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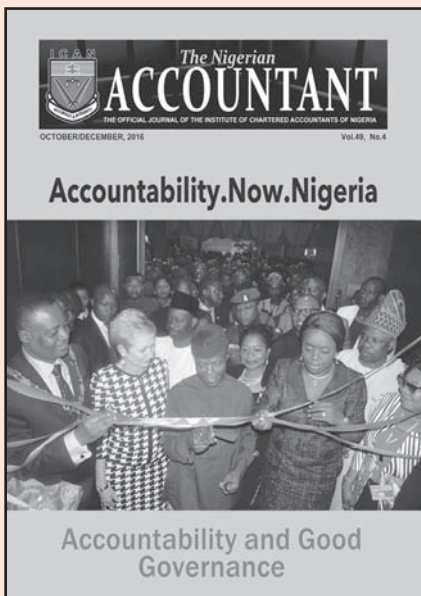
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The current recession in Nigeria, no doubt, was brought about by the poor saving culture of the nation's past leaders and corruption by public office holders, as evidenced by the on-going war against corruption in the country. In the wake of this, everybody – the leaders and the led – had put on their thinking caps on how the menace could be totally eradicated or be reduced to the barest minimum.

At the just concluded 46th Annual Accountants Conference held in Abuja, the topic of corruption was totally x-rayed and discussed in-depth with the aim of finding lasting solution to it. From the theme of the conference, *"Accountability.Now.Nigeria"* and other workshop and plenary presentations, one would deduce that all hands were on deck to provide solution to fight corruption in Nigeria.

In his remark, the Vice President of Nigeria, Professor Yemi Osinbajo, SAN, advised Nigerians to challenge public office holders on their stewardship while in office. According to him, if this is done consistently, public officials would be wary of the consequences of their actions and inactions while serving the country.

Similarly, the President of International Federation of Accountants (IFAC), Ms. Olivia Kirtley corroborated Professor Osinbajo's stance in her lead paper entitled *"Accountability and Good Governance"*. She declared that good governance entails acting consistently in the public interest. This, according to her, involves an efficient and effective use of public resources to promote a common good in a transparent, accountable and inclusive manner.

Other presentations such as *"Accountability: A Collective Responsibility"*; *"Beyond Oil: Harnessing Nigeria's Resources for National Development"*; *"Business Survival in Challenging Times"*; *"IPSAS: Framework for Accountability in the Public Sector"* and *"Rebuilding Nigeria Value System: Time for Citizens' Engagement"* added to the solution matrix towards harnessing opportunities to diversify the nation's economy and tackle corruption headlong.

Aside paper presentations, workshops and plenary sessions, sporting activities, excursion, District Societies' parade, essay competition among students of higher Institutions and gala night were part of activities of the conference you will read in this edition.

It is not all about the conference in this edition, you will also read articles such as *"Inclusive Application of SAS No. 99 in the Effective Deterrence of Fraudulent Financial Reporting in Nigeria: Perception of Professional Accountants in Practice, Industries and Academics"* and *"Accountability Framework for Not-for-Profit Organisations."*

On our health page, we report the amazing health benefits of bitter kola, a Nigerian seed we all take for granted. We implore our readers to take note of those benefits.

Your comments on the various articles, news and other items published in this edition are welcome. Please write to:

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The Amazing Health Benefits of Bitter Kola

(*Garcinia Kola*)

Bitter kola is a type of nut mostly found in several parts of Nigeria and West-Central Africa as a whole and the tree grows in the (tropical) rain forests. Its biological name is “*Garcinia kola*” and belongs to the family of “Guittiferal”. Bitter Kola has been identified as a potent antibiotic which could be effective in the treatment of many diseases. The fruit, seeds, nuts and bark of the tropical tree have been used for centuries in traditional medicines to treat many forms of ailments.

Chewing bitter kola relieves coughs, hoarseness, bronchial and throat troubles. Several studies discovered bitter kola to be a remedy for dysentery, osteoarthritis, antidote against poisoning and considered an aphrodisiac.

I hope many Africans both at home and in diaspora will continue to appreciate herbal medicines with little to no side effects compared to pharmaceutical drugs with gazillion known side effects. I have broken down the several health benefits of Bitter Kola (*Garcinia kola*) for the healing of many common and seasonal ailments:

Bitter Kola Improves Lung Functions

Bitter kola (*Garcinia kola*) has been used for centuries to treat chest colds in traditional medicine, but research has taken a look and found out why it is effective. A study in the 2009 issue of The Internet Journal of Pulmonary Medicine, performed on mice, reports that *Garcinia kola* improved respiratory function after 28 days of use of a *Garcinia* extract. Written by Simon Adekunle of the Ekiti State University in Nigeria, the study shows that *Garcinia kola* works by dilating the alveolar ducts and sacs in the lungs by improving the strength of the fibers in the lung tissue. Bitter kola’s beneficial lung properties are attributed to its high antioxidant content.

Bitter Kola Health Benefit for Malaria

Considerable experimental studies found the chemical

constituents in bitter kola have anti-malaria properties. That aside, traditional healers have for many years prescribed bitter kola for the treatment of malaria infections. Researchers who reported that bitter kola had anti-malaria effect in the 2010 issue of Journal of Medicinal Plants Research, from a survey of plants used by traditional healers in the Democratic Republic of Congo, attributed this to its quinones content.

Further more, kolaviron, the powerful chemical compound found in bitter kola, was reportedly tested on a malaria parasite



and found to inhibit malarial activity.

“We extracted its chemical constituents, which is called Kolaviron and when it was tested on malaria parasite, we found it had significant anti-malarial activity,” says Professor Olusegun Ademowo, a researcher at the Institute for Advanced Medical Research and Training, College of Medicine, University of Ibadan, South West of Nigeria.

“What we are now trying to find out is the right dosage of its

extract that would be required in treating malaria. Also, we are looking at what other effects its use will have on the human cells. But at the moment it is in the preliminary stage."

In 1999, a group of researchers in Kinshasa, Congo, attested to why people should consider feeding more on bitter kola to ward off malaria. Under laboratory conditions, they found extracts from bark, stem and seed of bitter kola tree inhibit the growth of malaria parasite (*Plasmodium falciparum*) by at least 60% at a low concentration of 6 mg/ml.

Bitter Kola Health Benefit for Osteoarthritis

Osteoarthritis is the most common form of arthritis, characterised by pain, inflammation and limited movement in the joints, according to the National Institutes of Health. Causes of osteoarthritis can include joint injury, obesity and aging. Since many arthritis sufferers prefer natural herbal medicines to other pain relievers and medications, researchers at Obafemi Awolowo University in Nigeria tested the effects of *Garcinia kola* against arthritis symptoms. The results of the study, written by Olayinka O. Adegbehingbe and published in the July 2008 issue of the *Journal of Orthopaedic Surgery and Research*, conclude that *Garcinia kola* significantly reduced inflammation and pain and increased joint movement in subjects that had osteoarthritis symptoms. It is believed that *Garcinia kola* works well as a result of its antioxidant properties.

Garcinia kola appeared to have clinically significant analgesic/anti-inflammatory effects in knee osteoarthritis patients. *Garcinia kola* is a potential osteoarthritis disease activity modifier with good mid term outcome; Olayinka O. Adegbehingbe, Saburi A. Adesanya, Thomas O. Idowu, Oluwakemi C. Okimi, Oyesiku A. Oyelami and Ezekiel O. Iwalewa discovered in their study on the Clinical effects of *Garcinia kola* in knee osteoarthritis.

The side effects reported from the *Garcinia kola* used in this study were "weight loss", "increase in sex drive" and "extended sleep" which many considered helpful to meet their individual and marital demands.

(Note: If anyone takes *Garcinia Kola* and experience diarrhea, hives, irregular heartbeat or other signs of allergic reaction, discontinue use immediately and seek medical attention.)

Bitter Kola Health Benefit for Glaucoma (Eye Pressure)

An increase in eye pressure can lead to glaucoma, according to a report from The New York Times Health Guide. Researchers at Lagos University Teaching Hospital in Nigeria tested the effectiveness of eye drops that contained 0.5 percent extract of *Garcinia kola*. The results of their study, published in the January 2010 issue of *Middle East African Journal of Ophthalmology*, showed that the ophthalmic solution that contained the *Garcinia* significantly reduced eye pressure when used twice a day.

Bitter Kola Health Benefit for HIV

Bitter kola is a potent antibiotic which could be efficacious in the treatment of HIV and AIDS. A researcher with the Nigeria Natural Medicine Development Agency (NNMDA), Mrs. Chinyere Nwokeke told the News Agency of Nigeria (NAN) that bitter kola could be used in treating opportunistic infections associated with HIV. "Bitter kola is highly recommended in the treatment of HIV and AIDS because of its antibacterial, detoxification, and

cleansing properties," she said.

Mrs Chinyere Nwokeke also said that the chemical Saponin in bitter kola is responsible for its cleansing effect. Saponin is mainly used as tonic for the liver, it enhances the functions of the liver and gall bladder.

Bitter Kola Health Benefit for Cold

Bitter kola is often used to treat the symptoms of colds. It is suggested, in particular, for coughs and sneezing.

Bitter Kola Benefit for Male Fertility (Impotence)

Garcinia kola, also called bitter kola is sometimes believed to cure impotence. Frequent taking of bitter kola boosts man performance in bed with a woman.

Bitter Kola Benefit for Immune System

Bitter kola is known for its anti-inflammatory and antioxidant properties. It can be used to prevent infections and viruses, especially in relation to the immune system.

Bitter Kola Benefit for Food Poisoning

In many rural areas of Nigeria (and other parts of Africa), when food is suspected to be contaminated by bacteria or someone accidentally eats food poison, traditional healers often recommend the mastication of bitter kola immediately after eating. This usually prevent the development of any infection or poisoning. Herbalists even recommend the seed and the bark of bitter kola should be eaten together in cases where food poisoning is suspected, "it helps to detoxify the system."

Bitter kola is not only anti-poison, it also has the ability to repel evil spirits according to traditional beliefs. Though it sound superstitious, many (myself included) believe it works and do have spiritual benefits.

Bitter Kola Benefit for Treating Ebola

#Update: It is no surprise to me that bitter kola has been reported in Africa to be an effective natural treatment for ebola. It should be common among Africans to think that any immune system boosting food, fruits and nuts may be good for alleviating and treating the symptoms of ebola.

In conclusion, bitter kola (*Garcinia kola*) have for centuries been used in African culture for both traditional and medicinal purposes. *Garcinia kola* contains saponin, kolaviron (a natural biflavonoid), dimeric flavonoid, and lipase inhibitor all of which is believed to have many healing properties. Further more, it has shown to possess anti-inflammatory, antimicrobial and antiviral properties for treatment of several ailments.

In Nigeria (West Africa), bitter kola is known as Agbilu or Aki ilu in Igboland, Orobo in Yorubaland, and Namijin goro in Hausaland. ●

★ **Africa information on the amazing health benefits of Bitter Kola, a powerful nut scientifically known as *Garcinia kola*, is published on InformAfrica.com to inform fellow Africans on the continent and in diaspora on the importance of eating bitter kola for its amazing health benefits.**



ICAN President, Deacon Titus Soetan conferring some members of the USA District with the Fellowship status of the Institute



ICAN USA District Holds 3rd International Conference

The United States of America and District Society of the Institute recently held its 3rd Zonal Conference with the theme *Global Trends in Public Accounting*.

The conference which had in attendance participants from America, United Kingdom, Canada and other countries was held in September at the Crown Plaza Atlanta Airport Hotel, Atlanta USA.

Speaking at the conference, the Institute's President Deacon Titus Soetan, explained that the need to keep professionals abreast

of global trends in accounting has become inevitable. In his view, the global trend in the world now points to the need for professional accountants to become specialist in a field of accounting.

He said, "One may assert that the advent of globalisation and the revolution in Information Technology, have significantly altered the traditional accounting processes and by extension the role of the Chartered Accountant."

He added that globalisation had brought about an increased collaboration in international trends and commerce among countries of the world, therefore the need for increased uniformity in the standards guiding financial statements globally.

This need, according to Soetan, gave rise to the development of the International Public Sector Accounting Standards (IPSAS) for public sector entities, while the private sector entities across the world are moving towards the International Financial Reporting Standards (IFRS). He therefore advocate the need for accountants across the world to share knowledge and experiences as well as build capacity to confront challenges as they arise in the global age.

Other papers presented at the conference include: *Accountability and Reporting; Private Practice Challenges and Peer Review; Implementing Effective Procurement Process; and Aftermath of IFRS Adoption: Boosting Investor Confidence and Ethics*.

Also at the Conference, some members of the USA District were conferred with the Fellowship status of the Institute. The president while decorating the new fellows advised them to continue to demonstrate professional knowledge, skill and excellence in the discharge of their duties. The new Fellows are: Alade Oludolapo, FCA; Owotomo Oluyombo, FCA; and Mbama Robert, FCA.



ICAN President with participants at the ICAN Canada District's Conference recently

ICAN President, Deacon Titus Soetan with the chairman, ICAN Canada District Society, Mr. Ibukun Anthony Aruleba during the District's conference in Canada



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Infuse Transparency, and Enhance Corporate Governance, ICAN tells NSE

The Nigerian Stock Exchange (NSE) has been advised to imbibe the culture of transparency in its operations to promote good corporate governance and global best practices. This advice was given by the 52nd President of the Institute Deacon Titus Soetan when he paid a courtesy visit to NSE in Lagos.

Deacon Soetan said the importance of the Nigerian Stock Exchange to the economic growth of the country was quite enormous, hence there should be appropriate punishment for capital market offenders no matter how highly placed to serve as deterrent to others since the capital market was critical to the economy.

According to him, "stock markets are often a reliable barometer by which the growth and sophistication of a country's economy is measured. A robust capital market has the capacity to drive economic expansion, primarily by mobilising funds for companies and governments for expansion and infrastructure projects".

He said ICAN and NSE have come a long way and certainly have common objectives, including contribution to the growth and development of the country. He assured NSE of more collaboration so as to further sanitise the system and grow investors' confidence.

The Chief Executive Officer of NSE, Mr. Oscar Onyema thanked the ICAN team for the visit noting that ICAN was a well regarded Professional body noted for its relevance in supporting government



Registrar/Chief Executive of the Institute, Mr. Rotimi Omotoso (left); Mr. Sam Onukwe, Mrs. Comfort Eytayo, Council members; Chief Executive Officer, Nigerian Stock Exchange, Mr. Oscar Onyema; President of the Institute, Deacon Titus Soetan; 1st Deputy Vice President, Alhaji Rasak Jaiyeola; and 2nd Deputy Vice President, Mrs Uchenna Erobu during ICAN visit to NSE

in policy making. He said he had no doubt that ICAN would through its well trained members put more efforts, into research to find alternative ways that could help government come out of the current state of recession.

