and medium-size enterprises by providing banks and venture capitalists with standardized, useful, and reliable information.

13. **This ROSC A&A aims to support the government's objectives of improving the investment climate and fostering private sector growth,** in particular through (a) designing a solid legal and regulatory framework governing the accounting and audit profession in Suriname, (b) improving the technical skills of accounting and audit practitioners, and (c) enhancing the institutional capacity of the country's accounting professional body and educational institutions. The realization of these three elements would further contribute to the following:

- ***Making Suriname's business environment more conducive to private investment.*** Complete, timely, and reliable corporate financial reporting is necessary to allow companies' access to credit from banks and other pools of savings. Moreover, it can help improve the flow of foreign direct investment (FDI) into Suriname by fostering investors' confidence in the ability of local companies to allocate resources effectively and manage their enterprises efficiently. Enhanced access to credit and higher flows of

FDI will in turn support the country's objective of increasing the level of private investment, especially in industries with higher added-value.

- ***Supporting the governance agenda in Suriname.*** The A&A ROSC will contribute to the governance agenda by highlighting areas for strengthening capacity in public and private sectors, and providing recommendations aimed at (a) enhancing the institutional capacity of the accounting associations; (b) improving the quality of accounting education; and (c) strengthening the regulatory framework for governing accounting and audit practices in Suriname.
- ***Regional integration.*** By providing inputs for improving financial transparency in the domestic corporate sector and strengthening accounting and auditing practices, the A&A ROSC contributes to the country's economic integration agenda. In addition, the experience acquired from conducting A&A ROSC activities in Caribbean countries provides a basis for inter-country dialogue for improving corporate financial transparency, so that these countries can collaborate in developing a common model of regulation for corporate sector accounting and auditing and enhance the quality of accounting and auditing on a regional basis with the support of the Institute of Chartered Accountants of the Caribbean (ICAC).

II. INSTITUTIONAL FRAMEWORK FOR CORPORATE FINANCIAL REPORTING

A. Statutory and Legal Framework

14. **The Trade Law of 1936 governs the formation of companies in Suriname; there is no separate accounting and auditing act in Suriname to regulate the accountancy profession.** However, the Trade Law of 1936 (Wetboek van Koophandel) provides the basis of accounting and the reporting requirements for companies (vennootschappen) and partnerships (vennootschap onder firma). The Trade Law requires maintaining accounts and preparing financial accounts of the company (Article 1) and also preparing a balance sheet within six months after the close of the fiscal (accounting) year (Article 2). A limited liability company is required to prepare a balance sheet and profit and loss account, including notes to the financial statements, within eight months from the end of the fiscal year (Article 73). However, no reference is made in the Trade Law about following any accounting standards for reporting on business entities in Suriname.

15. **Per the current law, there are no separate legal requirements for audit unless it is specifically mentioned in the Articles of Association of the company.** Article 74 of the Trade Law requires a general meeting of shareholders (only if the deed of incorporation states this as mandatory) and appointing an expert (*deskundige*) to “investigate” (not “audit”) the financial statements. The Law does not define “expert.” The financial statements are at the disposal of stakeholders at the company office, including the “report of the expert.” However, no reference is made whether this report should be audited by the auditor of the company.¹⁰ In practice, the expert is the auditor of the company in Suriname. The expert reports to the general meeting of shareholders regarding the financial statements that have been prepared by the company management. Per the Trade Law, the management should publish the financial statements in the Trade Register within eight days after approval by the general meeting of the shareholders.

16. **The legal and regulatory requirements of Suriname are outdated and cannot meet current requirements for fostering private sector-led growth of the economy.** The Government is fully aware of these legal and regulatory shortcomings. In 2009, a Bill for Civil Law of Suriname was drafted. The proposed Civil Law has been considered by the Council of Ministers but has yet to be submitted to the National Assembly. As currently drafted, 18 Articles in the proposed Civil Law would address the requirements for accounting and auditing of legal entities.

17. **The proposed Civil Law falls short of meeting international good practice requirements for corporate financial reporting.** For example, the proposed Law could make **specific** reference to an auditor’s opinion on the financial statements, to avoid possible

¹⁰ An auditor’s report provides high level assurance; a review report provides medium assurance; compilation report provides no assurance; agreed upon procedures only provides assurance on the reported findings and procedures performed.

misinterpretation when the term “expert statement” is used. The Law could provide the required qualifications of the “external expert.” The Law could also include a Corporate Governance Code, similar to the Sarbanes-Oxley Act in the United States, Commissie Frijns in The Netherlands, or Turnbull in the United Kingdom, to promote the preparation of financial statements based on a high degree of internal control.

18. **The Income Tax Law does not reflect the actual information needs of the tax authority, such as submission of financial reports for business entities.** However, per the Trade Law of 1936, companies are required to report on their fiscal financial position (balance sheet) and the operational result (profit and loss account). The Law requires neither notes to the balance sheet and profit and loss account nor notes to the applied accounting principles. The tax authority would benefit from good accounting practices; however, tax officials in Suriname often express the view that the accounting records are not completely reliable, referring to a “shoe-box administration”¹¹ for small companies. In discussions with Tax Department officials as part of the ROSC A&A, they noted that there should be specific requirements in the tax law for submission of audited financial statements for corporate entities enforced by law, and they further suggested that the audit firms and accounting firms that will be engaged for such services should first have been formally recognized by the Institute of Chartered Accountants of Suriname (in Dutch, Surinaamse Vereniging van Accountants, or SUVA).

19. **The Central Bank of Suriname is responsible for prudential supervision of financial institutions.** The Central Bank has five regulations for the financial sector,¹² but none of these require the preparation of the accounts of the financial institutions using IFRS. In addition to the provisions of the Trade Law of 1936, the legal provisions for regulation of financial institutions are governed by the Bank Act (Bankwet) of 1956 (reviewed in 2005 and updated in 2010 and approved by the Parliament) and the Law on Supervision of Financial Institutions (Wet Toezicht Kredietwezen), which were updated on December 2, 2011. These pieces of legislation include the following provisions: (a) financial institutions are required to prepare financial statements that include a balance sheet, profit and loss account, and notes to financial statements; and (b) the Supervisory Board of the respective financial institution assesses the financial statements and is authorized to appoint an auditor, who must be a certified accountant.¹³ Under the Bank Act, no reference is made to the accounting standards to be followed by the financial institutions. Except for smaller pension funds, all financial institutions are audited to meet the requirements of the Articles of Association of the respective companies. The Central Bank does not have any role in selecting an auditor nor does it have any power to object to the appointment of an auditor selected by a company.

