

# Opportunities and Challenges for New Chartered Accountant

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# Introduction

Professional Accountants play a huge role in business by providing reliable financial information upon which critical business decisions are made. Increasingly, accountants are moving from being just **'number crunchers'** to **'wealth creators'** and **financial/business partners**.

It is for the above reasons that the ACA qualification provides a foundation for many different career routes, and opportunities for post-qualification progression which are numerous and varied.

Traditionally, a fresh Chartered Accountant beginning a career usually had two broad based career options of working in a professional accounting firm or taking up employment as a private company accountant in business, or a not-for-profit organization, or a government establishment.



# Introduction Cont'd

More recently, a lot of other opportunities are opening up for Accountants in the areas of e-commerce, risk management and information security assurance.

The diverse roles accountants play come with equivalent challenges some of which are highlighted in this discussion.



# Opportunities in Professional Practice

Professional accounting firms provide clients with accounting and tax services in return for fees. Though professional accounting firms offer both consulting and tax services, the hallmark of the profession is performing external audits which involve examination of and reporting on a company's financial statements. This **“stamp of approval”** provides the investing public with confidence that a firm's financial reports are accurate. Indeed, this is the Assurance function of the professional Accountant.

Typically, an Accountant engaged in professional services may decide to be self-employed; or work for small and sometimes international accounting firms usually referred to as the Big Four in Nigeria- Deloitte, Ernst & Young, KPMG Professional, PricewaterhouseCoopers.



# Opportunities in Companies and Government

- An Accountant may work for a private organization, government agency or a not-for-profit organization.
- Jobs of private accountants vary according to the company or industry in which they're employed.
- Most private accountants record and analyze financial information and provide support to other members of the organization in such diverse areas as marketing, strategic planning, new product development, operations, human resources, and finance.
- Private accountants may also be involved in the conduct of *internal audits*. In this capacity, they ensure that accounting records are accurate, company policies adhered to, assets safeguarded, and operations efficiently conducted.



# Emerging Opportunities

In contemporary times, Accountants are increasingly being called upon to fulfill key roles in the following areas:

## **1. Electronic Commerce**

The growth of electronic commerce has increased the need for greater confidence in related systems.

Accountants are now required to play significant roles in building and maintaining financial systems integrated into different e-commerce platforms including consumer-to-business, business-to-business, internet and mobile technology service systems.



# Emerging Opportunities Cont'd

## 2. Information Technology

Information technology plays a vital role in supporting activities of profit oriented and not-for-profit organizations. Ubiquitous use of IT systems has created many new opportunities for budding Accountants in areas such as system development, information system design, information systems management and information system security and control.

## 3. Continuous assurance

Investors and managers are demanding a more time based information than just audited financial statements. These services will recognize that the time between an event and acting upon related information has become more compressed and therefore there is a need to provide guidance to practitioners to provide assurance on an entity's continuously disclosed information.





## Emerging Opportunities Cont'd

### **4. Risk assessment**

Entities are subject to greater risk and more radical changes in fortune than ever before. Accountants are now required to ensure that identification of business risk is comprehensive and that cost effective mitigations are in place to manage risk.

### **5. General Business Management**

Although post-qualification routes differ, most private company accountants seek to be promoted within the organization as their experience grows, with a view to becoming financial directors. A number of large organizations have former financial directors managing them, so having an ACA could be a great stepping-stone to strategic, general management within multi-national businesses.



# Challenges For New Chartered Accountants

The several career opportunities for Chartered Accountants also pose equivalent challenges to both individuals and to the profession as a whole. Some of these challenges include:

## 1. Information Technology Competency

In the past, Accountants maintained records in manual ledgers and quasi mechanized systems. In recent times, the pervasive use of computers and innovations in telecommunications have resulted in the automation of accounting systems and processes. Accountants are therefore required to rise up to the challenge of developing capability to use these new IT systems and also to assess system criteria for data integrity, security, privacy and reliability.