Experts Task Government to Restructure the Economy

The government and other policy makers in the country have been advised to quickly diversify the economy of the country to avert the imminent catastrophe that may result from the dwindling economy.

This advice was given by speakers at the 11th Eastern Zonal Conference of the Institute with the theme "Restructuring the Nigerian Economy to Avert Recession" held at the Akanu Ibiam International Conference Centre, Abakaliki, Ebonyi State.

In his keynote address, the 52nd President of the Institute, Deacon Titus Soetan said the long dependence on one product by the nation had remained a major problem which implies that the fortune of the national economy depends to a large extent on the oil price. He noted that this had resulted in the national economy being affected negatively due to the recent global decline in oil price.

According to him, "Plummeting crude oil prices in the global market



President of the Institute, Deacon Titus Soetan flanked by members at 11th Eastern Zonal Conference held in Abakaliki

have hit the country hard in its mismanaged one product economy. We therefore call on the government to intensify efforts to diversify the nation’s economy away from the over-dependence on oil”.

In his view, great potentials exist in agriculture, solid mineral as well as tourism, but had been neglected due to lack of infrastructure, overbearing policies by the government as well as other hindrances.

The lead paper titled “*Building Sustained Non-Oil Economic Growth in Nigeria Using the Agricultural Sector*” was presented by Professor Martin Aniwiki a distinguished soil scientist, who noted that over dependence on oil had destroyed agriculture as well as other sectors.

The paper also identified the adjustments that were needed in agricultural, environmental and macroeconomic policy to create the conditions for sustainable agriculture and rural development (SARD). He noted that improved productivity and competitiveness of small farmers could lead to more nutritious, less expensive food, increased income, improved nutritional content of main staple foods, production of more diverse foods of higher nutritional content as well as improved agricultural practices to reduce the risks of agriculture-associated diseases.

Christopher Nyong Appointed to International Accounting Standards Board

A member of the Institute, Mr. Christopher Nyong, FCA, Auditor General of Cross River State, has been appointed to the International Public Sector Accounting Standards Board (IPSASB) by the International Federation of Accountants (IFAC) with headquarters in New York, the United States of America.

By this appointment, he becomes the first Nigerian and the third African to be appointed, after a South African and a Kenyan, to this prestigious Board. He is to serve for three years at the first instance and may be re-appointed for subsequent terms.

In a letter signed by the Chief Executive officer of IFAC, Fayeze Choudhury, dated September 20, 2016, Nyong was appreciated for his “support of the independent standard-setting boards.”

Mr. Nyong, a Certified Fraud Examiner (CFE) is a member of the Association of Certified Fraud Examiners, USA; a Chartered Public Finance Accountant of UK, a Fellow of Institute of Chartered Accountants of Nigeria, ICAN, and had served on the Governing Council of the Institute from 2008 to 2011.

He served as the Chairman, Body of Federal and State Auditor Generals in Nigeria from 2007 to 2015. Nyong, who is currently the Auditor General of Cross River State, is also a member of the Federation Account Allocation Committee (FAAC), Sub-committee.



Mr. Christopher Nyong



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Improve Practice Monitoring — PKF

The Institute has been called upon to step up its practice monitoring in order to continue to play its regulatory role and eradicate quackery in the profession. The call was made by the Managing Partner of PKF, Mr. Tajudeen Akande, during a courtesy visit by the 52nd President of the Institute to PKF in Lagos recently.

Akande posited that though, no profession was free from touts, the Institute's authority should ensure that everything possible was done to make sure that members' practice was monitored effectively.

He described merging of small and medium sized practices as unavoidable so as to expand and become formidable, adding that mentoring should also be stepped up to assist small firms.

"It is true one cannot do it alone. Whatever we can do on merger will be done because we also want to grow and expand. The big four started like us. We shall also do our best on mentoring in order to assist the upcoming firms," he stated.



Managing Partner of PKF, Mr. Tajudeen Akande presenting a souvenir to the ICAN President, Deacon Titus Soetan

Lagos and District Elects First Female Chairman

The Lagos and District Society has elected Mrs. Lydia Ajayi, FCA, as its first female Chairman. Her investiture took place recently at the Civic Centre, Victoria Island, Lagos.

At the investiture ceremony, the 52nd President of the Institute,



Mrs. Lydia Ajayi being decorated by the ICAN President, Deacon Titus Soetan

Deacon Titus Soetan called on the members of the District Society to work hard with their Chairman to uplift the district society.

Soetan advised further that if all members of the District society could work in harmony, it would allow their impacts to be felt within their district, ICAN as a whole and Nigeria in general. He also called on the new Chairman to always carry members along in whatever steps she takes on their behalf.

In her acceptance speech, Mrs. Ajayi expressed gratitude to her colleagues for the confidence reposed in her. She promised to utilise her wealth of experience in both the private and public sectors to better the lot of her District, urging the members to join hands with her to achieve the set goals. She also assured that her district would continue to be good ambassador of the Institute.

ELECTED:

★ **Chief Oye Akinsulire**, FCA has been elected as the Treasurer of Association of the Professional Bodies in Nigeria (APBN). The election took place at the Annual General Assembly of the Association held on September 28, 2016 at the Golden Gate Hotel, Ikoyi, Lagos.

Prior to his election, he was the APBN Financial Secretary. Akinsulire, a member of the Institute's governing council, is the ICAN representative on the Board of APBN.



Chief Oye Akinsulire

ICAN Charges Press on Unbiased Reporting

The Nigerian media has been advised to ensure that reports emanating from them to the public are accurate, unbiased and capable of dousing whatever tension that might be going on in the country.

The 52nd President of ICAN, Deacon Titus Soetan gave the admonition during his courtesy visit to *The Guardian* newspaper in Lagos recently. According to him, the media's role in shaping the society is immense in a democratic setting, adding that the media must inform the public through clarification of complex issues, particularly in an age when information drives economic advancement and internal events.

He also urged the press to always provoke public debates leading to greater public participation in decision making process as well as mobilising public opinion to humanitarian causes and seek redress for injustice.

Describing *The Guardian* newspaper as flagship of print journalism in Nigeria, the ICAN President enjoined the management to continue to discourage political interference from public officials and regulators over their criticism of the government on corruption and national security.

Responding, the Editor of the newspaper, Mr. Abraham Ogbodo described ICAN as the foremost professional body in Nigeria and assured that all the advice offered by the Institute would be considered.

He confirmed that ICAN members in the service of the newspaper are truly professionals who really know their onions and have contributed to the progress and development of the company.

ICAN Honours Its Political Ambassadors

As a prelude to the 46th Annual Accountants' Conference, the Institute honoured 17 members who are currently holding offices in politics. The event which was tagged "*Celebration of ICAN Political Ambassadors*" and organised by the Institute's Inter- Governmental Relations Committee (IGRC) was held at Ladi Kwali Hall, Sheraton Hotel, Abuja on Monday October 10, 2016.

In his address at the event, the 52nd ICAN President, Deacon Titus Soetan, FCA described the day as one specially reserved to commemorate and recognise ICAN members who have distinguished themselves not only as professionals but also shining stars in the political realm of the country.

His words: "Our Institute has always advocated and encouraged the participation of professionals in politics and governance. This is based on our belief that the successful participation of professionals in politics and governance would be of immense benefit to the profession and the nation at large."

The President noted with pride that ICAN has seventeen of her members at various level of governance in Nigeria. These include five Executive Governors, one Deputy Governor, three Senators, Five members in the Federal House of Representatives, two Federal Ministers and the Head of Service for the Federation.

Responding on behalf of other awardees, the Head of Service for the Federation, Mrs. Winifred Oyo-Ita, FCA expressed gratitude to the Council of the Institute and the organisers of the event for the honour of recognising them. She admonished other professionals to join politics and governance to contribute their quota to the development of the nation.

Merging of Firms Is Important, Soetan Advises Members

Members of the Institute who operate small and medium firms have been advised to embrace merger with other firms to form a larger and formidable practice.

The 52nd President of the Institute, Deacon Titus Soetan gave the advice in Lagos while receiving members of Ikorodu & District Society who paid him a courtesy visit in his office.

He explained that if small and medium sized practices merge, it would afford them the opportunity to compete favourably with other big ones in practice. He also advised members to embrace entrepreneurship programme of the Institute in order to become employers of labour instead of looking for paid employments.

The Vice Chairman of the District, Mr. Ladi Williams disclosed that the District had awarded twelve scholarships to students while it had organised three catch-them-young programmes in its area to attract young minds to the profession. ●



Members of Ota and District Society of ICAN presenting a photo portrait to the 52nd ICAN President, Deacon Titus Soetan during their courtesy visit to him recently

FROM OTHER BODIES

Candidates Sought for Volunteer Positions on the Independent Standard-setting Boards

Are you seeking an exceptional opportunity that combines your understanding of the public interest role of accountancy with your desire to make a difference on a global stage? The high-quality international standards that underpin the global accountancy profession are developed by the independent standard-setting boards, for which *Call for Nominations for 2018* is released.

The call sets out the upcoming opportunities for membership on the *International Auditing and Assurance Standards Board (IAASB)*, *International Accounting Education Standards Board (IAESB)*, *International Ethics Standards Board for Accountants (IESBA)*, and *International Public Sector Accounting Standards Board (IPSASB)*.

For 2018, there are 26 vacancies on the independent standard-setting boards — 7 each on the IAASB, IESBA, and IAESB, and 5 on the IPSASB. The current member can be re-nominated for 17 of these vacancies and, if considered appropriate, re-appointed for a second term of service.

These volunteer vacancies on the boards are open for nominations by all stakeholders, including professional accountancy and international organisations, governmental agencies, firms, and the public. Nominations of non-accountants for the public member vacancies are strongly encouraged. Travel support is available to qualified candidates from developing nations, self-nominees, and public members.

Candidates should have knowledge of the subject matters considered by a particular board, as well as English proficiency. Each board meets up to four times per year and the required time commitment is approximately 300 to 850 hours per year, depending on the board and task force involvement, including preparation and travel time. Although each candidate will ultimately be selected based on experience, nominations of highly qualified candidates from Africa, Asia, the Middle East, and Latin America are strongly encouraged. Nominations of female candidates for all boards and from all regions are particularly welcome. For more information on openings and geographic targets of a particular board, please see the Vacancy Overview table on p. 9-12 of the call. Nominations can be submitted through the *Nominations Database*. **All nominations need to be submitted before January 31, 2017.**

To provide nominating organisations and nominees with some insights on the nominations process and the value of serving on the standard-setting boards, the following documents are available on the Nominating Committee web page: *Developing a Nominations Strategy* and *Giving Back to the Profession: The Value of Serving*.

The Nominating Committee follows an open and transparent process with public interest oversight to select the most suitable candidates for the available positions, while also aiming to achieve gender, regional, and professional balance. For more information about the Nominating Committee, its due process, or guidance in selecting the best candidate, please visit the *Nominating Committee web page*.

Accountancy Leaders, Development Partners Address Public Financial Management Reform

Development partners joined accountancy leaders recently to discuss public financial management (PFM) reforms in Francophone Africa. The leaders attended the Public

Financial Management, Strengthening Institutions and Accountability conference hosted by the International Federation of Accountants (IFAC), Pan African Federation of Accountants (PAFA), Fédération Internationale des Experts Comptables et Commissaires aux Comptes Francophones (FIDEF), World Bank, and African Development Bank.

The leaders evaluated progress since last year's successful PFM event in Dakar, Senegal, at which participating Finance Ministers pledged to support PFM reforms. They heard that PFM reform progress has been slow across the 18 Francophone Africa countries. The quality of budgeting and financial reporting, and the effectiveness of internal and external auditing and parliamentary oversight, remain poor in the majority of these countries.

Delegates underscored the public sector capacity challenge, and recognised many more accounting professionals are required to achieve the desired reform outcomes.

Speaking at the event, IFAC Executive Director, Alta Prinsloo, expressed support for the call issued by FIDEF to review the accountancy profession model in Francophone Africa to ensure it meets the demand for public sector accountancy skills. Under the current model, professional accountancy organisation members in Francophone Africa are limited to professional accountants in public practice.

Ms. Prinsloo said, "**Our Accountability.Now**" message is clear. High-quality public financial reporting supports informed decision making, effective and efficient spending, quality public services, enhanced transparency and accountability, and — ultimately — increased trust in government. The demand for accountancy skills necessary to produce high-quality public sector financial reporting is both a public interest obligation, and an opportunity for professional accountancy organisations in Francophone Africa."

Working Group Seeks Input on Growing Use of Data Analytics in Audit

The International Auditing and Assurance Standards Board (IAASB)'s Data Analytics Working Group is furthering its work to understand how the use of technology, and more specifically data analytics, is able to enhance audit quality.

The IAASB released a request for input, *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics*. Supplementing this publication is a **call for nominations** for a newly formed Project Advisory Panel to further advise the IAASB and the Data Analytics Working Group (DAWG) on developments relevant to standard setting.

"Technological change is occurring at a rapid pace, ushering in the capability to capture and communicate data digitally, on an

unprecedented scale and almost instantaneously. With this change comes increased stakeholder expectations about how technology can be used to enhance the effectiveness and efficiency of audits of financial statements,” IAASB Chairman Prof. Arnold Schilder said.

“With this publication we hope to bring together relevant stakeholders to meet these expectations which start by fostering a dialogue about how innovative techniques can be used,” he added.

The Request for Input provides insights into the opportunities and challenges with the use of data analytics in the audit of financial statements and outlines the insights gained from the DAWG’s activities to date. The purpose of the Request for Input is to:

- Inform stakeholders about the IAASB’s ongoing work to explore effective and appropriate use of technology, with a focus on data analytics, in the audit of financial statements; and
- Obtain stakeholder input and perspectives on whether all of the considerations relevant to the use of data analytics in a financial statement audit have been identified.

“We are encouraged by the work accounting firms, national standard setters, and others are doing to explore how data analytics can be used in audit,” noted Bob Dohrer, IAASB member and DAWG Chair.

“While the International Standards on Auditing do not prohibit the use of data analytics, the standards need to better address increasing complexity, taking into account the rapidly changing technological developments in both the business and audit environment. The Request for Input highlights that timely feedback about innovations in this area, including views about the potential implications to the audit of today, will be of use in a number of the IAASB’s current projects.”

The Working Group is seeking input from investors, preparers, those in governance roles, standard setters, practitioners, internal auditors, regulators, academics, and other stakeholders in the external reporting supply chain. The input will assist the IAASB in effectively responding to these developments in the public interest, including determining whether new or revised international standards or guidance may be necessary. Comments to the Request for Input are requested by February 15, 2017.