¹¹ Allegedly, some business owners do little more than throw their receipts into a shoebox, and then an accountant prepares the accounts with the goal of limiting tax exposure. This is colloquially known as “shoe box accounting and administration.”

¹² These are (a) Loan Provision Regulations, (b) Fixed Asset and Investment Regulations, (c) Capital Adequacy Regulations, (d) Prudential Regulations on Large Exposures, and (e) Insider Lending Regulations.

¹³ Only the Dutch Certified Accountant with a post-masters degree “registered accountant” qualification is currently mentioned.

B. The Accountancy and Audit Profession

20. **In Suriname, the demand for qualified accountants outstrips the supply.** Except for large corporate entities, the corporate sector in general does not have access to professionally qualified accountants, of whom there are only 35 in Suriname, whereas the Chamber of Commerce and other stakeholders estimate demand as 200-300. Part of this demand is met by accounting technicians and by newly qualified university graduates. However, according to the Association of Surinamese Business, accountancy graduates from secondary education and bachelors degree programs cannot provide high-quality services due to inadequate education and training in international standards. Educational programs from industrialized countries are implemented in Suriname through correspondence courses without taking into account the specific business needs of Suriname, such as study of the related financial and tax acts and the Civil Law of the country.

21. **Professionals working in accountancy firms find it difficult to stay updated on recent developments in accounting and auditing.** These practitioners are constantly competing to maintain and expand their client base. Many practitioners in small and medium-size accountancy firms in Suriname are also handicapped by their lack of investing adequate time in attending continuing professional development (CPD) courses on to the current literature including case studies on the applicable accounting and auditing standards. Such a situation limits the quality of auditing in the country.

22. **The accountants for many corporate entities lack the skills to prepare financial statements in accordance with applicable accounting and reporting requirements, undermining compliance.** The limitations in legal and regulatory environment provide little incentive for company directors to ensure that financial statements are prepared per established standards.

23. **The absence of legal audit requirements limits market demand for auditing services, with audit fees decided by market forces.** In Suriname, there are seven practicing audit firms, four of which are linked with international firms. The big international firms are well represented in Suriname. Audit firms affiliated with international networks audit most financial entities as well as large corporate entities. Many stakeholders indicated that few small and medium-size enterprises have their financial statements audited.

24. **Auditors are often responsible for assisting in the preparation of accounts, which conflicts with expressing an independent opinion on the financial statements.** Per general international practice, the preparation of financial statements is the responsibility of corporate management; however, some stakeholders have stated that there are frequent instances, especially among small and medium-size enterprises, where management shifts the responsibility for preparing financial statements onto auditors. This may be due to the lack of qualified professionals available for preparing financial statements, as well as corporate management's misperception about the role of the auditors. The latter point arises from company directors' lack of knowledge of auditing principles and procedures, which significantly impair their fiduciary responsibility. To comply with the independence principles as laid out in the ISA and the International Ethics Standards Board of Accountants' (IESBA)

Code of Ethics for Professional Accountants; auditors should not audit the financial statements that they prepare. Better enforcement of professional standards on auditors and effective sanctions against practitioners who do not abide by the appropriate standards could help ensure better audit quality.

25. **The local law in Suriname does not require professional indemnity insurance.** Some practicing auditors who work for affiliates of international accounting firm networks in Suriname are covered by professional indemnity insurance. While auditors are subject to civil liability, they are not required by law to take professional indemnity insurance and are not concerned about the risks of malpractice suits. Professional indemnity insurance is not a well-known concept in smaller accountancy firms in Suriname.

26. **SUVA was established in 2007 by local qualified accountants, and adopted a charter incorporating a mission to serve the public interest in accordance with international standards and good practice.** The founding members of SUVA are members of Royal NBA (*Nederlandse Beroepsorganisatie van Accountants*).¹⁴ In April 2011, its membership reached 28, of whom 18 are independent public practitioners, with most of the remaining members working in private enterprises. To date, SUVA does not have formal legal recognition, although it is in the process of obtaining it.¹⁵

27. **The current legal status of SUVA restricts its ability to regulate the accountancy profession in Suriname.** Moreover, SUVA is dependent on volunteer members and should reduce this dependence by employing adequate full-time qualified personnel. Going forward, increasing technical resources will help SUVA to organize itself as a professional body and discharge its obligations to its membership, including supervision of members, implementation of ethical standards and disciplinary procedures, and provision of continuing professional development (CPD). SUVA members claim that CPD for accountancy professionals in Suriname is included in the Royal NBA CPD program. However, in practice, there is no evidence that Royal NBA has played this role in Suriname, and there is no formal relationship between SUVA and the Royal NBA.¹⁶ SUVA does not have any plan to launch its own curriculum for professional training.

28. **In June 2010, SUVA was admitted as an associate member of the Institute of Chartered Accountants of Caribbean (ICAC).** With the help of ICAC and the Royal NBA, SUVA submitted its formal IFAC application on June 1, 2011. IFAC deferred the consideration of SUVA's application until it has a solid legal framework and adequate capacity to regulate the accountancy profession in Suriname. (Table 2 depicts SUVA's compliance with IFAC Statement of Membership Obligations.)

¹⁴ *Royal Instituut van Registeraccountants (Royal NIVRA)* is the main accountancy body in The Netherlands. The Dutch Accounting Body of Certified Accountants (NOvAA) is also a recognized accountancy body in The Netherlands. Some of the members of SUVA are also the members of NovAA. In 2010, the Royal NOVRA and NovAA merged, under the title of Royal NBA. Without a local qualification certificate in Suriname, most indigenous professional accountants are members of Royal NBA.

¹⁵ SUVA is registered with the Ministry of Justice and Police as an "Association." However, it is still not a separate independent body per Surinamese law.

¹⁶ However, Royal NBA is providing guidance to SUVA to enable it to receive IFAC recognition as the accountancy professional body of Suriname.