# Challenge of Globalisation and Competition

## 2. Globalization

Due to globalization businesses which hitherto operated at local scale are now able to transact across several international boundaries. This development poses a huge challenge for Accountants because as company staff or auditors, they are now required to demonstrate good understanding of diverse cultures, business standards, tax laws and regulations across several international jurisdictions.

## 3. Competition from Non-Accounting Professions

Accountants should be prepared to compete effectively against the increasing and cost driven competition from non-accounting firms in traditional areas of service. Not too long ago, the Nigerian Institute of Taxation wanted to disenfranchise chartered accountants who are not their members from tax practice.



# Challenge of Change Management

## 4. Change Management:

Innovation and new developments are constantly inducing change and dynamism in traditional accounting processes and practices. An Accountant that must remain relevant will be one who is able to continually unlearn old knowledge to learn new ways of doing things. For instance, IFRS and presentation of final accounts under IFRS.



# The Challenges of Professional Ethics

I think that the best way to explain the professional ethics challenge is to summarize the story of the defunct Arthur Andersen (formerly among the Big Five Accounting Firms) and the Enron Energy Company.

In the mid-1980s, Enron had begun transforming itself from a relatively small natural-gas-pipeline company to a diversified energy group that was the darling of all investors at the New York Stock Exchange.

From the 1990s, Enron was constantly mentioned among the most innovative companies in the United States. By early 2001, it was already the seventh largest company in the US, with revenues of over \$100 billion.



# The Challenges of Professional Ethics Cont'd

- Under the management of founder and CEO Ken Lay, President Jeffrey Skilling, and CFO Andrew Fastow, Enron's stock price skyrocketed.
- Unfortunately, the company's performance on the stock market was due to fraudulent manipulation of financial performance, implemented by overstating income and hiding liabilities.
- Arthur Andersen , a firm of Chartered Accountants was the external auditors to Enron. The firm not only abdicated its fiduciary responsibilities as auditors but also cover up the fraud and its own inappropriate actions.



# The Challenge of Professional Ethics Cont'd

Instead of exercising its role as a watchdog, Arthur Andersen was watching its own pocket. The accounting firm protected its own revenues from lucrative consulting contracts with the client instead of protecting the client's stakeholders.

In 2001, the financial practices of these two giant institutions came to light and the matter brought untold shame to the accounting profession.

What had taken years to build took only a few months to destroy. Within a relatively short time, Enron went from apparent prosperity to bankruptcy.



# The Challenge of Professional Ethics Cont'd

In like manner, Arthur Andersen went from a renowned accounting firm to extinction as a result of withdrawal of its operational license. All 28,000 employees and partners of the firm, the vast majority of whom had no involvement in the Enron mess, lost their jobs.

Moreover, the accounting profession lost the trust of the public, which perceived auditors as typically corrupt, incompetent, or both.

Volumes have been written about what went wrong but it can be summarized thus: **“that the Enron executives behaved unethically and Andersen auditors looked the other way”**

Indeed any person who wish to practice as an Accountant must have integrity and must be forthright, objective and show contentment in his life.





# Conclusion

After qualification, there are many career options open to you.

You may decide to work in 'professional accountancy practice' and plot a career path to become a partner, or consider a move to self employment in financial services, or to seek employment in the public sector or industry.

Whatever the options, a chartered accountancy qualification generally leaves you in a very marketable position. Permit me to note the following:

- a) Leading Bankers in Nigeria are Chartered Accountants.
- b) Majority of the key management staff of Banks and Insurance companies are Chartered Accountants.
- c) Even in manufacturing companies, most finance Directors end



# Conclusion Cont'd

up becoming MD and CEO.

d) Most successful Entrepreneurs today were trained as Chartered Accountants.

e) Because of the versatility of our training, a Chartered Accountant can do any job with minimal training.

The opportunities provided by the profession pose challenges to both individual Chartered Accountants and to the professional body.



## Conclusion Cont'd

The challenge will be overcome by maintaining high levels of ethical standards and by having a mindset that can rapidly adapt to competition.

A core skill will be change management with willingness to abandon the old and move towards the new.



**Thank you**