IAASB Issues Public Survey to Inform Its Work Plan for 2017–2018

The International Auditing and Assurance Standards Board (IAASB) today released a survey consultation, *The IAASB’s Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives*. Feedback to this consultation will assist the board in evaluating its priorities for 2017–2018 and allocating its resources — a full-time Chairman supported by a 17-person volunteer board and ten-person technical staff — in the best way possible.

“Our extensive outreach and consultation, most recently through our Invitation to Comment, leads us to believe we are already addressing the most pertinent topics in the public interest. We are prioritising standard setting in relation to the fundamental topics of accounting estimates, professional skepticism, quality control, risk assessment, and group audits — while at the same time actively debating the implications for practitioners of developments in data analytics, integrated reporting, and emerging

forms of external reporting,” explained Prof. Arnold Schilder, IAASB Chairman. “At the same time, we recognise we will soon be at the mid-point of our five-year strategy, so it is helpful to pause and reflect with our stakeholders about whether anything in the external environment indicates a need to change course or re-prioritise.”

The IAASB and its Consultative Advisory Group have considered a number of other topics that could warrant IAASB attention, which are highlighted in the survey. Respondents are asked for their views on how topics should be prioritised; recognising that much of the board’s current standard-setting efforts will carry on into 2017 and beyond unless the IAASB decides to modify its current work plan.

The IAASB would also like to understand whether its current strategic initiatives remain appropriate given its mandate.

“We look forward to hearing from a wide range of our stakeholders, and hope that by using a survey, we will hear from many around the world. We have designed the survey to allow respondents to quickly flag key priorities or, alternatively, tell us when certain topics are less relevant, as this will be helpful in deciding whether our focus should change from any of our current priorities to those that might be deemed more relevant from a public interest perspective,” IAASB Technical Director, Kathleen Healy noted.

IFAC Encourages Accountancy Profession to Engage Accountants in Business

Recognising the essential role of professional accountants in business in strong and sustainable organisations, financial markets, and economies, the International Federation of Accountants (IFAC) has released *Engaging Professional Accountants in Business: How to Build a More Relevant PAO and Profession*.

The guidance will assist professional accountancy organisations (PAOs) in strengthening engagement with accountants in business, the public sector, and academia as a means to expand their reach, influence, and contribution.

“Professional accountants in business drive sustainable organisational success. Their engagement at the global, regional, and local levels will enhance the relevance of the profession and help build a deeper engagement with business and government, ultimately supporting the profession’s contribution to stronger economies,” said Alta Prinsloo, IFAC Executive Director, Strategy, and Chief Operating Officer.

Professional accountants in business represent a broad spectrum of expertise and work in many sectors across all types and sizes of organisation. Their diversity is a strength and an opportunity, but can make it difficult for PAOs to connect with them. This lack of connection is a detriment to the individual accountants, the profession, the PAO, and — ultimately — the public interest. This guidance supports a stronger connection by incorporating these members into the PAO’s governance and decision-making structures.

The guidance was developed as part of the **PAO Capacity Building Series** with the help of the IFAC Professional Accountants in Business Committee. It includes a case study using the Institute of Chartered Accountants of Pakistan. ●

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

IN THE ACCOUNTANTS' DISCIPLINARY TRIBUNAL
HOLDEN AT VICTORIA ISLAND, LAGOS

CHARGE NO: ICAN/LEG/D.T/21219/2012

BETWEEN:

ICAN COMPLAINANT

AND

OLUSEGUN ADETORO ADEPOJU (MN. 021219) RESPONDENT

JUDGMENT

The Respondent was arraigned before this Tribunal on four (4) Counts as follows:

1st COUNT

STATEMENT OF OFFENCE:

Disrespect contrary to paragraph 21.2.3 of chapter 21 of the Professional Code of Conduct and Guide for Members and punishable under the said Rules and section 12 (1)(a) of the ICAN Act Cap 185 LFN 1990.

PARTICULARS OF OFFENCE:

That you **OLUSEGUN ADETORO ADEPOJU (M)** between March 2010 and February 2011 willfully disregarded the Institute's Investigating Panel's several written requests that you respond to allegations made against you by Promasidor Nigeria Limited, thereby committing an offence contrary to paragraph 21.2.3 of chapter 21 of the Professional Code of Conduct and Guide for Members and punishable under section 12(1)(a) of the ICAN Act, Cap 185 LFN 1990.

2nd COUNT

STATEMENT OF OFFENCE:

Professional misconduct contrary to paragraph 21.2.8 of chapter 21 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12 (1) (a) of the ICAN Act Cap 185 LFN 1990.

PARTICULARS OF OFFENCE:

That you **OLUSEGUN ADETORO ADEPOJU (M)** between March 26th 2010 and February 23rd 2011, having been properly invited,

refused, neglected and failed to appear before the Institute's Investigating Panel thereby committing an offence contrary to paragraph 21.2.8 of chapter 21 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12(1)(a) of the ICAN Act Cap 185 LFN 1990.

3rd COUNT

STATEMENT OF OFFENCE:

Infamous conduct in a professional respect contrary to paragraph 1.2.0(a) of chapter 1 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12(1)(a) of the ICAN Act Cap 185 LFN 1990.

PARTICULARS OF OFFENCE:

That you **OLUSEGUN ADETORO ADEPOJU (M)** between 2008 and 2009, colluded with certain persons (now at large) to raise fictitious invoices and making payments without corresponding supply or services being rendered to the Company thus depriving Promasidor Nigeria Limited of the sum of N152 Million thereby committing an offence contrary to paragraph 1.2.0(a) of chapter 1 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12(1)(a) of the ICAN Act Cap 185 LFN 1990.

4th COUNT

STATEMENT OF OFFENCE:

Infamous conduct in a professional respect contrary to paragraph 1.2.0(b) of chapter 1 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12(1)(a) of the ICAN Act Cap 185 LFN 1990.

PARTICULARS OF OFFENCE:

That you **OLUSEGUN ADETORO ADEPOJU (M)** between 2008 and 2009, after raising fictitious invoices on behalf of Promasidor Nigeria Limited, did abscond, abandon your duty and was declared wanted by the Police thereby embarrassing the Institute and putting its name to disrepute thus disgracing the accounting profession and thereby committing an offence contrary to paragraph 1.2.0(b) of chapter 1 of the Professional Code of Conduct and Guide for Members of the Institute and punishable under section 12(1)(a) of the ICAN Act Cap 185 LFN 1990.

This matter came up for the first time at the Tribunal sitting of March 23, 2012. The Prosecutor informed the Tribunal that the Respondent, who was absent and unrepresented by Counsel, was served through one Mrs Sopekun Bolajoko Esther. The Tribunal adjourned the matter to May 10, 2012.

At the May sitting, the Prosecutor informed the Tribunal that another attempt was made to notify the Respondent of the sitting but the Courier Company official who went to serve could not do so as he was told that the Respondent had left instructions that no letter from the Institute should be received on his behalf. Upon the Prosecutor's request, the Tribunal ordered that the Respondent should be notified of the next Tribunal sitting via publication in the newspaper.

At the October 12, 2012 sitting, the Respondent was again absent and unrepresented. The Prosecutor informed the Tribunal that a publication was made in *The Guardian* Newspaper of Tuesday, September 25, 2012 inviting the Respondent to the sitting. Having been satisfied that adequate notice had been given the Respondent, the Tribunal granted the Prosecutor's application for the arraignment of the Respondent in absentia. Accordingly, a plea of 'not liable' was entered by the Tribunal on behalf of the Respondent on the four (4) Counts.

The Prosecution thereafter opened their case and called their first Prosecution Witness (PW1), Mr. Oyinloye Bamidele Olalekan, an employee of Promasidor Nigeria Limited. The matter was further adjourned to allow the Respondent the opportunity to cross-examine PW1.

The Respondent was also absent and not represented at the Tribunal sitting of March 4, 2013 and upon the Prosecutor's application, his right to cross-examine PW1 was foreclosed.

The second Prosecution Witness (PW2), Mr. Suara Lekan Popoola, later testified at the Tribunal sittings of September 26, 2014 and January 23, 2015. During PW2's evidence at the January sitting, the Investigating Panel Concluding Report was admitted in evidence as Exhibit A1.

The Respondent's right to cross examine PW2 was foreclosed upon the Prosecutor's application at the sitting of February 23, 2015 and it was adjourned for the Respondent to commence his defence.

The Respondent was absent and unrepresented at the March 25, 2015 sitting and at the sitting of April 29, 2015, Respondent's right of defence was foreclosed.

The Prosecutor thereafter adopted his Final Written Address at the November 19, 2015 sitting.

From Exhibit A1 and the evidences of PW1 and PW2, the following are the facts of the matter:

1. Sterling Chambers, on behalf of Promasidor Nigeria

Limited, had in March 2010 sent a complaint against the Respondent who was the Company's Financial Controller.

2. It was alleged that between 2008 and 2009, the Respondent colluded with certain persons (who were at large) to defraud the Company by raising fictitious invoices and making payments without corresponding supplies or services rendered to the Company.
3. The Company's internal control mechanism, hitherto superintended by the Respondent, showed that N152 Million had been stolen from the Company through the same method.
4. Immediately he got wind of the Complainant's investigation of the fraud, the Respondent and his cohorts absconded and were declared wanted by the Police.
5. By letter dated March 26, 2010 the Institute acknowledged receipt of the complaint and forwarded the complaint to the Respondent for his response. No response was received from the Respondent.
6. A reminder dated November 4, 2010 was sent to the Respondent to enable him respond to the allegations. The letter was returned undelivered as it was marked "**consignee not known at the address**".
7. Following the Investigating Panel's resolution in January 2011 that an advert be placed publicising the notice to the Respondent, a publication was made in the *Guardian* Newspaper of Friday, February 11, 2011 at page 16.
8. Despite the said newspaper publication, the Respondent did not attend the Panel meeting of February 23rd 2011.

In his Final Written Address dated the 19th day of November, 2015, the Prosecutor identified ten relevant issues (raised during trial) for determination thus:

1. Was there a case of omission or commission of the misconduct or disrespect made out against the Respondent?
2. Was there a formal charge and proceedings against the Respondent?
3. Was there an allegation made out against the Respondent?
4. Did the Investigating Panel and the Tribunal give the Respondent adequate opportunity to know the offences/charges and allegations against him?
5. Was the Respondent given adequate notice, invitation and opportunity to defend himself at the trial of the case?
6. Did the Respondent take any step or advantage of the opportunities given to him to respond, clarify or make himself available for the Investigating Panel and trial before the Tribunal?
7. Was there an intention on the part of the Respondent to disregard or ignore the Panel and the Tribunal?
8. Was the Respondent aware of the consequences of the offence committed?
9. Did the conduct of the Respondent depict disrespect and professional misconduct?
10. Was there any finding affirming the allegations against the Respondent?

The Prosecution submitted that the ingredients of the charges preferred against the Respondent had been proved and established beyond a preponderance of evidence, to the effect that the Respondent treated the Institute's Investigating Panel and

Tribunal with disrespect, disregard and total disdain, smearing and belittling the integrity and esteemed image of the Institute. He stated that the Prosecution had discharged the onus placed on it to prove the offences/charges against the Respondent and prayed the Tribunal to rule against the Respondent.

The Prosecutor also submitted that since there was no view or opinion to contradict that of the Prosecution on the conduct of the Respondent and, for absconding with his loot and abandoning his duty post, the Tribunal should resolve the matter against the Respondent on all the four (4) Counts. He referred the Tribunal to the cases of **OKONJO VS THE STATE 1978 NSCJ PAGE 291 AT 302; R VS BRAHAMA (1945) 11 WACA 49 and UBANATU VS COP (2000) 2 NWLR PAGES 118-119.**

From the Prosecutor's submissions in addition to the facts and evidences received with respect to this case, this Tribunal has distilled two issues for determination viz:

1. Whether the Respondent was given a fair hearing in these proceedings.
2. Whether from the evidence and circumstances of this case, the actions of the Respondent amount to disrespect, professional misconduct and infamous conduct in a professional respect.

This Tribunal no doubt agrees with the Prosecution that ample opportunities were given to the Respondent to defend the allegations against him, which he failed to utilise. Publications were made in *The Guardian* Newspaper of Friday, February 11, 2011 at page 16 at the Investigating Panel stage and also *The Guardian* Newspaper of Tuesday, September 25, 2012 when the matter was already before this Tribunal all in the Institute's efforts to ensure that the Respondent was given a fair hearing. Despite the publications, which can be regarded as notices to the whole world, Respondent refused to appear before the Panel and the Tribunal. By his refusal, the Respondent has treated the Panel, this Tribunal and the Institute in general with utter disrespect and disdain.

The Tribunal, having considered all the evidence before it in respect of this matter, is of the opinion that the Respondent's continued absence from the sittings of the Disciplinary Tribunal is an admission of guilt since there is evidence before this Tribunal that the Respondent was adequately put on notice of the pendency of the allegations against him at the Tribunal.

The evidences of PW1 and PW2 were unchallenged and uncontroverted, the Respondent having not appeared before the Tribunal. The Respondent acted in breach of the Professional Code of Conduct and Guide for Members. Paragraph 21.2.3 of chapter 21 of the Professional Code of Conduct and Guide for Members provides:

"If the member fails to respond after the first reminder, a formal charge shall be preferred against the member before the Disciplinary Tribunal. The provisions and/or procedures contained in paragraphs 21.2.1 and 21.2.2 above shall apply to all other requirement or directive of the Panel to a member so that failure or neglect by the member to abide by the requirement or directive shall also be treated as disrespect of the Institute and is sanctionable by the Disciplinary Tribunal".

Paragraph 21.2.4 provides thus:

"If the member's contact address cannot be readily obtained, the Panel shall publish the invitation in a National Newspaper

and if after 14 days there is no response from the member, this shall be treated as disrespect to the Institute and is sanctionable by the Disciplinary Tribunal".

Paragraph 21.2.8 provides as follows:

"Failure of a member to respond to any publication requiring such a member to appear before the Investigating Panel will constitute an act of professional misconduct".

Paragraph 1.2.0(a) and (b) provide that:

"A Chartered Accountant is required to comply with the following fundamental principles:

(a) **Integrity**

A Chartered Accountant should be straightforward and honest in all professional and business relationships. Integrity implies not merely honesty but fair dealing and truthfulness.

(b) **Objectivity**

Objectivity is the state of mind, which has regard to all considerations relevant to the task in hand but no other consideration. A Chartered Accountant should not allow bias, conflict of interest or undue influence to override his professional or business judgments.