29. **At present, all SUVA members hold recognized foreign accountancy qualifications, with 80 percent having studied in The Netherlands and registered with the Royal NBA.** Some SUVA members have their qualifications from the American Institute of Certified Public Accountants (AICPA). Many students are also studying for qualifications under the Association of Chartered Certified Accountants (ACCA) of the United Kingdom, which is quite active in Suriname. However, it should be made clear by SUVA as to whether those having ACCA qualification will be admitted as a SUVA member and would be allowed to practice as a professional accountant in Suriname.

30. **Development of SUVA’s technical and administrative capacity would allow it to function as an effective professional accountancy body.** To strengthen its capacity, SUVA is planning to implement a quality assurance arrangement with respect to performance of its members by using the ICAC quality assessment procedures.¹⁷ SUVA does not yet provide sufficient guidance to its members on how to improve the quality of audits. It has no investigation and disciplinary committee that is proactive with respect to disciplining errant public practitioners. SUVA, in collaboration with the Royal NBA, is in the process of establishing a Technical Committee tasked to address local technical issues and to raise public awareness of accounting issues. However, the discussion on this matter is still at the preliminary stage.

31. **SUVA should adopt a code of ethics for its members.**¹⁸ It is expected that SUVA will adopt and implement the International Ethics Standards Board of Accountants (IESBA) Code of Ethics for Professional Accountants. SUVA would then need to implement an effective mechanism to enforce the IESBA Code (or its own code if the IESBA Code is not directly adopted). More stringent disciplinary actions and effective periodic review of members are necessary to monitor ethical misconduct or violations.

Table 2. Compliance with IFAC Statements of Membership Obligations (SMOs)

SMO No.	Issue Covered by SMO	Comments	Compliance with SMO
1	Quality Assurance	International Standard on Quality Control (ISQC) 1 has not been mandated in the country; and there is no arrangement for quality assurance review.	None
2	International Education Standards for Professional Accountants (IES) related guidance	No local accountancy qualification.	None
3	ISA and related	<ul style="list-style-type: none"> • There is no mandatory requirement on application of ISA. • Firms affiliated with international firms use the ISA. • No implementation regulations issued. 	Partial

¹⁷ ICAC uses the services of ACCA for quality assurance of audit work in some Caribbean countries.

¹⁸ Unless the professional accountants based in Suriname are active members of Royal NBA, there is no obligation for them to follow the Royal NBA Code of Conduct.

SMO No.	Issue Covered by SMO	Comments	Compliance with SMO
4	IFAC Code of Ethics for Professional Accountants	There is no monitoring and enforcement of IFAC Code of Ethics for Professional Accountants.	None
5	International Public Sector Accounting Standards (IPSAS) and related guidance	Public sector accounting system is still weak.	None
6	Investigation and Discipline	Neither SUVA nor any other organization conducts investigation and disciplinary activities.	None
7	International Financial Reporting Standards (IFRS)	<ul style="list-style-type: none"> • There is no mandatory requirement on application of IFRS. • SUVA organizes an annual conference on IFRS. In most cases in Suriname, companies are not using IFRS, although a few companies are planning to move to IFRS. 	Minimal

C. Professional Education and Training

32. **SUVA supports and recognizes educational institutions that provide accountancy education by encouraging its members to provide tuition services and practical training at audit firms.** In Suriname, the accounting education is provided by several schools, colleges, and universities:

- A private accountancy organization¹⁹ provides a post-bachelors program to become Certified Chartered Accountant, and a professional education program to become a Certified Accounting Technician.
- NOvAA Beroepsopleiding runs a post-bachelors program to become a Netherlands Certified Accountant (*Accountant-Administratieconsulent*).²⁰
- NIVE Beroepsopleiding offers a post-bachelors program to become a Dutch Qualified Controller. Anton de Kom, University of Suriname (ADEK) and Hogeschool Inholland offer a bachelors program of accountancy.
- IBW University of Applied Science offers a bachelors program in financial management.

SUVA does not have its own distinct curriculum for professional certification. The curricula are mostly based on the Dutch context or that of the United States; the authors of the textbooks are

¹⁹ Suriname College of Accountancy.

²⁰ The Dutch professional qualification of the NOvAA Beroepsopleiding only accepts graduates from the bachelors program of accountancy from Hogeschool Inholland, since only graduates of Dutch-accredited educational institutions are admitted. The Dutch-certified accountant qualification complies with the Dutch professional accounting education standards as pronounced by the *Commissie Eindtermen Accountancy Opleidingen* (CEA), which again complies with the European education standards.

not Surinamese and case studies are not regionally oriented. The Surinamese certificates and degrees are not internationally recognized.

33. **To develop auditing and accounting standards in Suriname, courses in accountancy institutions of higher learning should focus on teaching IFRS and ISA.** Currently, the curricula are mainly restricted to teaching accounting technicalities and basic procedural aspects of auditing. With adequate focus on IFRS and ISA, the students will obtain required exposure to international good practice with regard to accounting and auditing.

34. **The academic education in accounting lacks adequate coverage of professional values and ethics.** Formal education can significantly sharpen aspiring accountants' awareness of ethical problems, and can influence their reasoning and judgment with respect to ethical dilemmas. For this reason, IFAC recommends teaching professional ethics separately in the pre-qualifying education of professional accountants.

35. **Suriname should follow the International Education Standards (IES) for professional accounting education.**²¹ In the coming years, SUVA foresees the establishment of a separate Surinamese accountancy qualification, with the support of ICAC.

36. **There is no formal requirement to obtain practical auditing experience before practicing as an auditor.** The practical training is provided by all seven professional accounting firms in Suriname and also by the government's Audit Bureau (Centrale Landsaccountantsdienst, or CLAD). SUVA should have a mechanism to screen practical training providers on their suitability to provide appropriate courses, and should monitor the quality of practical training.

37. **SUVA should have a CPD program, which could be a mandatory requirement for all members and an appropriate enforcement mechanism.** Without continuing professional development, qualified professional accountants will be unable to keep pace with recent developments in financial reporting, auditing, and other related topics. To date, SUVA members with membership in the Royal NBA or other foreign accountancy bodies follow the requirements of the respective institutes.

38. **The private education sector provides international programs with certificates and degrees that are recognized abroad.** However, these courses and training are deemed **expensive** for small and medium-size accountancy firms and individuals with an average income. The Suriname Business Development Center recognizes that the available financial and governance training and workshops are costly and that there is a need for more structured and less expensive courses.

²¹ The IES are issued by the International Accounting Education Standards Board (IAESB). <http://www.ifac.org/Education>.

D. Setting Accounting and Auditing Standards

39. **Currently, there is no legal basis for setting accounting and auditing standards in Suriname.** Most of the financial statements prepared in Suriname are based on The Netherlands' Generally Accepted Accounting Principles (NL GAAP).²² Since most audit firms in Suriname are associated with big international audit firms, they follow ISA, which are translated into Dutch. The current accounting and auditing standards requirements for Surinamese business entities, and publication requirements, are summarized in Table 3.

Table 3. Business Entities in Suriname: Current Accounting, Auditing and Publication Requirements

<i>Type of entity (number)</i>	<i>Regulatory organization / agency</i>	<i>Mandatory accounting standards</i>	<i>Mandatory audit requirements</i>	<i>Audit firm rotation</i>	<i>Publication</i>
Listed companies (11)*	Suriname Stock Exchange	No mandatory accounting standard applicable	No mandatory audit requirements noted. However, audit is required by the Articles of Association of the respective companies	None	Audited financial statements at the respective company's office
Banks* (9)	Central Bank of Suriname	No mandatory accounting standard applicable	Audit required by the Central Bank of Suriname	None	Audited financial statements at the respective company's office
Pension Fund*(34)	Central Bank of Suriname	No mandatory accounting standard applicable	Audit required by the Central Bank of Suriname	None	Audited financial statements at the respective company's office
Insurance companies* (5)	Central Bank of Suriname	No mandatory accounting standard applicable	Audit required by the Central Bank of Suriname	None	Audited financial statements at the respective company's office
Credit Unions* (29)	Central Bank of Suriname	No mandatory accounting standard applicable	Audit required by the Central Bank of Suriname	None	Audited financial statements at the respective company's office
Cooperatives*	Suriname Chamber of Commerce	No mandatory accounting standard applicable	Requirements of audit are defined by the Articles of Association of the respective companies	None	Audited financial statements at the respective company's office if applicable

²² The Netherlands GAAP were in practice in The Netherlands. However, in recent years, the country has been gradually moving to IFRS. For example, IFRS in the EU are required for consolidated financial statements of listed entities. The countries have an option to expand this requirement and require IFRS for individual accounts of listed entities and also for some other nonlisted entities (but not all), and The Netherlands chose this option. For more details see the links: <http://www.iasplus.com/country/netherl.htm>, <http://www.iasplus.com/country/useias.htm>.

Type of entity (number)	Regulatory organization / agency	Mandatory accounting standards	Mandatory audit requirements	Audit firm rotation	Publication
Parastatals (74)* State-owned public enterprises (20)* Closed state-owned enterprises and parastatals (42)* Mixed ownership (4)*	Concerned ministry for parastatals Supervisory Board of the respective state-owned enterprise	No mandatory accounting standard applicable	Audit required by statutes or bylaws	None	Audited financial statements at the respective company's office and also at the Ministry of Finance
Nonlisted companies	Suriname Chamber of Commerce	No mandatory accounting standard applicable	Articles of Association of respective companies	None	None

*These are public interest entities (i.e., entities that are of significant because of their business, their size or their number of employees, or their corporate status, and which have a wide range of stakeholders). Examples of such entities might include financial institutions, insurance companies, investment firms and pension firms, SOEs, parastatals, and listed companies.

E. Ensuring Compliance with Accounting and Auditing Standards

40. **With such a small base of accounting professionals, it will be challenging to establish an independent monitoring of the application of accounting and auditing standards in Suriname.** As a first step, the institutional capacity of SUVA needs to be developed to enable to review the practices of the auditors and audit firms so as to evaluate the degree of compliance with auditing requirements. In concept, the Royal NBA could monitor the compliance with acceptable accounting and auditing standards since most of the practicing accountants in Suriname are its members. However, the Royal NBA does not fulfill this function.

41. **Per the Commercial Register Act approved by the Government, all business entities in Suriname are required to be registered with the Chamber of Commerce and file their financial reports.** Of its 27,776 members formally registered with the Chamber of Commerce, or of the 16,000+ active members, fewer than 10 comply with the requirements of submitting financial reports to the Chamber. The Chamber of Commerce has no technical capacity to identify accounting and auditing violations; in most cases, it does not even enforce the timely filing of annual audited financial statements.

42. **Financial institutions are required to submit financial statements to the Central Bank every month per prescribed format, which includes the consolidated balance sheet and income statements and 15 annexes with detailed reporting requirements.** However, some of the disclosure requirements are not in line with IFRS/IAS. For instance, the allowance for loan losses is established in accordance with regulatory requirements rather than with IAS 39, *Financial Instruments: Recognition and Measurement*; thus interest revenue recognition on bad loans differs from IAS 39 requirements.

43. **The banking regulator needs to establish a mechanism to monitor and enforce accounting and financial reporting requirements.** The Central Bank of Suriname, as the regulator of banking and nonbanking financial institutions (including pension funds and insurance companies), conducts routine supervision exercises to monitor and enforce prudential regulations. The Central Bank inspectors examine whether financial statements have been prepared in accordance with established regulations. In this inspection process, no attempt is made to assess the degree of compliance with any applicable standards on preparing general purpose financial statements. Onsite supervision is conducted once in two years as the banking regulator has limited human resources and capacity. The Central Bank follows Basel 1 with the exception of the guidelines on market risk, which has not yet been incorporated.²³

44. **The State-Owned Enterprise (SOE) Division in the Ministry of Finance, which is responsible for monitoring the accounting, financial reporting, and auditing requirements of parastatals and SOEs, should have adequate technical capacity for this function.** Of the 102 such entities that are in operation, the audit of about 40 are conducted by CLAD, the internal audit wing of the Ministry of Finance. However, CLAD has limited capacity, so some audits are conducted by private sector auditors. The audits of some parastatals, SOEs, and corporations are outstanding for many years. Some have not been audited since 2001-2002. The audits of most of the state-owned banks are almost up-to-date, except the National Development Bank, which was last audited in 2007. Audit is outstanding for 9 public corporations. All SOEs follow Netherlands GAAP for accounting and financial reporting except State Oil Company, which follows US GAAP.