This Tribunal frowns at the conduct of the Respondent who showed great disrespect for the Institute by not appearing at the Panel meetings and Tribunal sittings. The Tribunal is bound to uphold the Motto of the Institute, "Accuracy and Integrity" by jealously shielding the disciplinary bodies of the Institute from abuse and ridicule.

The Tribunal has the duty of ensuring that members maintain the integrity of the Institute thus protecting public interest against unwarranted actions by members against the public. The action of the Respondent is a dent on the image of the Institute and its members.

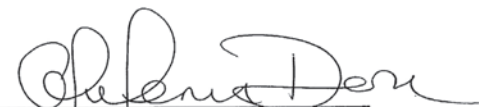
Having considered all the facts and evidence before it, the Tribunal resolves the two issues for determination in favour of the Prosecution and finds the Respondent liable on the four (4) Counts as charged.

Section 12(1)(a) of the Institute of Chartered Accountants of Nigeria Act empowers the Tribunal to administer and impose disciplinary sanctions on erring members of the Institute in order to forestall unprofessional conduct by members.

The Tribunal shall apply its discretion as provided for under Section 12(1)(a) of the ICAN Act to make its judgment as follows:

- (i) The Tribunal hereby directs that the Respondent's name be struck out from the register of members of the Institute.
- (ii) The Respondent is ordered to return his membership certificate to the Institute forthwith.
- (iii) This shall be the judgment of the Tribunal and same shall be published in the Institute's Journal.

DATED THIS 30th DAY OF March, 2016


OTUNBA OLUFEMI DERU, FNIM, JP, FCA
CHAIRMAN, ACCOUNTANTS' DISCIPLINARY TRIBUNAL

ICAN Employment and Placement services Be known...above and beyond



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With thousands of daily hits, our employment bureau portal offers our members and employers a credible alternative to job boards.

Whether you are looking for a job or looking to grow your workforce, the ICAN Employment Bureau helps you explore the possibilities and find the opportunity that are right for you.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA (ICAN)

(Established by Act of Parliament No. 15 of 1965)

Founding Member, International Federation of Accountants (IFAC).



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46th Annual Conference:

Accountability as Antidote to Corruption

The Vice President, Federal Republic of Nigeria, Professor Yemi Osinbajo, SAN, has called on Nigerians to hold public office holders accountable on their actions and inactions while in office.

Osinbajo who represented President Muhammadu Buhari at the 46th Annual Accountants' Conference of The Institute of Chartered Accountants of Nigeria (ICAN), gave the charge in Abuja while declaring the conference open.

He posited that part of why things seem not to be working in Nigeria as they ought to be, was the inability of the masses to hold officials accountable for their tasks. "Holding public officials and asking them questions on how they discharge their responsibilities is going to be a key way to increase performance and reduce corruption to the barest minimum. Accountants and other well-meaning Nigerians should hold public officials accountable as a way of tackling corruption," he noted.

He commended ICAN for its contributions over the years to nation's economic and financial development as well as capacity building and anti-corruption crusade.

The conference, held between October 10 and October 14, 2016 at the International Conference Centre and Abuja Sheraton Hotels and Towers, Abuja had **"Accountability. Now. Nigeria"** as its theme.

The lead paper, **"Accountability and Good Governance"** presented by the President of International Federation of Accountants (IFAC), Ms Olivia Kirtley pointed to the fact that governments derive their legitimacy from the sovereignty of the citizens and must of necessity make policy decisions that would enhance the quality of life of the people.



Vice President Prof. Yemi Osinbajo declaring the conference open

According to her, "Good governance is about the responsiveness of the government to the present and future needs of the country, acting with prudence and care in the best interests of stakeholders. In other words, good governance entails acting consistently in the public interest, efficient and effective use of public resources to promote the common good in a transparent, accountable and inclusive manner".

In his own paper entitled **"Accountability: A Collective Responsibility"**, the Head of Sage One, AAMEA Region, Mr. Steve Cohen posited that a common misconception among Nigerians was that only elected or appointed officers are to be held accountable. He said that everyone, whether leading or being led, must be accountable for the goals of good governance to be achieved.

"The citizens have a responsibility to monitor the performance of those in authority to ensure that they always act in the public interest and to raise alarm where there is derailment. All segments



Mr Peter Obi, former Governor of Anambra State (left); IFAC President, Ms Olivia Kirtley; ICAN President, Deacon Titus Soetan; and the Minister of Finance, Mrs Kemi Adeosun



ICAN past president, Mrs Ibironke Osiyemi (left), Mrs Uche Erobu, Ms Olivia Kirtley, Alhaji Razak Jaiyeola, Alhaji Ismaila Zakari and Mr Rotimi Omosoto

of the society – the press, religious bodies, civil societies, the common man, the elites etc. must be alert to their responsibility and call those in authority to order as the need arises. The citizens must therefore work to complement the efforts of the institutions of government charged with monitoring and evaluating the actions of public officers. The synergy from this collective responsibility would go a long way in checking corruption and enthrone good governance practices,” he expatiated.

In his presentation entitled **“Beyond Oil: Harnessing Nigeria’s Resources for National Development”** the Minister of Solid Minerals, Dr. Kayode Fayemi noted that the over-dependence of Nigeria on crude oil which was not only capital intensive but also has little or no link with the other sector of the economy had

contributed to the budget deficit affecting the country. He maintained that since 65 per cent of the nation’s foreign earnings come from crude oil sales, the nation would continue to be faced with revenue fluctuations due to volatility of the oil prices in the global market, except drastic steps are taken.

He stated that the situation may even be worse following the resumption of oil exports by the United States of America and Iran, adding that with a projected budget deficit of N2.25trillion, the impact on the 2016 national fiscal budget would be very profound.

The Chairman, First Bank of Nigeria, Mrs. Ibikunle Awosika in her paper, **“Business Survival in Challenging Times”** explained that these are not the best of times for business entities operating in Nigeria. She adduced her reasons to the fall in the price of crude oil which she described as the lowest in about 30 years and naira exchange rate. According to her, dilapidated infrastructure, rising inflation, dumping of goods, insecurity, unstable government policies have all added to the national gloom.

“Today, organisations are unable to finance their raw material imports while debt obligations for foreign currency denominated loans are burgeoning with fears of insolvency starring genuine entrepreneurs in the face,” she added.

Presenting **“IPSAS: Framework for Accountability in the Public Sector”**, the immediate past president of CIPFA, Mr. John Matheson, explained that without accounting, there could not be accountability, adding that the basis for arriving at credible and reliable accounting information is accounting standards and their consistent application.

He enthused that with the adoption of the International Public Sector Accounting Standards (IPSAS) by the Nigerian government and the successful transition from cash-based to accrual-based IPSAS, stakeholders are desirous of receiving stewardship reports evidenced by credible public sector financial reporting.

He also expressed optimism that with IPSAS, the cost of governance would be impacted positively while the culture of accountability and transparency would be entrenched in governance.

“Rebuilding Nigeria Value System: Time for Citizens’ Engagement” which was delivered by the Group Managing Director/CEO of Odu’a Investment Company Limited, Mr. Adewale Raji argued that Nigerian leaders are products of our environment and are significantly influenced by the values the citizens cherish and espouse.

The paper explained further that due to our warped value systems, our society has become low trust ones with negative implications for business relations, adding that the consistent rating of Nigeria as one of the most corrupt nations in the world



A cross section of dignitaries at the conference



Cutting of the conference cake at the Gala Dinner



ICAN President, Deacon Titus Soetan with the past president of the Chartered Institute of Public Finance and Accountancy (CIPFA), Mr John Matheson



Mr Emmanuel Ijewere, Senator Kola Bajomo and Mr Wale Raji



A cross section of Past Presidents



ICAN President with past presidents Elizabeth Adegite (left) and Mrs Ibironke Osiyemi



Mrs Toun Soetan, Deacon Titus Soetan and Olivia Kirtley at the District Societies parade



Mr Rotimi Omotoso, ICAN Registrar/CEO; Ms Olivia Kirtley, President IFAC; and Mr Uyi Akpata, CEO PwC



Mrs Toun Soetan with The ICAN President, Deacon Titus Soetan



Deacon Titus Soetan with Senator Ibikunle Amosun, Governor of Ogun State



Past president Ayo Oni, presenting the President with a trophy



Deacon Titus Soetan and Alhaji Ismaila Zakari, ICAN Vice President



Mr Rotimi Omotoso (left), Alhaji Ismaila Zakari and Mr Deji Awobodu at the Conference Gala Dinner



Mr John Matheson, CIPFA past president at the Gala dinner

by Transparency International, in the last five years had robbed off on cherished tradition of honesty, diligence and celebration of excellence, hence he called for attitudinal change on the part of the leaders and the led.

In the workshop paper entitled ***“Strengthening Institutions for Accountability”*** presented by the Head, Finance Services of KPMG Mr. Ayo Otihiwa, it was argued that corruption had been the most important bane of Nigeria since independence and if not killed, it would kill Nigeria. Both the paper presenter and discussants agreed that government must be encouraged to build and strengthen institutions charged with the responsibility of preventing, detecting, investigating and adjudicating over cases of improprieties.

After exhaustive discussions, brainstorming and deliberations on the theme and sub-themes through technical sessions, the conference participants concluded that criminals must be prevented from enjoying their loot while sanctions must be imposed to serve as deterrent.

It was resolved that the present economic travails of the country should be seen as an opportunity for the government to effect policies that would result in the economic diversification for sustainable development, where transparency and accountability would be the watchword. He advised accountants to play their roles as professionals since accountability is key to good governance and development of any nation.

In his remark, Ogun State Governor, Senator Ibikunle Amosun stated that it was only accountability that could serve as panacea for the current recession ravaging the country. He said: “If we have to quickly get out of the recession we find ourselves, we all must be accountable. If we are not going to be held responsible for our actions, then everything will collapse. We must be ready to adhere strictly to world best practices”.



Some SWAN members with Mrs Soetan while entertaining members

On his part, Gombe State Governor, Alhaji Ibrahim Dankwambo described the theme of the conference as timely because of the present economic condition of the country which was brought about by the declining oil prices and value of the naira. He urged ICAN members and other professionals to take the issue of accountability and probity seriously by mainstreaming the principles in their daily routines.

Former Governor of Anambra State, Dr. Peter Obi

also lent his voice to the call for abrogation of corruption in Nigeria. He urged ICAN members to lead in performance delivery as professionals could not afford to leave the fight against corruption for government alone.

The Finance Minister, Mrs. Kemi Adeosun in her own speech expressed the present administration’s commitment to accountability and transparency. She urged ICAN to ensure that accountability and transparency still remain the watchword of its members.

She reiterated government’s commitment to the security of lives and properties of the citizenry as well as eradicating corruption. He urged other professionals to emulate ICAN by putting the interest of the public first in their operations, adding that nation building requires collective sacrifice.

In his welcome address, the ICAN President, Deacon Titus Alao Soetan, FCA, declared that the choice of the conference theme ***“Accountability.Now.Nigeria”*** was in line with campaign promoted by the world accountancy body – the International Federation of Accountants (IFAC) for higher standards of public sector information around the world. He further explained that the main goal of the campaign is to support government in making decisions, becoming more transparent, accountable and to provide the vehicle for change. He also challenge governments to recognise the importance of working towards financial reporting that meets



Members of Ibadan and district society at the parade



Port Harcourt and district members at the parade

international standards.

“The theme: **“Accountability.Now.Nigeria”** in alignment with the International Federation of Accountants’ (IFAC) global campaign, could not have been more apt given the exposition of various financial improprieties of alarming magnitude especially in the public sector of the economy”.

“Accountability is an obligation to be answerable for actions taken at all times to members of the public and be able to justify these actions at the level of moral and ethical standards. In the midst of the current economic situation and insecurities besetting the country, there is relentless quest for those values that define honourable people and those ideals that nudge or place them on the platform of humanity with its embedded dignity,” he added.

He called on Chartered accountants to strive to create oasis of sanity in their sphere of influence such that a virtuous society would emerge, saying that was a mandate for them to support the on-going anti-corruption crusade by the government.

Declaring the conference close, the Chairman, Body of Past President of the Institute, Mr. Michael Ayodeji Oni expressed appreciation to those who took time out to attend the conference. He also commended the Institute for putting the conference in place, advising that those in authority should endeavour to make use of the various suggestions from the conference, for the benefit

of the nation’s development.

The conference was attended by a total number of 3,702 delegates including invited guests and resource persons drawn from Africa, Europe and America. Also, two serving state governors – the Executive Governor of Gombe State, Alhaji Ibrahim Dankwambo, FCA, the Executive Governor of Ogun State, Senator Ibikunle Amosun, FCA, and former Anambra State Governor, Chief Peter Obi, graced the occasion.

Apart from paper presentations, workshops and plenary sessions, there was a gala nite on Thursday during which the juju maestro, King Sunny Ade entertained the participants.

There was also an open raffle draw in which a member of the Institute, Mrs. Azuruoleh Tochi (MB 0332553) won brand new Hyundai car. Other prizes like LCD television, gas cookers, laptops, fridges, were also won during the Gala.

Aside this, the Institute also organised a National Essay Competition for undergraduates of tertiary institutions in the country. Awards and recognitions were given to the first three winners who attended the conference.

There were also sporting activities, excursions and exhibitions. Other programmes of the conference include District Societies competition where various District Societies won trophies for their performances. ●



Ilorin and district members at the parade



Winners of the essay competition



ICAN President Titus Soetan with winners at the various sporting events



Winner of the star prize raffle draw collecting the keys to the car

Accountability and Good Governance

By OLIVIA F. KIRTLEY, *IFAC President*

In my time with you today, I'm going to set out a number of ways in which accountability and good governance go hand-in-hand. I will talk about:

- How the Institute of Chartered Accountants of Nigeria (or ICAN) is essential to the Nigerian economy;
- How the standards that govern our profession are important to the public interest;
- How public sector accountability is crucial to rebuilding trust between citizens and institutions;
- How the United Nation's Sustainable Development Goals (or SDGs) provide a lens for our profession;
- How good governance is vital to the fight against fraud and corruption;
- And finally, how fighting fraud and corruption is a demonstration of our public interest mission, and our ability to bring people and institutions together to fight a common foe.

And after all that, I will set out some challenges for you!

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

Let's begin with the role of ICAN in the Nigerian economy. I want to acknowledge ICAN's contributions at the global, regional, and national level; and its commitment to the public interest.

FIRST, as a leading professional accountancy organisation, ICAN contributes:

- At the global level through its membership of IFAC, and representation on international boards and committees.
- At the regional level ...
 - ➔ through its membership of the Association of Accountancy Bodies in West Africa (ABWA) and the Pan African Federation of Accountants (PAFA) — two valuable forums for sharing best practices; and
 - ➔ through the support it provides to professional accountancy organisations in neighboring countries.