45. **There is no legal requirement for audit of small and medium-size enterprises (SMEs).** As a result, there is no demand for preparation of financial statements and audit of these organizations. The financial institutions also do not demand audit reports while processing loan applications and traditionally depend more on the quality of the collateral and personal reputation of their clients. The Tax Act also does not require submission of financial statements or audited financial statements. Although all SMEs are required to register with the Suriname Chamber of Commerce and file an annual report, the Chamber of Commerce, as noted earlier, does not enforce the latter requirement. As such, there is no monitoring mechanism of the accounting and auditing of SMEs. In many cases, SMEs are owned by a single family or joint family. There is a “culture of secrecy” about the financial position of SMEs, which should change, as today’s SMEs may become tomorrow’s big enterprises. As such, it is important that the accounting and financial reporting requirements of the SMEs be streamlined. One option could be to follow the more simple standard (i.e., *IFRS for SMEs*), and introduce requirements for audit of the SMEs based on an agreed threshold (e.g., turnover or assets).

²³ Basel 1 is a set of international banking regulations put forth by the Basel Committee on Bank Supervision, which set out the minimum capital requirements of financial institutions with the goal of minimizing credit risk. Banks that operate internationally are required to maintain a minimum amount (8 percent) of capital based on a percentage of risk-weighted assets.

III. ACCOUNTING STANDARDS AS DESIGNED AND AS PRACTICED

46. **Suriname would benefit from adopting local accounting standards in line with IFRS.** Most businesses in Suriname claim that they follow NL GAAP. In reality, the financial statements in Suriname do not clearly state the financial reporting framework. Entities of all sizes—large, medium, and small—tend to use a hybrid version of old applicable accounting standards in The Netherlands.²⁴ If the proposed Civil Law is approved, SUVA believes that only 50 to 60 corporate entities would be required to follow IFRS, as most of the companies are below the size threshold. It is encouraging to know that the larger financial institutions have been taking steps to move to IFRS-based financial reporting. However, lack of uniformity in application still risks a gap between IFRS requirements and actual practice.

47. **A review of published corporate financial statements revealed differences between current practices in Suriname and IFRS.** The ROSC team reviewed 25 sets of financial statements of major listed and nonlisted corporate entities, including banks, insurance companies, telecommunication firms, and extractive companies. The financial statements of most of these entities refer to GAAP as their financial reporting framework. Some companies, however, refer to IFRS, US GAAP, and Canadian GAAP as applied standards. The review of this sample of published financial statements and discussions with experienced corporate accountants, practicing auditors, academics, professional groups, and regulators revealed a number of areas where corporate financial reporting may be strengthened consistent with IFRS, including:

- **Presentation of financial statements.** The requirements of IAS 1, *Presentation of Financial Statements*, were not consistently followed in almost all the reviewed financial statements. Many companies' financial statements did not include a statement of change in equity, even where the notes to the financial statements disclosed a movement of the equity components.
- **Statement of cash flows.** The financial statements should comply with the disclosure requirements of IAS 7, *Statement of Cash Flows*. Some companies did not present a statement of cash flows with their financial statements. In cases where these were included, most of the cash flow statements did not include information on cash flows from interest and dividends received and paid separately.
- **Consolidated financial statements.** The criteria in IAS 27, *Consolidated and Separate Financial Statements*, regarding the substantial control over a subsidiary or having a substantial majority vote, should be clear on indications for consolidating subsidiaries in the financial statements of the parent company. This was not applied consistently in the sample sets.
- **Segment reporting.** The financial statements of most of the listed companies did not show detailed segment disclosures in line with the requirements of IFRS 8, *Operating Segments*. A few listed companies reported segment sales, and only one company disclosed segment assets and liabilities in addition to segment income and expenditure. Most companies that apparently had business segments and geographical segments did not comply with the segment reporting requirements.

²⁴ The financial statements of listed companies in The Netherlands are prepared in accordance with IFRS.

- **Related party transactions.** Detailed disclosures in accordance with the requirements of IAS 24, *Related Party Disclosures*, were not found in any sets of financial statements. The ownership structure of most of the companies suggested that related parties existed, but many of the required disclosures were absent in the financial statements of those companies. Some of these nondisclosures with regard to related party transactions included the amount of transactions, the amount of outstanding balances (including commitments) with terms and conditions, provisions for doubtful debts, and doubtful debt expense.
- **Property, plant, and equipment.** In cases where fixed assets were revalued, detailed disclosures required under IAS 16, *Property, Plant and Equipment*, were not found in the financial statements. Some of these nondisclosures include last date of revaluation, revaluation by an independent sworn appraiser, the revaluation method used, and the applicable underlying assumptions.
- **Employee benefits.** Many companies disclosed the existence of employee pension benefits but failed to disclose most of the information required by IAS 19, *Employee Benefits*. No disclosure was made as to whether actuarial or any other forms of valuations had been made to quantify outstanding liabilities for employees' post-employment benefits.
- **Government grants.** Some companies that received government grants did not disclose information in accordance with the requirements of IAS 20, *Government Grants and Disclosure of Government Assistance*. These nondisclosures included accounting policy adopted, including method of presentation; nature and extent of government grants recognized and other forms of assistance received; and unfulfilled conditions and other contingencies attached to recognized government assistance.
- **Impairment of assets.** None of the reviewed financial statements gave any indication whether the impairment tests required by IAS 36, *Impairment of Asset*, were carried out. Failure to comply with this standard could create a misconception that the carrying amounts of property, plant, and equipments in audited financial statements are overstated.
- **Contingent liabilities.** Most of the reviewed financial statements did not include required information on contingent liabilities. Only a few sets of financial statements showed information on bulk amounts, without breaking down the components and movements between years. These financial statements do not comply with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.
- **Financial instruments.** None of the reviewed financial statements complied with the disclosure requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures*. The nondisclosures included the carrying amount of the following categories of financial assets and financial liabilities defined in IAS39 and IFRS7: (a) financial assets at fair value through profit or loss; (b) loans and receivables; (c) available-for-sale financial assets; (d) financial liabilities at fair value through profit or loss; and (e) financial liabilities measured at amortized cost. It is notable that the banks and insurance companies did not disclose these and other relevant items in their financial statements. Also, the financial statements that claimed to have been prepared in accordance with IFRS did not provide the required disclosures on financial instruments.

IV. AUDITING STANDARDS AS DESIGNED AND AS PRACTICED

48. **The review of compliance with audit standards was undertaken using ISA as a benchmark.** There are number of internationally qualified auditors in Suriname, mostly from The Netherlands and affiliates of international audit firms, who are following the global firm’s practices. Even the local firms are very well organized and offer practical training to their staff to strengthen their professional capacity.

49. **The absence of mandatory auditing standards affects the quality of auditing.** There is no mandatory requirement on the use of any particular set of auditing standards in Suriname. In their audit reports, the practicing auditors refer to the use of “generally accepted auditing standards” (GAAS).²⁵ However, there is no mention of the jurisdiction of GAAS. Since all the practicing auditors were trained in The Netherlands, they cite Dutch auditing standards in the conduct of audit in Suriname. The use of ISA is not mentioned as the auditing framework in any audit report. With the exception of audit firms associated with international networks, audit firms have no access to high-quality audit practice manuals and are out of touch with international good practices. Due to the absence of practice-oriented methodological guidance, auditors generally find it difficult to handle important concepts such as audit risks, audit planning, internal control, documentation, and going concern. It is difficult to apply normal audit procedures regarding related party transactions due to the lack of legal requirements concerning group accounting and consolidation.

50. **There is a need to better implement audit quality control standards.** Lack of full compliance by most audit firms—except the largest ones which have the capacity—with the requirements of International Standard on Quality Control (ISQC) 1²⁶ and ISA 220, *Quality Control for an Audit of Financial Statements*, coupled with the absence of an independent practice review mechanism and disciplinary procedures, adversely affects audit quality.

51. **Most of the corporate entities in the country rely on auditors for preparation of their financial statements.** As previously noted, there is a general belief in the country that company auditors are responsible for both preparation and auditing of financial statements. Due to lack of capacity at the entity level to prepare full sets of financial statements, auditors are generally involved in preparation and finalization of financial statements before commencing the audits. Too much reliance on the auditors in the preparation of financial statements compromises the quality of audit and results in violation of auditor independence principles.

²⁵ GAAS is intended to minimize the possibility of an auditor missing material information. GAAS is divided into three main sections: general standards, standards of fieldwork, and standards of reporting. Note that GAAS is intended to ensure that the auditor has adequately planned the audit in advance, is independent of the client, and obtains reliable evidence (including by ensuring that a company's financial statements are presented in accordance with GAAP). As noted elsewhere in this ROSC review, sometimes in Suriname there is a gap between these intentions and actual practice.

²⁶ ISQC 1, *Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*.

52. **Auditors generally do not issue qualified audit opinions.** Many stakeholders have expressed concerns about close relationships between auditors and their clients. This poses challenges with regard to auditors' independence, and care should be taken to avoid any perceptions that the prevalence of only unqualified opinions on the audit reports is a function of this environment. Mechanisms need to be in place to ensure that auditors are not affected by undue influence from clients.

53. **Various other divergences from ISA requirements could be reduced.** To better understand actual auditing practices, the ROSC team interviewed practicing auditors, experienced accountancy professionals, and partners representing medium-size and large audit firms. Other notable issues which affect the quality of audit in Suriname emerged, including the following:

- Documentation practices fail to provide audit evidence to support the audit opinion, mostly in the audit of small and medium-size enterprises.
- Many auditors do not determine audit risk and audit materiality in accordance with the standard, and these are not considered when conducting the audit. Often noncompliance is observed in regard to the requirements of ISA 315, *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*.
- Auditors often find it difficult to obtain audit evidence and so rely on management representations, particularly for related party transactions, segment information, and contingent liabilities. The directors and members of top management of audited entities often fail to appreciate the value of auditing; this limits the auditor's access to evidence to form a professional judgment.
- It is not common practice in Suriname to take steps for obtaining external confirmations with regard to accounts receivable, accounts payable, and bank balances at balance date.
- Many auditors often do not give the necessary attention to complying with the requirements of ISA 210, *Agreeing the Terms of Audit Engagements*. Noncompliance appears to be especially common in the case of recurring audit.
- The junior audit staff who carry out most of the audit procedures often lack sufficient knowledge of the client's business. Without an adequate number of highly experienced professionals in audit firms, the audit work by inexperienced audit staff goes largely unsupervised. Although this problem is faced by most of the audit firms in the country, the problem is more acute in the case of small and medium-size audit practices.

V. PERCEPTIONS ON THE QUALITY OF FINANCIAL REPORTING

54. **The quality of audited financial statements is of concern to the users of financial statements.** The stakeholders consulted for this ROSC share the opinion that improving the quality of financial reporting requires significant improvements in the education and training of professionals, as well as an effective and efficient regulatory regime.

55. **The financial statements of companies are not readily available because they are considered confidential.** With the exception of banks and insurance companies, some foreign and state-owned companies were reluctant to share copies of financial statements with the ROSC team. Of some 75 companies that were requested to share their audited financial statements, only 25 responded affirmatively. There is a general perception among the owners and top management of companies that the information in financial statements is confidential and should not be shared with anyone outside the company. This reflects a need to generate awareness of the importance of financial information in the decision-making process and the collective benefits of transparency. From the discussions during the due diligence mission, the ROSC team inferred that many companies view the preparation of financial statements as a ritual mainly necessary for taxation purposes or compliance with legal requirements.

56. **Many stakeholders perceive that auditors' involvement in both audit and tax advocacy threaten auditor independence.** In Suriname, statutory auditors are not specifically prohibited from providing some non-audit services, such as tax services and representation before tax authorities. There is a perception among the various stakeholders that such involvement may pose a threat to auditors' independence.

VI. POLICY RECOMMENDATIONS

57. **The following mutually supportive recommendations are designed to improve corporate financial reporting and accounting and auditing practices in Suriname through proper observance of IFRS and ISA.** The policy recommendations emerge from the ROSC A&A review exercise, which has taken into account the valuable input from various stakeholders in the country. These primarily principle-based recommendations take a holistic approach and provided input in preparing the country action plan as included in this report geared toward developing a sustainable, high-quality, corporate financial reporting regime in Suriname. The country action plan developed by Suriname identifies specific activities to be undertaken as well as the responsible agency.