I thank you for sharing your knowledge and experience beyond your national borders.

It is the valuable contribution of leading organisations such as ICAN that makes ours a truly global profession.

SECOND, I wish to acknowledge ICAN for its commitment to the public interest at the national level — a commitment clearly demonstrated by your role in national reform and international economic integration.

- Nigeria's adoption of International Financial Reporting Standards (or IFRS), including IFRS for Small and Medium-sized Entities, and the International Standards on Auditing is significant.
- And, I commend the Ministry of Finance for the decision to adopt accrual-based International Public Sector Accounting Standards (or IPSAS) as the government's financial reporting framework.

- ➔ It is important that governments have high-quality information on which to base decisions.
- ➔ It is also important that citizens have easy access to understandable financial information on which they can base their decisions — often at the ballot box — and hold their governments accountable.
- ➔ This is underscored by a recent statement of Director-General of the Bureau of Public Service Reforms: *"Citizens actually know very little about what government does and how they do it, and that breeds suspicion. When you proactively disclose information, it lessens that suspicion. Being open with information requests helps us to engage better with citizens."*

- These two necessities lie at the heart of IFAC's Accountability. Now. Campaign — a global call for change. It challenges policy makers and governments around the world to recognise the importance of financial reporting that meets international standards.

ACCOUNTABILITY

This brings me to my **THIRD** acknowledgement of ICAN ... I thank you for embracing the *Accountability. Now.* campaign at the national level, and taking the lead at the regional level.

- **Accountability.Now.Nigeria** — the theme of this 46th Annual Accountant's Conference — is evidence of your commitment to play a key role in public sector governance, transparency, and accountability.
- Given the large sums that flow through governments on both the supply and demand sides, there is an acute and urgent need for public financial management (or PFM) reform.
- All too often we see the consequences of poor PFM — poor public services, sovereign debt crises, and municipal bankruptcies — resulting in loss of trust by citizens that their governments are able to create a sustainable future.
- Public financial reporting is the cornerstone of PFM reform. Implementing internationally-accepted standards for budgeting, accounting, and financial reporting supports public sector transparency and accountability. It provides complete, high-quality information, enabling governments to develop policy, make informed spending decisions, and manage assets and liabilities, both now and for future generations.
- Our profession's contribution to high-quality public financial reporting is vital to enabling sustainable public services and stronger societies.
- ICAN is ideally positioned to act in the public interest by establishing a partnership with government, with the profession acting as a trusted advisor to government. And IFAC gladly collaborates with you. As part of the global *Accountability. Now.* initiative:
 - ➔ We facilitate and participate in events that bring together accountancy and governmental leaders to explore working together to advance PFM.
 - ➔ We facilitate capacity building by engaging with professional accountancy organisations to develop a pipeline of well-trained professional accountants to work with or in government to bring about needed changes.
 - ➔ This last part — building public sector accountancy capacity at a country level — is key. Countries that have the most to benefit from PFM reforms often lack the accountancy capacity necessary to execute reforms. A great deal of what we do at IFAC is facilitating the advancement and growth of professional accountancy organisations in parts of the world that desperately need more accountants.
- As IFAC President, it has been my pleasure to visit many countries that — similar to Nigeria — have really grasped the PFM challenge. Let me highlight a few examples of how our profession and governments — even in small countries with scarce resources — can achieve great things:
 - ➔ In Sri Lanka, the professional accountancy organisation is working with government to develop a new qualification to help professionalise finance

personnel, increase the understanding of accrual accounting, and build a framework for accounts preparation and audits.

- ➔ In Malta, the government is getting its "ACT" together — with ACT being an acronym for Accountability, Credibility, and Transparency. The Ministry of Finance is implementing International Public Sector Accounting Standards across the government and believes strongly that it will improve overall decision making.
- ➔ In Kosovo, the professional accountancy organisation has partnered with the government and supreme audit institution to develop professional qualifications in the public sector. The program has helped to attract new students, build the profession's numbers, and enhance the perception of independence of the Auditor General's office.
- ➔ In Uganda, the professional accountancy organisation is partnering with government to build accountancy capacity. These activities are extending to other African countries with the Accountant General seconding staff to Somalia and South Sudan, and the Auditor General seconding staff to South Sudan and the African Organisation of English-speaking Supreme Audit Institutions.
- ➔ Under the IFAC PAO Capacity Building program, we are funding a project to strengthen public sector accountancy capacity in Zimbabwe. Almost all of our other projects under the program have a public sector component.

Nigeria, similar to many other nations with dependency on commodities, is experiencing significant budgetary pressure, especially in a year that saw both the highest budget ever and a significant drop in oil prices.

This pressure firmly places the spotlight on fiscal responsibility, making transparency and accountability absolutely necessary — and, as mentioned earlier, a significant opportunity for our profession.

Nations around the world are facing significant lack of trust in governments, creating uncertainty and instability.

- Citizens do not trust governments to make sound decisions, or to do the right thing. They are losing faith that governments are able to chart a sustainable future.
- This is both a cause and effect of global events that — more recently — include the Brexit vote, the impeachment of the president of Brazil, and the rise of unlikely political leaders.
- In some cases, it is because of national events, such as the failure to provide essential public services, a sovereign debt crises, or municipal bankruptcies.
- In other cases, it is because of fraud and corruption.
- I know anti-corruption initiatives are top-of-mind — not just for leaders, but for everyday citizens all over the world who desire — and deserve — the best possible leadership.
- I commend your nation for the steps it has taken, and the high profile President Buhari has placed on fighting fraud

and corruption:

- ➔ The president has appointed ministers who place the same importance on fighting corruption as he does, and some former officials have even been charged for past offenses.
- ➔ The Ministry of Finance has instituted a “Treasury Single Account,” consolidating all inflows from ministries, departments, and agencies into a single account at the Central Bank of Nigeria.
- ➔ The Minister of Finance ¹ — who knows accounting as fellow of ICAN and of the Institute of Chartered Accountants in England and Wales — requires governors to make their finances public before receiving additional federal funds.

Our profession has an important role in the fight against fraud and corruption.

UN SDGs

- This brings me to the UN Sustainable Development Goals (or SDGs) — a global action framework which the accountancy profession can — and indeed MUST — actively support.
- President Buhari’s speech at last month’s UN General Assembly in New York was warmly received. He said:
 - ➔ *“Fighting corruption remains a cardinal pillar of our administration. Corruption freezes development, thereby undermining the achievement of the Sustainable Development Goals. I am pleased that our efforts in fighting corruption are yielding positive results including significant stolen assets recoveries.”*
 - ➔ *“The recovered funds are being channeled towards the development of critical infrastructure and the implementation of social inclusion programs for our people. We are also strengthening our capacity of government entities to institutionalise reforms to ensure transparency and good governance.”*
- The president is right on three fronts:
 - ➔ The SDGs are worth achieving.
 - ➔ Corruption is a disease that prevents their attainment.
 - ➔ Good governance is key to achieving the SDGs and preventing corruption.
- I recently returned from Geneva where, on behalf of the global accountancy profession, I articulated the need for accountancy capacity building as crucial to SDG delivery.
- At their heart, the SDGs are for people, planet, and prosperity — firmly placing corporate responsibility on board agendas. The Goals require governments and business to determine carefully what they do, and what they invest in.
- Achieving the SDGs will require:
 - ➔ Heightened accountability from governments and companies.
 - ➔ A broader perspective from boards and management.

- ➔ Strong leadership and culture.
- ➔ Increased transparency and accountability.

In all of these, professional accountants have an important role to play. Before moving on to speak about good governance, allow me to touch on a matter close to my heart and relevant to the SDGs — the youth.

YOUTH

ICAN inspires young people to learn and consider accountancy as a calling through multiple initiatives, including: professional accountancy education; scholarships; books and computers to higher education institutions; library development projects; construction of lecture theaters across the country; and even a national essay competition for undergraduates. These are wonderful examples of action, not just words.

We are looking forward to welcome ICAN’s nominee to the first meeting of the IFAC-established Global Young Ambassadors Forum to be held alongside our annual council meeting in Brasilia in November.

GOOD GOVERNANCE

- Now, to good governance — essential to the economic health and prosperity of any nation, and to any institution ... public, private, or not-for-profit.
- I have devoted many years to governance — both serving as a non-executive director of several publicly listed companies, and as a consultant to businesses, boards, and governments.
- I have seen first-hand how robust governance greatly enhances decision making, transparency, and accountability in any institution.
- Embedding strong governance into a country’s DNA, and expecting it in government and every other institution, is one of the most important steps that can be taken. Sustainably growing Nigeria’s economy and solidifying its position in an internationally integrated economy will require a strong, decisive, and embedded governance culture.
- Again, this is something President Buhari noted in his UN General Assembly speech, referencing the nation’s public wealth inherent in your rich and diverse natural resources. He said:
 - ➔ *“Nigeria remains committed to the Extractive Industries Transparency Initiative (or EITI), a global coalition which promotes transparency and accountability in the management of revenues from the oil, gas and solid minerals sectors. We voluntarily signed up to EITI because we are convinced that transparent governance is an imperative for resource-rich developing countries like ours.”*
 - ➔ *“The National EITI has been empowering citizens with critical information they can use to hold government and other players in the extractive industries to account,*

and make recommendations that drive reforms in these strategic sectors of our national life."

According to the International Framework: Good Governance in the Public Sector issued by IFAC and The Chartered Institute of Public Finance and Accountancy in 2014, to deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times, consistent with the requirements of legislation and government policies, avoiding self-interest and, if necessary, overriding a perceived organisation interest.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The framework requires two things:

- One — behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- And two — Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest, good governance in the public sector also requires effective arrangements for:

- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capacity of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

In 2012, I was part of a Corporate Governance Study Group sponsored by the Rockefeller Foundation. Our charge was to examine and suggest ways to bridge governance gaps. During one of our meetings, the Dean of Columbia University Business School in New York made the observation that: "There are three kinds of gaps that [those charged with governance] must address: gaps in information, gaps in oversight, and gaps in expertise."

- The accountancy profession is uniquely qualified to help address those gaps. Financial expertise and professional skepticism are our core competencies. Information is our business. We help institutions understand the essential elements, structures, and processes of strong governance.
- It is in the accountancy profession's best interest to play a significant leadership role. Effective governance leads to high-quality information and transparency that enables professional accountants to do a better job. It is essential that our profession is involved at every level.

I encourage you to read IFAC's latest submission to the G-20: ***Trust and Integrity — The Accountancy Profession's Call for Action*** by the G-20.

Our **#BuildTrust** social campaign recognises...

- Accountancy plays a critical role in achieving transparency in the global economy, contributing almost USD \$600 billion in gross value added each year, and enabling capital flows, economic activity, and higher standards of living.
- Institutions and individuals must be empowered by strong governance in the business and public sectors, underpinned by a coherent public policy and regulatory environment.

To these ends, IFAC — as representative of the global accountancy profession — called on the G-20 to enhance sustainable growth through:

- Stronger governance for trust and integrity in business and public sector; and
- Creation of a cooperative, consistent, and smart global regulatory environment.

Enhanced governance and strong financial management, transparency, and accountability are essential for sustainable, long-term economic growth that benefits the world's citizens. To achieve this, we must not only have good intentions; we must act intentionally.

I would like to close by challenging each of you to act intentionally by finding ways to:

- **#1 - ADVOCATE** for strong governance and to position the profession as trusted advisor in PFM reforms. Be interested in all aspects of governance, talk about what changes should be made, what works well for others, and share experiences.
- **#2 - EVALUATE.** Review your current governance arrangements and identify areas for improvement. Seek out what has been effective elsewhere, highlight existing gaps, and create an action list to bridge those gaps.
- **#3 - PARTICIPATE.** Talk to your government representatives. Make sure they understand the importance of high-quality financial reporting as cornerstone of sound PFM. Support them in their PFM reform efforts. Be visible leaders, and lead by example.

As I have witnessed many times throughout my career — individually, we may be ordinary individuals, but together we can achieve extraordinary things.

Thank you once again for the invitation to be with you today. It is indeed a pleasure and privilege for IFAC to be part of this chapter as your story continues to unfold. ●

Footnote

¹ Female Chartered Accountant, member of ICAEW and ICAN, appointed Minister of Finance in Nov. 2015 – UK born to Nigerian parents – https://en.wikipedia.org/wiki/Kemi_Adeosun

★ Ms. Olivia F. Kirtley, IFAC President presented this paper at the 46th Annual Accountants' Conference of the Institute of Chartered Accountants of Nigeria (ICAN) on Tuesday, October 11, 2016 in Abuja, Nigeria.

Accountability Framework For Not-For-Profit Organisations

By **ABEL AIG. ASEIN**

Not-for-profit Organisations (NFPOs) attract huge funds from various sources to support the vulnerable, weak and disadvantaged. While their charity-oriented activities are applauded, donors now increasingly desire accountability and transparency in their operations. Presently, there is no agreement by regulators and operators on the best reporting framework for meeting this legitimate expectation particularly because the information needs of donors are as diverse as their number. While some desire financial reports, others want non-financial performance reports showing target set, what was achieved and impact made. The issue is made more complex by the fact that some NFPOs combine profit-driven activities with their charity work thereby raising the issue of taxation. All told, a robust reporting framework must be evolved for NFPOs to satisfy its financiers' information needs without denying Caesar its due.

Preamble
In recent times, the number of Not-for-profit Organisations (NFPOs) has grown phenomenally. This trend has been attributed to the desire by independent private entities to assist their governments not only to provide education, health, water and safety facilities but also, to protect the environment against pollution and degradation. Today, through their various initiatives, NFPOs provide the vehicles for private citizens to pursue their own vision of a good society independent of government policies.
However, the public's confidence in these people-focused, charity institutions is gradually waning due to many factors some of which include poor or lack of record keeping, inefficiency, misallocation and mismanagement of resources

by the leadership of many NFPOs. Can anything be done to restore the public's confidence? Can the NFPOs be made more efficient and responsive to the needs of the citizens? Can they be held accountable to their resource providers? Certainly, the affirmative answers to these questions lie in Accounting and Accountability in NFPOs. Where there is no accounting, there cannot be accountability. Without doubts, leaders of NFPOs owe the society a measure of accountability for the huge resources they attract in the name of charity or public service. Except they regularly give their stewardship report to their stakeholders, in a structured and uniform format, their altruistic intentions would be misinterpreted as expropriation by another means. Here lies the need for Standard setters to evolve a suitable financial reporting framework that will define the nature of

their stewardship reports. Such an accountability framework will help to raise and sustain the confidence of their benefactors. Identifying a suitable accountability and reporting framework is the thrust of this write-up which is segmented into seven sections including this introductory one. The next section defines NFPOs and identifies their types. Section three discusses the information needs of stakeholders of NFPOs. Section four considers possible reporting framework while section five deals with the Statement of Service Performance. Section six discusses current financial reporting practices of NFPOs while seventh section contains the concluding remarks.