58. **A national stakeholder group should be established, comprising representatives from the regulators, the Ministry of Finance, the Central Bank, academia, the financial sector, SOEs, the Chamber of Commerce, and SUVA.** This group would ensure ownership of the country action plan and develop strategies for implementation. The group should work under the joint coordination of the Ministry of Finance and the Central Bank. Some of the major priorities arising from the ROSC A&A report include:

- Establish an acceptable legal framework, a strong accountancy body, good independent oversight, and a solid education and training system.
- Clarify the statutory framework in order to improve corporate accounting, auditing, and financial reporting practices.
- Ensure availability of audited financial statements of public interest entities in the public domain, through company websites, filings with the Chamber of Commerce, and the provision of copies to citizens on demand.
- Build capacities for professional accountants, auditors, and regulators.
- Strengthen the institutional capacity of SUVA and the higher education institutions involved with corporate accounting and auditing practices.

A more detailed discussion of these areas of development is provided below.

A. Strengthening Statutory Framework

59. **Draft and enact an Accountants Act.** It is recommended that arrangements be made to prepare, with international advisory support, accounting and auditing legislation that will provide Suriname with a modern and internationally comparable statutory framework of accounting and auditing practice. Immediate steps should be taken by the Ministry of Finance to carry out a comprehensive review of all legislation related to accounting, auditing, and financial reporting to identify vague or conflicting requirements. The Accountancy Act should cover the following aspects: (a) establishing a professional body as an independent legal entity, (b) roles and responsibilities of the professional accountancy body, (c) education and examinations, and (d) capacity development.²⁷

B. Implementing International Standards

60. **Mandate IFRS for all public interest entities and nonlisted large companies.**²⁸ A detailed transition plan should be developed for its implementation. This will require that public interest entities be defined and a threshold for nonlisted large companies for which IFRS will apply be established (see Table 4 below). Such definition should result from an analysis of the business structure in Suriname. Where the regulators need additional information for prudential supervision purposes, this should be in addition to IFRS reporting.

Table 4. Financial Reporting and Audit Standards

Type	Financial Reporting	Audit
Public Interest Entities: <ul style="list-style-type: none"> • Listed companies • Financial institutions • Revenue-earning SOEs, Parastatals, and foundations 	IFRS	Audit would be <i>mandated</i> using ISA
Nonlisted large companies	IFRS	Audit would be <i>mandated</i> using ISA
Other nonlisted companies and medium-size enterprises	Simplified IFRS	Audit would be <i>mandated</i> using ISA
Small and micro enterprises	No IFRS Simplified reporting framework	Audit would not be <i>mandated</i> . The company accountant would certify the accounts

²⁷ IFAC issues specific guidance for establishing and developing a professional accountancy body, including tools and resources to support the development of the accountancy profession.

²⁸ Public interest entities are those with significant public interest because of their business, their size or their number of employees, or their corporate status, and that have a wide range of stakeholders (thresholds need to be defined taking into account the Suriname context). Examples of such entities might include financial institutions, insurance companies, investment firms and pension firms, SOEs and paraatatals, and listed companies.

61. **Adopt simplified financial reporting standards for medium-size enterprises.** Simplified financial reporting requirements for medium-size enterprises should be developed. The law should define the medium-size entities for financial reporting purposes. The simplified financial reporting requirements for small and medium-size enterprises developed by the International Accounting Standards Board (*IFRS for SMEs*) could be used as the basis for developing accounting and reporting standards for medium-size enterprises. For small and micro enterprises and other informal business entities, there should not be any requirement for following accounting standards; arrangements should be made for simplified and less burdensome tax filings by these enterprises.

62. **Implement ISA.** Legal backing should be provided for the use of ISA in statutory audits of public interest entities, nonlisted companies and medium-size enterprises. Enterprises that fall below a certain threshold should be exempt from annual statutory audits.

63. **Introduce a public awareness program.** SUVA and other regulators should work jointly to design awareness programs highlighting the importance of compliance with accounting and auditing standards and to improve information dissemination channels. Shareholders, directors, and top officials from the corporate sector should be briefed adequately on their responsibilities to ensure compliance with standards and enforcement processes, including legal implications. These programs should include cases focusing on emerging international developments and the role of transparent financial reporting in attracting both strategic and portfolio investors.

C. Strengthening Capacity of National Institutions and Monitoring

64. **Strengthen SUVA into an active accountancy organization.** With the support of the Ministry of Finance and the Central Bank of Suriname, SUVA should prepare a full business and financial plan for the short and medium term aimed at transforming the association into a full-fledged accounting professional body. While operating as a self-regulatory body, SUVA should be overseen on behalf of the public by a Governing Board. Within a sound system of governance, SUVA should be provided with initial funding to be able to provide genuine value to Suriname's business community, society, and accountancy profession. Led by the Governing Board and a competent full-time chief executive officer, SUVA should provide training, registration, members' services and technical support, monitoring, legal, investigation and discipline, appeals, and complaint redress mechanisms for the accountancy profession. SUVA should be also responsible for quality assurance arrangement of the accountancy profession, particularly leading the technical part of the quality assurance arrangements. The results of its quality assurance reviews would be sent to the SUVA Governing Board.

65. **Curriculum development.** Outreach to accounting departments in universities and other educational institutions should be strengthened with a view toward establishing an ongoing curriculum upgrade in graduate programs, which should include IFRS and ISA.