Definition and Types of NFPOs

Definition

There is unanimity across many jurisdictions on the basic definition of NFPOs. A Not-For-Profit Organisation is ***“an entity without transferable ownership interests, organised and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose. Its members, contributors and other resource providers do not, in such capacity, expect pecuniary return directly from the organisation”***. In line with Accountancy's entity concept, NFPOs, are independent entities that exist in the contemplation of the law for the promotion of public good and societal advancement. They do not have shares or shareholders in the strict sense and so, donations to them do not confer proprietary rights. Any surplus arising from their activities are not generally distributed to owners or members but are used to pursue their goals and objectives.

The Nigerian Companies and Allied Matters Act (CAMA), 1990 as amended, for instance, provides that NFPOs are registered as a “Company Limited by Guarantee”. A company limited by guarantee is one that is incorporated primarily to promote the objects of such a company with its shareholders barred from distributing its profits among its members, as dividend or otherwise. The penalty for breach of the restrictive provisions on the non-distribution of trust income is captured in Section 603(3) of CAMA. Also, the liability of the shareholders of a company limited by guarantee is restricted to the amount that they have subscribed to pay in the event that the company limited by guarantee is wound up or dissolved.

Types of NFPOs

Not-for-profit organisations are basically of two types: public sector NFPO and the private sector NFPO. While public sector NFPO is often a creation of government and largely funded through grants, the private sector NFPO are owned, financed and operated by donor agencies, public spirited individuals and philanthropists. Both types of NFPO do not exist to make profit but to deliver services of peculiar nature to the society. When receiving financial resources to deliver funded services, a public sector NFPO is often required to enter into a contract or service agreement with the government department providing the fund and this will specify both the measures of the services to be delivered and the system of financial accountability required. This explains why many advocate that public sector NFPOs should use International Public Sector Accounting Standards (IPSAS) as basis for financial reporting.

In most cases, the government, as chief financier, exercises control over public sector NFPOs. Some indicators of control may include power to unilaterally appoint or remove a majority of the members of the NFPO's governing board, ability to access and direct the ongoing use of the NFPO's assets, holding of majority of the voting shares or a golden share that has over-riding power, power to approve business plans and budgets, power to remove CEO, amend and approve major policies on sources of revenue, accounting policies, personnel, compensation, collective bargaining or deployment of resources.

In the case of a private sector NFPO, agreements are not signed with donor agencies or persons. In fact they receive funds from entities and persons that share their idea of a good society. Where agreements are signed, it is largely to meet documentation processes necessary to facilitate draw down of funds. The year-end or stewardship report is to inform and reassure the donors that their object clauses are being pursued with vigor. Although the reporting framework that is most ideal for the private sector NFPOs is the IFRS since its thrust is stewardship and accountability, the framework eventually adopted by any NFPO is a function both of its activities and environment. The basis for this view will be provided shortly.

Information Needs of Stakeholders of NFPOs

In order to determine the appropriate nature that the financial reports of NFPOs should take, it is important to know their stakeholders and their information needs. The stakeholders of NFPOs, which are legion, include donor agencies, philanthropists, the public, regulators, the government, internal and external customers. Most of these stakeholders provide NFPOs the resources with which they accomplish specified goals. Such resources may be in form of grants, endowments, contributions, endowment funds without or with restrictions that may be permanent or temporary. The information needs of these stakeholders are diverse. A donor agency may desire to know how the funds it provided were spent, whereas, another donor may desire to assess the impact of its donation on the set objectives. Yet, another may need comparative information to make decision on additional funding required or on its continued relation with the entity. In each case, the NFPO must provide information in such a manner that its stakeholders' needs are satisfied.

Financial statements are frequently the main source of financial information for members and others interested in the financial performance of a NFPO. Since financial statements play an important role in demonstrating accountability for the use of resources, managers of NFPO, must present to the users of their financial statements high quality financial reporting. Without doubt, NFPOs will experience significant challenges in providing these. To address this challenge, some professional bodies have prepared Guidance notes or Standards to help members improve the quality and consistency of information in NFPOs' financial statements.

For instance, the Financial Reporting Council (FRC) of Nigeria issued in 2011 the Statement of Accounting Standards (SAS) 32 titled, *“Accounting by Not-For-Profit Organisations”* in order to establish a uniform basis for accounting and reporting of activities by NFPOs. Other examples include Canada, New Zealand and other developed countries. Interestingly, how a framework for

best practice financial reporting and disclosure can be developed for NFPOs is one of the thrusts of this write-up.

Financial Reporting Framework for Not-For-Profit Entities

The prime objective of financial reporting is to provide, on a timely basis, reliable and credible information to resource owners to enable them make economic decisions. Such stewardship report promotes accountability and trust, two critical virtues which underlie business and commercial relations. For a NFPO, the objective of financial reporting, in addition to the above, would include qualitative aspects of output and impact of expenditure. For instance, if NFPO's expends fund on an initiative to promote girl-child education, there should be a report of how many girls enrolled for and eventually completed formal education programmes in that locality. In other words, performance reporting should drive financial reporting in NFPOs since it is not profit-driven. Its choice of a financial reporting framework by NFPO may be influenced by this fact.

IFRS Versus IPSAS

Although some nations still use their local generally accepted accounting principles (GAAP), a host of countries have latched in on the principles-based International Financial Reporting Standards (IFRS) framework to aid comparability and promote transnational investment activities. Thus, at the end of its financial year, the NFPO is required to prepare its financial statements in line with standards applicable in its jurisdiction, be they local GAAP or the IFRS. For the latter, this is plausible considering the fact that its stakeholders may have cross-jurisdictional representation. It would however be foolhardy to expect an entity not driven by profit to invest hugely in IFRS reporting considering its complexities and the fact that the entity must comply with all its standards to make the assertion that it has complied fully with IFRS. While the application of IFRSs may be appropriate for some not-for-profit organisations, the point must be made that IFRSs were not developed with the needs and circumstances of not-for-profit organisations in mind. In fact, IFRS were developed largely for "publicly accountable entities" and these exclude not-for-profit entities. Besides, the application of IFRSs would require a not-for-profit organisation to make significant judgments in selecting among the options or alternatives permitted by the IFRS GAAP hierarchy in order to apply the standards to the unique transactions and circumstances that not-for-profit organisations encounter.

The case for the adoption of International Public Sector Accounting Standards (IPSAS) by NFPOs can also be made. Without doubts, NFPOs and government share a common objective to provide community services, rather than to generate a profit. Demonstrating accountability for resources, obligations and financial affairs and how they were administered is among the stated objectives of public sector financial reporting. Thus, NFPOs can use IPSAS as basis for financial reporting. However, a key difference between governments and not-for-profit organisations is the source of their revenues and their ability to raise them. A not-for-profit organisation's ability to raise revenue rests on its fundraising ability, whereas governments enjoy the power to tax. In both cases, stakeholders expect accountability

for resources provided. Thus, the selected reporting Standards for NFPOs need to be based on a framework that focuses on accounting for non-exchange transactions.

Proposal for Stand-Alone Standards for NFPOs

Given the above issues, the Canadian standards setting Boards (i.e., Accounting Standards Board, AcSB; and Public Sector Accounting Board, PSAB;) considered the idea of developing new stand-alone accounting standards for NFPOs in Canada. In considering the development of a separate set of standards solely for not-for-profit organisations, the Boards reflected on the implications of:

- (a) User needs and comprehension;
- (b) The requirements to teach and learn another set of GAAP standards;
- (c) Costs of developing and maintaining a stand-alone approach; and
- (d) The likelihood that such standards, if developed, might not be much different from current standards.

Although the two Boards have tentatively rejected developing a set of stand-alone standards, the AcSB has tentatively concluded that not-for-profit organisations should be able to adopt the standards presently being developed for profit-oriented private enterprises which are IFRSs-oriented. These standards are expected to be supplemented by specific guidance dealing with the unique circumstances of not-for-profit organisations and will also conform to the conceptual framework and other private enterprise standards. Based on its experience and the feedback received, the AcSB believes that the current approach of applying not-for-profit organisations standards that are substantially similar to those for profit-oriented enterprises has served the needs of the sector well.

Simple Columnar Accounting

In view of the issues above, it can also be argued that NFPOs may adopt the simple columnar Revenue and Expenditure framework in which all funds created for each activity are separately reported while their net positions could be consolidated. In others, it can adopt Fund Accounting method which may be defined as accounting procedures in which a self-balancing group of accounts is provided for each fund established by legal, contractual or voluntary action. Through this method, the average stakeholder will be able to assess the viability and liquidity of the affected NFPO. While revenues and expenses, under the simple columnar system, are usually disclosed at their gross amounts, organisations sometimes recognise the net amount of certain revenues and related expenses in the statement of activities. Common examples of amounts that are recognised net include revenues and expenses relating to fund raising events and cost recovery arrangements. Information about gross revenues and expenses is generally necessary for users to understand fully the entity's operations.

Secondly, since the thrust of NFPO is not profit, there is greater need for performance reporting which should address its output, outcomes and impact. In other words, the financial reports of NFPOs should indicate clearly what the NFPO has done (its outputs), what it has achieved (its outcomes), and what difference

it has made (its impacts). The inclusion of measures of output, outcome and impact will improve completeness of reporting by demonstrating to the reader of the annual report what the NFP funding achieves rather than how it is spent.

Statement of Service Performance

Traditional financial statements provide information on aspects of a not-for-profit entity's financial performance but they are of limited use in assessing other aspects of its performance. Generating a surplus is not generally a key objective for not-for-profit entities. In contrast with profit-oriented entities, not-for-profit entities often provide goods and services to constituents free of charge and seek resources from people and organisations that do not expect economic benefits in exchange. The huge donation of funds and materials to camps of Internally Displaced Persons (IDPs) in North Eastern part of Nigeria by corporate entities and philanthropists is a key example. Their objectives vary but it is common for not-for-profit entities to seek to provide an optimal level of service within the level of resources available, or to provide goods and services that impact positively on members or groups within the community. Not-for-profit entities require information on service performance in order to assess how well they have achieved their objectives with the resources available, and to demonstrate accountability to those who provide funds to the entity. A statement of service performance is one way of presenting service performance information.

An entity uses a statement of service performance to report on the goods or services that it has supplied. The statement often provides not only narrative and statistics on an entity's performance, but also presents non-financial information on what an entity set out to achieve compared to what it did achieve. Although not-for-profit entities are not generally required to present statements of service performance, they are encouraged to do so because of the statement's usefulness in demonstrating accountability to stakeholders. The statement is particularly useful if an entity receives funding (for example, from the government or the public) to provide services to others.

A statement of service performance generally shows:

- Desired outcomes;
- An explanation of the rationale on which the entity has based its selection of activities; and
- A comparison of planned outputs to actual outputs using performance measures.

Since a not-for-profit entity's objectives are not primarily about increasing net worth, the entity's non-financial information is often of higher interest than the financial statements. To be able to prepare an acceptable service performance reports, an entity needs to consider some key questions such as:

- What are the entity's products and services;
- Who is the entity providing these products and services to;
- What is the entity trying to achieve;
- What processes does the entity use to produce its goods and services;
- What type and level of information do users want; and
- What are the key performance messages that the entity wants to communicate?

Current Nature of NFPOs' Financial Statements

The objectives of financial reporting for not-for profit-entities are to demonstrate accountability and provide information that is useful to a wide range of users for making economic decisions. Therefore, the leadership of NFPOs has responsibility not only for the presentational faithfulness of their financial statements but also present financial reports in a logical, clear and understandable manner that will meet the needs of diverse users. Pursuant to this, the financial statement shall state the name of the organisation, the period covered, a brief but clear description of its purpose and activities, its legal form and relationship with any other local or overseas organisation.

The financial statements of a NFPO as stated in Nigeria's Statement of Accounting Standards (SAS) 32 should typically include:

- **Statement of Accounting Policies;**
- **Statement of Financial Position;**
- **Statement of Activities;**
- **Statement of Changes in Net Assets;**
- **Statement of Cash Flow; and**
- **Notes on the Accounts.**

With the nation's adoption of International Financial Reporting Standards (IFRS) from January 1, 2012, the names of these financial statements have changed: Balance Sheet is now *Statement of Financial Position*; Profit and Loss Account is now *Statement of Comprehensive Income*; Statement of Changes in Net Assets is now *Statement of Changes in Equity*; while **Statement of Cash flows has not changed.**

Statement of Accounting Policies

A NFPO must clearly articulate and disclose, as integral part of its financial statements, all its significant accounting policies used in the preparation of its financial statements. Such policies should preferably be disclosed under one caption than under each item of the financial statement.

Statement of Financial Position

The statement of financial position together with other statements and notes, provide useful information necessary for assessing whether the organisation will continue to provide services, achieve its objectives and meet its obligations. Thus, for each item on the financial statement, a statement of financial position must present a total that includes all funds reported. The financial position shall present the following information:

- Net assets invested in capital assets;
- Net assets subject to restrictions requiring that they be maintained permanently as endowments;
- Other restricted net assets;
- Unrestricted net assets; and
- Total net assets.

Statement of Activities

This statement provides information about the cost of the organisation's service delivery activities for the period and the extent to which these expenses were financed or funded by contributors. The information provided in the statement of activities is useful in evaluating the organisation's performance

during the period including its ability to continue to provide services and in assessing how the organisation's management has discharged its stewardship responsibilities. This statement of activities is also referred to as the statement of income and expenditure.

Statement of Changes in Net Assets

The Statement of changes in net assets presents changes in the following for the period:

- Net assets invested in capital assets.
- Net assets subject to restrictions requiring that they be maintained permanently as endowments.
- Other restricted net assets.
- Unrestricted net assets.
- Total net assets.

To fully understand the nature of the organisation's financial activities in the period, financial statements users require information about changes in the portions of net assets attributable to endowments, capital assets and other external and internal restrictions. The statement of changes in net assets provides this information and shows the extent to which the organisation's activities have resulted in an accumulation or depletion of net assets.

Statement of Cash Flow

The objective of the statement of cash flow is to provide information about the sources and uses of cash by the organisation in carrying out its operating, financing and investing activities for the period. The statement assists financial statement users in assessing the organisation's ability to generate cash from internal and external sources in order to provide its services and meets its obligations. It also helps users to evaluate how management has discharged its stewardship responsibilities over the resources entrusted to it. The statement may preferably be prepared in direct, rather than indirect, method. The direct method provides more details about the organisation's inflow and outflow than the indirect method.

Notes on the Accounts

There must be notes to the financial statements of NFPOs and these should provide other useful and explanatory notes to the accounts.