66. **Establish a twinning arrangement between SUVA and a strong IFAC member body.** Such an arrangement could help to transform SUVA into a strong, modern, public accountancy organization. The twinning partner would need to possess genuine capacity and

commitment to provide long-term support to SUVA. The twinning partner should be able to commit experienced staff with relevant domestic and international experience for the following:

- Guide SUVA through the IFAC Compliance Program and the IFAC Statements of Membership Obligation until eventual recognition as an IFAC member body.
- Help SUVA develop and implement a national certification scheme for accounting technicians²⁹ who play a key role supporting professional accountants. Suriname should aim to develop a critical mass of such skilled persons within the local business community. There should be a clear pathway between the first level of the professional training program and the technicians program. Persons holding the technicians certificate should be granted entry to higher levels of the professional training program, enabling a pathway to the professional qualification.
- Help SUVA to link the accounting technician course with a higher-level, national/regional-based accountancy qualification in association with SUVA and ICAC.
- Help SUVA introduce a compulsory continuing professional development for all members. In accordance with IES 7, *Continuing Professional Development*, SUVA members should be required to undergo post-qualification training each year to keep abreast of the latest technical developments. SUVA itself should organize and provide training sessions and explore opportunities via twinning, through ICAC and distance learning opportunities.
- Provide intensive training of trainers for a selected group from higher education institutions in Suriname and SUVA members. Experienced professional trainers should train this key group of persons in the latest technical issues and modern training methodologies and also transfer knowledge on materials preparation and maintenance techniques. This group of trainers would ultimately have significant responsibility for dissemination of information throughout Suriname.
- Help SUVA strengthen audit work carried out by local audit firms. Technical and other practical support services should be provided to all members. All standards should be made available to members. Audit manuals and other practical tools should be developed. Implementation guidance for IFRS, ISA, any other adopted accounting standards and the IFAC Code of Ethics for Professional Accountants should be developed. Such guidance should cover all technical requirements and include practical examples and be tailored to the local environment. IFAC also provides free guidelines which are available for quality control, ISA implementation, and practice management.

67. **Develop an independent audit quality assurance review mechanism.** Arrangements should be made to develop a readily implementable independent audit quality assurance review of the auditors of public interest entities in Suriname. This arrangement might be developed through collaboration among the financial sector regulators, tax authorities, professional accountancy organization, and other relevant institutions, with appropriate legal backing. Careful consideration should be given to developing a system appropriate for the Suriname context, including the size of the economy. The body responsible for this review may, if necessary, outsource audit practice review work to a competent regional or international organization.

²⁹ The IFAC guidance on setting up accounting technicians qualification could be used for guidance.

68. **Conflict of interest and independence issues should be considered when delegating the review work.** The main goal of the independent audit quality assurance review is to contribute to improving the quality of auditing services provided by the auditors of major economic entities in Suriname. It is expected that the audit firms would benefit significantly from the activities conducted under this arrangement. To contribute to the enhancement of audit quality in Suriname, the audit quality reviewers should address all the key drivers that affect audit quality. These are leadership, audit methodologies, competencies and skills, and quality control.

69. **Strengthen the capacity of the Central Bank of Suriname and the Ministry of Finance (MoF).** The capacity of the Central Bank of Suriname and the Division of State-Owned Enterprise, MoF, for monitoring and enforcement should be strengthened through appropriate capacity development interventions. It is essential that staff have the ability to conduct reliable reviews of corporate financial statements, and to understand the relationship between prudential and general purpose corporate financial statements.

70. **Regulate the securities market.** The Government should devise a mechanism for regulating the securities market to protect the interest of the stakeholders. Until such a mechanism is instituted, the current Stock Exchange of Suriname could assume this responsibility.

71. **Action Plan.** Reflecting the analysis in this report, Suriname has prepared an action plan (see below) intended to strengthen its accounting and auditing efforts. This action plan was formulated by a working group under the guidance of the Ministry of Finance and the Central Bank of Suriname; members of the group were drawn from the Ministry of Finance, Central Bank of Suriname, CLAD, SUVA, and the SAI. Among other tasks, the working group will monitor and contribute in the plan’s implementation. The group has committed to inviting relevant stakeholders on specific topics to participate in the ongoing work.

Action Plan (1–4 years)	Responsibility
A. Improve financial governance in parastatals and public enterprises	Ministry of Finance
A.1 Review accounting and auditing practices, and conduct a capacity needs assessment.	
A.2 Foster capacity development in accounting and auditing.	
A.3 Prepare timely and good quality financial statements.	
A.4 Ensure timely audit of financial statements.	
A.5 Train Board and Audit Committee Members.	
A.6 Review corporate governance.	
A.7 Strengthen capacity of the Ministry of Finance (SOEs Unit).	

Action Plan (1–4 years)	Responsibility
B. Establish a national accountancy body and build its capacity	Joint Desk (MOF and CBS) and SUVA
B.1 Draft and enact an Accountancy Act to establish Institute of Chartered Accountants of Suriname (SUVA) as an independent legal entity, and to adopt the application of IFRS for public interest entities and nonlisted large companies, and simplified IFRS for other nonlisted companies and medium-size enterprises.	
B.2 Strengthen technical capacity of SUVA – technical staffing and establish its Secretariat.	
B.3 Develop a Continuing Professional Development program - for both SUVA members and students.	
B.4 Establish a SUVA Centre – develop physical facility for SUVA.	
B.5 Establish a modern library and documentation centre for SUVA.	
B.6 Develop curriculum at the higher education-level for accountancy education.	
B.7 Arrange twinning support for SUVA with a professional body of a developed/regional country.	
B.8 Develop an appropriate independent audit quality review arrangement – Audit Oversight Board under the Ministry of Finance/Central Bank of Suriname.	
B.9 Provide training to the accountants in the public sector on international standards and public financial management.	
C. Improve regulatory environment in the capital market	Ministry of Finance/Central Bank
C.1 Establish a Securities and Exchange Commission (SEC) by an Act of Parliament.	
C.2 Appoint key SEC staff and develop their technical capacity.	
C.3 Prepare regulations for regulating the capital market.	
D. Strengthen the capacity of the Central Bank	Central Bank
D.1 Review the capacity needs of the Central Bank (Bank Supervision Unit)	
D.2 Provide training for broadening, and strengthening supervision of financial institutions.	
D.3 Conduct general financial review of the financial statements of financial institutions.	
E. Strengthen audit and oversight capacity	Ministry of Finance
E.1 Provide support to Rekenkamer van Suriname (SAI) to implement its Strategic Plan.	
E.2 Provide support to SAI to strengthen its staff capacity.	
E.3 Provide support to SAI to conduct financial and performance audit.	
E.4 Provide support to the government’s Audit Bureau (CLAD) to strengthen its capacity, and support to strengthen internal auditing capacity in the line ministries.	
E.5 Provide support to the concerned Parliamentary Committee to review the reports submitted by the Rekenkamer (SAI).	