Separation of Charity and Commercial Activities

It has been noted that a number of commercial entities that are being operated as "subsidiaries" or "divisions" under charities and other NFPOs in Nigeria, often want to claim exemption on their income, on the ground that the totality of the "group" outfits are charity activities. This is based on the argument that they are engaged in the "*advancement of an object of general public utility*" and classified as a company limited by guarantee as provided for in Section 26 of the Companies and Allied Matter Act (CAMA), 1990. The view is rife among professionals that the income of these business subsidiaries is subject to income tax and should be rightly so reported, accounted and disclosed as it is practised in other jurisdictions. A church, for instance, that has a printing press through which it generates revenue and makes huge profit,

needs to realise that it has left the realm of religion into business and hence must pay tax on the income from the printing press. The implication of this view is that NFPOs must separate the accounts of their business subsidiaries, where applicable, from their charity works to satisfy the requirements of different regulatory authorities. Making of profit through business activities is clearly outside the remiss of charity organisations.

Conclusion

In this write-up, we sought to note that financial accountability is best demonstrated by general purpose financial statements prepared in accordance with generally accepted accounting practice. Thus, irrespective of the financial reporting framework eventually selected, whether IFRS, IPSAS, stand alone standards or columnar method, the point must be made that financial information is useful when it is relevant and represents faithfully what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable. The choice of a financial reporting framework for NFPOs must take this as the irreducible minimum. Above all, NFPOs must separate their profit making activities from the charity works so that they can pay to Caesar what rightly belongs to Caesar.

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Inclusive Application of SAS No. 99 in the Effective Deterrence of Fraudulent Financial Reporting in Nigeria: Perception of Professional Accountants in Practice, Industries and Academics

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The study focuses on the inclusive application of SAS No. 99 in the effective deterrence of fraudulent financial reporting in Nigeria. Being a perceptive study, the exploratory research design was adopted. A total of 91 samples were judgmentally selected comprising practicing accountants in the industries, professional auditors and the accounting academics in Enugu and Anambra States respectively. The Two way ANOVA statistical tool, using SPSS 17.0, was deployed in testing the two hypotheses formulated for this research work. The outcome of the analyses showed that there exist no significant difference in the opinions of the selected accountants in Enugu and Anambra on how auditors primary objectives of forming opinion on the true and fair view and absence of material misstatement in companies' financial statement will be breached if SAS 99's core emphasis on fraud detection and deterrence is upheld in Nigeria as part of auditors' audit primary responsibilities, This implies that any attempt to mandatorily maintain SAS 99 core emphasis (fraud detection) as auditors' audit obligation in Nigeria will breach her existing primary audit objective of merely forming opinion on the true and fair view of companies' financial statement. We also found out that there exists no significant difference in the opinions of selected accountants in Enugu and Anambra on how any widening of the scope of auditors' responsibility to include fraud detection will trigger a corresponding rise in the cost of audit thus affecting audit fees so charged. We therefore recommended that the applicable/existing Nigeria Standards on Auditing (NSA) be reviewed afresh to reflect relevant guidelines of SAS 99 especially as it concerns brainstorming, in order to boost Nigeria auditors' fraud detection and skeptical skills towards effectively deterring fraudulent and material sensitive erring financial disclosure practices among publicly listed and privately owned organisations in Nigeria.

Key Words: Brainstorming, Cost of audit, Fraud detection, Fraudulent financial reporting, SAS 99, True and fair view.

INTRODUCTION

For decades, professional attempts have been made by auditors, especially in the developing countries, to avoid the responsibility for fraud detection, yet unsuccessfully. For while fraud remained something that cannot be entirely eliminated, discrete steps can be taken in order to detect the same in a timely manner before it causes serious consequences (Nwoye, Okoye, and Oraka, 2013) on any growth geared and profit-oriented organisation. The aftermath effect of the numerous financial misappropriations that thrived on in many business organisations across the

globe between 1997 and 2008, the periods of the financial scandals and economic/financial crisis, still serve as sensitive reference point to professional or regulatory oversight bodies and economic watch agencies across the globe, towards evolving responsive financial reporting frameworks that readily meet the increasing needs of the dynamic competitive global market.

Professional auditors, being the conscience of corporate investors, have always been at the centre of the struggle, bearing the blames, if not all, of the failure that loomed in international capital markets worldwide. At first, it was the Asian continent, then the shocking incidence of ENRON at the United States of America followed, Europe got hit too, and then Africa. World class respected buoyant companies were not spared. The world economy suffered great setback with an entire near collapse visibly the case. The accounting profession came sharp criticism with the external auditors and audit firms getting the greater share of the blame.

Hubbs (2012) summarised this view in this manner – *When the big frauds hit, it does not take long for others to ask ‘where were the auditors?’*

The reputation of many giant Audit firms in Nigeria such as Akintola Williams & Delloite, PricewaterhouseCoopers, etc (Nwoye *et al*, 2013), equally suffered significant lapses during this periods due to their inability to forestall long stretched fraudulent financial reporting practices prevalent in companies they audited, which were later uncovered among some notable publicly listed trading organisations in the country; the Nigeria banking industry not being an exception

In order to guide external auditors to conduct financial statement audit and in response to the ENRON scandal in the USA, the Auditing Standard Board, which is a part of the American Institute of Certified Public Accountants (AICPAs), issued Statement of Auditing Standard (SAS) No. 99 effective from December 15, 2002.

SAS 99 is a collection of standards that supercede Statement of Auditing Standard (SAS) No. 82. Consideration of Fraud in Financial Statement Audit. It is worthy of note that the emergence of SAS No. 99 was to correct some of the shortcomings of SAS No. 82. This has led some to argue that the “future demand” for auditing services will be much dependent upon the Auditors’ capability to “detect and deter fraud” (Carpenter 2007, Wilks & Zimbleman 2004, Elliot 2002).

Historically, the response from the Accounting profession over the past twenty years has been the issuance of three fraud standards; Statement on Auditing Standards No. 53 (1988), Statement on Auditing Standards No. 82 (1997) which was subsequently replaced by Statement on Auditing Standards No. 99 in 2002. The increasing trend of corporate scandals typically has led to the continuous changes in legislation (Shunlan, 2005).

The Standard provides guidance to improve the likelihood that auditors will detect fraudulent financial reporting (AICPA 2004, 2006 and Cassell, Drake, and Rasmussen, 2011), and supply more structure around the consideration of fraud than the previous fraud standards, SAS No. 53 and SAS No. 82 (AICPA 1988, 2010 and Mactosh, Francis, and Ongoch, 2010).

Finding fraud in the books of companies is quite a difficult task. Interestingly, SAS 99 specifically requires fraud brainstorming sessions when reviewing financial statements of organisations

(Hubbs, 2012) to enable auditors increase their chances of detecting hidden material disclosures.

According to him, fraud brainstorming is more than sitting around a table for an hour talking about how fraud could occur. It involves delving into the details, thinking like a fraudster and using the knowledge of the processes to increase awareness of where frauds may be hiding.

Zimbardo (2009) is of the opinion that auditors’ maximisation of the guidelines of SAS 99 during audit has commendably recorded great strides at improving sound financial reporting practices among corporate organisations while helping auditors maintain audit quality. According to him, SAS 99 focuses primarily on increasing the awareness of fraud among auditors while enhancing their professional skepticism. Consequently, the query raised by a practicing auditor is herein reiterated as portrayed by Alleyne and Howard (2005) “*who will bear the additional costs of auditing when clients are restricting auditors to fixed fees?*”

Indeed, widening the scope of the external auditors to include fraud detection, deploying brainstorming and skeptical skills, could negatively affect the cost of Audit, making the exercise, most times, too expensive to firms. Will clients and investors in developing countries be prepared to pay more for possible more audit time allocation, more audit stress, widened scope of audit coverage, more cost implication, and deployment of more qualified hands if the mandatory inclusion of fraud detection in the audit process becomes the case in Nigeria?

Moreso, SAS No. 99 restatement of fraud detection as the auditors’ key responsibility may necessarily alter auditors’ core audit objective from that of mere going through the books to form opinion as to whether any item misstatement of material nature that could affect the true and fair view of the financial statement existed to those of fraud detection.

It is against this backdrop that the study intends to ascertain if any significant difference exist in the opinions of respondents as to whether SAS 99 core emphasis on fraud detection as auditors’ responsibilities does in any way breach her primary objective of merely forming opinion as to the true and fair view and absence of material misstatement in companies’ financial statement. It also intends to find out whether increasing the scope of auditors’ responsibility in Nigeria to include fraud detection will trigger a corresponding rise in the cost of audit.

LITERATURE REVIEW

Conceptual Framework

The auditor’s responsibility is to ensure there are no material misstatements in the financials, but due to large accounting scandals over the past few years, the scope of the auditor’s job has expanded to meet the expectations of the public concerning the detection of fraud (Singleton and Skirdulis, 2016).

A closer look at an early edition of Montgomery (the first auditing text) showed that recognition was accorded to three objectives of conducting an audit; this include the detection of fraud, the detection of technical errors, and the detection of errors in principle.

As late as the 1930s, most auditors emphasised that one of the primary purposes of an Audit was detection of fraud. A visible change occurred in the Auditing Profession’s willingness to accept responsibility for fraud detection as a purpose for auditing

financial statements.

This significant change later led to the issuance of Statement on Auditing Procedure (SAP) No. 1, *"Extensions of Auditing Procedure."* However, SAP No. 1 did not support the inclusion of fraud detection as a primary role of an auditor in an audit exercise. Conan *et al*, (2009), summarised this view with the following statement as contained in SAP No. 1 ...

"The ordinary examination incident to the issuance of Financial Statements, accompanied by a report and opinion of an independent Certified Public Accountant, is not designed to discover all defalcations, because that is not its primary objective, although discovery of defalcation frequently result."

The result was that critical pressure was mounted on AICPA in the late 1950s which culminated in the issuance of a new Standard, SAP No. 30, *"Responsibilities and Functions of the Independent Auditor in the Examination of Financial Statements"* in 1960. But the report of the Cohen Commission in 1977–1978 soon proved that SAP No. 30 was quite inadequate for the accounting profession considering its negating position on auditors obligation to search for fraud during audit. The Cohen Commission was of the opinion that the auditor has a duty to search for fraud amidst detecting the once (frauds) that are bound to blink responsively to aggressive audit tests and careful audit examination.

Thus, in 1977, SAS No. 16, *"The Independent Auditor's Responsibility for the Detection of Errors or Irregularities"*, was issued, admitting some obligation for auditors to search for fraud in the normal course of a GAAS audit.

Consequently, under (GAAS), the Independent auditor has the responsibility, within the inherent limitations of the auditing process, to plan his examination to search for (material) errors and irregularities. Although SAS No. 16 required auditors to "search for" fraud, it did not require them to "detect" fraud.

Even after SAS No. 16 was issued, auditors remained unwilling to "accept or acknowledge" a substantial responsibility for detecting fraud. SAS No. 16 contained similar "defensive and qualifying" language that was included in SAP No. 1 and SAP No. 30: Phrases such as "inherent limitations of the auditing process" and "unless the auditor's examination reveals evidentiary matter to the contrary, his reliance on the truthfulness of certain representations and the genuineness of records and documents obtained during the examination was reasonable" allowed auditors to justify the unwillingness to detect fraud (Conan *et al*, 2009).

In October 1987, the National Commission on Fraudulent Financial Reporting (Treadway Commission) issued a landmark report in response to concerns about fraudulent financial reporting. The report highlights many of the problems that lead to financial statement fraud and provides a basis for activity by organisations such as the AICPA and others (Conan *et al*, 2009).

This perhaps may have prompted the AICPA Auditing Standards Board (ASB) in 1988 to issue the Statement on Auditing Standards No. 53, *"The Auditor's Responsibility to Detect and Report Errors and Irregularities"*.

SAS No. 53 required the auditor to provide reasonable assurance that material irregularities would be detected, which extended the auditor's responsibility beyond what was required by SAS No. 16.

But based on the special report of the Public Oversight Board of

the AICPA SEC, and the consequent recommendations made by the Panel, especially in the area of evolving Auditing Standards that create a "forensic-type" of fieldwork phase on all audits process towards detecting material misstatements due to fraudulent financial reporting, the AICPA issued SAS No. 82, *"Consideration of Fraud in a Financial Statement Audit"* in 1997.

SAS 82 was an Auditing Standard that clarified the fraud detection responsibilities of Certified Public Accountants (CPAs) and provided guidance to those who performed financial statement audits. The Standard was considered much more comprehensive than the preceding anti-fraud related Auditing Standards.

Although it did not change the overall responsibilities of GAAS Auditors to provide "reasonable assurance that material misstatement of the financial statement does not exist," it more explicitly identified what auditors must do to try to discover such fraud (Conan *et al*, 2009).

EMPIRICAL REVIEWS

The need to give better guidance to External Auditors to uncover fraud in a timely manner, and restore public confidence in the Accounting profession, led the Auditing Standard Board of the AICPA to issue the Statement of Auditing Standard No. 99 (SAS 99) (Shunlan, 2005). This was also in direct response to the Panel on Auditing Effectiveness (PoAE)'s recommendations and the high profile accounting scandals of the past years (Nwoye *et al*, 2013).

In order to gain a wider perspective on the auditor's responsibility to fraud detection, (Singleton and Skirdulis surveyed twenty-five (25) CPAs at various levels at a "Big Four" public accounting firm for their opinion on how well current auditing standards are designed to detect and prevent fraud, and whether the public accounting profession can do more in spite of complexities and concealment of fraud in companies today. Results obtained revealed that auditors are not only ready to acknowledge their role in fraud detection but also showed that SAS 99 procedures possess commendable potentiality to detect frauds. Further findings made also showed that while 60% of the respondents surveyed felt content with existing fraud-related training experiences possessed, an overwhelming 80% felt that receiving fraud training or attending a fraud seminar every year would be beneficial to their role as an external auditor

Alleyne and Howard (2005) in their survey of 43 respondents comprising 19 auditors and 24 users regarding their perceptions and experiences on fraud detection, found out that a wide expectation gap exist in the views of the two categories of respondents studied. According to them, auditors in Barbados are of the opinion that the detection of fraud is management's responsibility, even though the views of users and the management were the reverse.

Brainstorming during Fraud Audit

Although management has the ultimate responsibility to design and implement programs and controls to prevent, deter, and detect fraud, the public's expectation of auditors to search for and find fraud has increased drastically over the years (Singleton and Skirdulis, online).

According to Hubbs (2012), fraud brainstorming encompasses: assembling the right people; assessing the process(es), players, data and environment; developing fraud schemes and audit

procedures based on these schemes; and developing fraud triggers.

It is however important to portray the view of Alleyne and Howard (2005) who were of the opinion that organisations like financial institutions usually keep such matters of discovered fraudulent or manipulative activities in-house, and try to recover the possible losses incurred or minimise the erosion of public confidence by not prosecuting perpetrators of fraud. Banks, credit unions and insurance companies are organisations most likely to have fraudulent activity.

Hubbs (2012) had decried the involvement of management team members of the company being audited for fraud in the session. This could also be viewed as an unprofessional approach to fraud audit, with far reaching consequences.

Fraud brainstorming session involving forensic accountants or external auditors with forensic skills will definitely result in the inclusion of investigative minds and skill sets in the session.

An auditor, while being skeptical during the process, must often assume that any employee in the target department, group, unit, branch, or company could be committing fraud. Thus, involving any of them in the brainstorming session, is like rendering the entire audit process weak, since this erring decision of the audit firm or engagement partner or head of the audit team, could possibly serve as a tip off medium to the unknown schemers or fraudster(s).

However, brainstorming session must be properly planned and prepared to hunt and find any misleading material disclosures or fraud within the books.

Table 1.0:
Between-Subjects Factors

		Value Label	N
State	1.00	Anambra State	46
	2.00	Enugu State	45
Respondents	1.00	Auditors	31
	2.00	Accountants	30
	3.00	Academics/Researchers	30

Sources: SPSS 17.0.

Table 1.2:
Levene's Test of Equality of Error Variances^a

Dependent Variable: COMPUTE TOT4 = VAR00019 + VAR00020 + VAR00021 + VAR00022

F	df1	df2	Sig.
.291	5	85	.917

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Location + Group + Location * Group

This brainstorming feature of SAS 99 requires that before the audit team begins the audit, they must “brainstorm” how material fraud could occur within the entity and use the information relating to these risks to design the audit (Singleton and Skirdulis, 2016). It is the observance of this session that permits auditors to deploy professional skepticism during the audit process.

Worthy of mention is the fact that an audit plan that is not designed to detect fraud may even come across the same by chance without understanding the magnitude of what it saw.

However, auditors understanding of the differences between SAS No. 99 and SAS No. 82 would certainly help auditors to better

Table 1.3:
Tests of Between-Subjects Effects

Dependent Variable: COMPUTE TOT4 = VAR00019 + VAR00020 + VAR00021 + VAR00022

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	186.447 ^a	5	37.289	1.564	.179
Intercept	11482.705	1	11482.705	481.477	.000
Location	1.170	1	1.170	.049	.825
Group	180.744	2	90.372	3.789	.027
Location * Group	4.590	2	2.295	.096	.908
Error	2027.157	85	23.849		
Total	13669.000	91			
Corrected Total	2213.604	90			

a. R Squared = .084 (Adjusted R Squared = .030)

Table 1.4:
Between-Subjects Factors

		Value Label	N
State	1.00	Anambra State	46
	2.00	Enugu State	45
Respondents	1.00	Auditors	31
	2.00	Accountants	30
	3.00	Academics/Researchers	30

Sources: SPSS 17.0.

Table 1.5:
Levene's Test of Equality of Error Variances^a

Dependent Variable: COMPUTE TOT3 = VAR00015 + VAR00016 + VAR00017 + VAR00018

F	df1	df2	Sig.
.914	5	85	.476
Tests the null hypothesis that the error variance of the dependent variable is equal across groups.			
a. Design: Intercept + Location + Group + Location * Group			

and effectively follow the guidelines of SAS No. 99 and conduct financial statement Audit more efficiently (Shinlan, 2005).

METHODOLOGY

The survey research design was adopted for the study. A total of 91 respondents were judgmentally selected comprising practicing accountants in the industries, professional auditors and the accounting academics in Enugu and Anambra States respectively. Deploying the Two way ANOVA, the responses of the different groups of accountants selected for the research work were tested using SPSS 17.0 statistical tool.

held nationwide by professional accountants, possible difference in the beliefs on emerging issues affecting accounting practice may exist) especially on how Auditors primary objectives of forming opinion on the true and fair view and absence of material misstatement in companies' financial statement will be breached upon upholding SAS 99's core emphasis on fraud detection and deterrence as Nigeria auditors' responsibilities. This is evidenced in Table 1.3 as the value obtained (.908) at the point of interaction between Location (the two states studied) and the Group (Auditors, Practicing Accountants, and the Accounting Academics/Researchers) through the significant level column, is

Table 1.6:
Tests of Between-Subjects Effects

Dependent Variable: COMPUTE TOT3 = VAR00015 + VAR00016 + VAR00017 + VAR00018

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	80.207 ^a	5	16.041	.779	.568
Intercept	14091.610	1	14091.610	684.290	.000
Location	.858	1	.858	.042	.839
Group	65.010	2	32.505	1.578	.212
Location * Group	13.957	2	6.978	.339	.714
Error	1750.408	85	20.593		
Total	15962.000	91			
Corrected Total	1830.615	90			

a. R Squared = .044 (Adjusted R Squared = -.012)

DATA ANALYSIS

Hypothesis One

H₀: Upholding SAS 99 core emphasis on fraud detection as auditors' responsibilities in Nigeria will not in any way breach her primary objective of merely forming opinion on the true and fair view and absence of material misstatement in companies' financial statement.

H₁: Upholding SAS 99 core emphasis on fraud detection as auditors' responsibilities in Nigeria will breach her primary objective of merely forming opinion on the true and fair view and absence of material misstatement in companies' financial statement.

Discussion and Interpretation of Result

Tests of Between-Subjects Effects: Table 1.3 clearly shows that there exist no significant difference in the effect (opinions) of location (highlighting selected accountants in Enugu and Anambra noting that, sometimes, aside common values

greater than .05.

This implies that the selected group of accountants studied in both states hold a unanimous belief that any attempt to maintain SAS 99 core emphasis (fraud detection) as auditors' audit obligation in Nigeria will definitely breach her existing primary objective of merely forming opinion on the true and fair view of companies' financial statement, amidst confirming the same of being free of material misstatement.

Decision: Using the result of Levene's Test of Equality of Error Variances table (**Table 1.2**), we reject the null hypothesis, if $P_{calc} > P_{.05}$, otherwise, accept and reject the alternate hypothesis. Since $P_{calc} (.917)$ is greater than $P_{.05}$, we reject the null hypothesis and accept the alternate, and this therefore means that upholding SAS 99 core emphasis on fraud detection as Nigeria auditors' responsibilities will automatically breach her existing audit primary objective of forming opinion on the true and fair view of the financial statement, thereby extending the scope of her primary audit objective in Nigeria.

Hypothesis Two

H_0 : The increased scope of Auditors' responsibility to include fraud detection will not in any way trigger a corresponding rise in the cost of audit and the audit fees.

H_1 : The increased scope of Auditors' responsibility to include fraud detection will definitely trigger a corresponding rise in the cost of audit and the audit fees.

Discussion and Interpretation of Result

Tests of Between-Subjects Effects: The outcome of the **Table 1.6** shows that there also exist no significant difference in the effect (opinions) of *location* (highlighting selected accountants in Enugu and Anambra noting that, sometimes, aside common values held nationwide by professional accountants, possible difference in beliefs on emerging issues affecting accounting practice may exist) on the possibility of increasing the scope of Nigeria auditors' audit responsibilities to include fraud detection triggering a corresponding rise in the cost of audit and the audit fees chargeable. This is evidenced in the fact that the value obtained (.714) at the point of interaction between *Location* (states studied) and the *Group* (Auditors, Practicing Accountants, and the Accounting Academics/Researchers) through the significant level column, is greater than .05. This implies that the inclusion of fraud detection into the audit primary obligations of Nigeria auditors will definitely reflect in the consequent audit fee payable by clients for such audit assignment.

Decision: Maximising the outcome of the Levene's Test of Equality of Error Variances table (**Table 1.5**), we reject the null hypothesis, if $P_{calc} > P_{.05}$, otherwise, accept and reject the alternate hypothesis. Since $P_{calc} (.476)$ is greater than $P_{.05}$, we reject the null hypothesis and accept the alternate, and this therefore means that widening the scope of Nigeria auditors' responsibilities to include fraud detection will certainly result in a corresponding rise in the cost of audit and the audit fees chargeable in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The adherence of Nigeria auditors to and the effective implementation of the guidelines of the SAS 99 in the Nigeria Audit process, would not only, strengthen the auditors knowledge

of fraud in the financial statement of corporate organisations, but would, no doubt, contribute to her detection and deterrence of fraud, especially as they deploy fraud statistical models when carrying out various analytical audit procedures, towards encouraging the continued publication of a fraud-free financial statements among Nigeria corporate organisations.

The tradeoff between possible increase in audit fees in response to the widened scope of audit exercise to include fraud detection appear to be more beneficial to clients and investors when compared to the possible risks of loosing millions of US Dollars to unfaithful employees of the organisation through fraudulent reporting.

Despite Sarbenes Oxley Act in the USA, and the improved corporate governance measures put in place in Nigeria by the Central Bank of Nigeria in 2010 through the Prudential Guideline document for financial institutions, the issue of fraudulent financial reporting has continued to loom among companies in Nigeria, with potential investors left to bare the huge loss of the hard earned investments. Hence, we recommend that the applicable/ existing Nigeria Standards on Auditing (NSA) be reviewed afresh to reflect relevant guidelines of SAS 99 especially as it concerns brainstorming, in order to boost Nigeria auditors' fraud detection and skeptical skills towards effectively deterring fraudulent and material sensitive erring financial disclosure practices among publicly listed organisations in Nigeria.

Moreso, training programmes and seminars should be organised for young and long practicing Nigeria auditors to further enhance their understanding and practical application of the guidelines of SAS 99 during audit. This will help them ensure that disclosures made by the managements in financial statements not only comply with accounting principles, concepts, and relevant provisions of IFRSs affecting such business financial events, but are also free of fraud or any form of material misstatement due to fraud.

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APPENDIX

Questionnaire

Instruction: Please tick in the space provided (), for the option that best expresses your opinion.

i. **Profession:** Auditor () Practicing Accountant () Accounting Academics/Researcher ()

S/N	QUESTIONS	SA	A	UD	D	SD
1.	Mandatorily reflecting the core emphasis of SAS 99 (fraud detection and deterrence) in the audit obligations of Nigeria auditors may affect her existing primary objective of merely forming opinion as to the true and fair view of the financial statement.					
2.	SAS 99 may not breach auditors existing audit primary objective, but seems to serve as a check on the undue excessive formation of unqualified opinion by Nigeria auditors.					
3.	There exist a significant relationship between effective fraud detection and the bridging of the expectation gap towards achieving an acceptable true and fair view opinion.					
4.	Reasonably, it could be deduced from the provisions of SAS 99, that auditors’ primary objectives in Audit are now two, no longer one (forming opinion on the true and fair view of the financial statement).					
5.	The widened scope of the Auditors responsibility by SAS 99, may also threaten a drastic rise in the cost of Audit in Nigeria.					
6.	Such increased cost in the conduct of Audit exercise, may not only force firms to lay off experienced matured Audit firms for younger ones.					
7.	Companies may not, as a result, be dubiously forced to engage in the re-representation of previous year’s Auditor’s Report in the succeeding year published Financial Statement.					
8.	Rise in Audit cost may both adversely affect the company and the Auditor, considering the present state of the economy, resulting in firms going for cheaper but inexperienced younger Audit firms, and the Auditors for a cheap workforce, to constitute their Audit team.					

Collaborate to Compete

By ANTHONY GOMEZ

There are many challenges affecting accountants and accounting practices. Technology, globalisation, regulation, and attracting and retaining talent are some of the more significant challenges that small- and medium-sized practices (SMPs) are having to address. A Forbes article, *“The Biggest Concerns of Small Accounting Firms,”* cited the results of a survey of managing partners from 301 of the smallest SMPs. The article reported most notably that increasing competition is squeezing fees, which could undermine SMPs’ future profitability and may force the reconfiguration of key aspects of the profession. IFAC’s own global survey of SMPs, as I previously reported, also highlights the challenges facing SMPs.

To tackle these challenges, SMPs need money to invest in new processes, technology, and people. But they need more than just money. First of all, they need to be aware of the significance and implications of the changes affecting the profession. And they need to find ways of taking advantage of the new opportunities that these changes and challenges present. Compliance with regulation, and reporting and assurance on non-financial information, are two examples of the emerging demands of wider society on companies: accountants and auditors can play an essential role in them.

Collaboration through alliances is increasingly common in the business world. A previous Gateway article examined the case for more of the same for accounting practices. Whatever the size of practice, collaboration in any shape or form with other professionals and practices offers many advantages. Sometimes SMPs will need to make allies of competitors — as explained in this article.

So what are the advantages of collaborating? Here are some:

1. The interchange of thoughts, experiences, and best practices enriches everybody and opens minds.
2. Collaboration empowers partners and employees in a common project, opening up more opportunities for the future, and in so doing, becomes more appealing to existing talent and newcomers.
3. Joining efforts gives size and critical mass sufficient to afford the necessary investments in technology, training, marketing, international relations, and specialised people recruitment, etc.
4. Size increases profitability, enabling bigger and/or more

sophisticated engagements.

5. Collaboration increases productivity and reduces costs, as it makes it possible for practices to specialise, and also to optimise training, quality control, administration, etc.

Certainly there are market opportunities for all sizes of practice, providing they render good quality services. But it is also true that the bigger the practice, the better equipped it is to cope with the threats and exploit the opportunities that the increasingly complex economic environment presents. In fact, whatever the starting point, doubling the size of the practice has the potential for exponential advantages.

Different models of collaboration can be used to access these advantages:

1. **Mergers.** Sometimes it is not easy to find suitable partners to merge with, but often the barrier to merging is more one of

“Every kind of practice, from the audit specialist to the advisory boutique and everything in between, faces a number of challenges and changes including the technological, regulatory, and market centered. Collaboration, whatever the shape or form, stands to help us tackle the challenges and leverage the opportunities. Better together than alone”

attitude. It is true that having new partners means decisions have to be discussed among a wider group, and when one is used to a particular decision-making process, changes to that process will prove difficult. But the positive aspects outweigh the negative, as sharing views enriches people and practices; discussion among professionals can be rewarding and inspire creativity.

2. **Acquisitions.** They require money, but oftentimes, one can readily identify practices where the principal partner would like to retire in a few years, and an acquisition, or an agreement for medium-term acquisition, presents opportunities for growth and the integration of good professionals. Quite often younger

partners or directors/managers in these practices are prepared to embrace change and can be key to strengthening one's practice in the future.

3. **Local Association.** Diversification can be very important, as is the need to broaden the range of services provided to clients. When trying to diversify our activities, it is important to ensure that the appropriate level of quality for each service is maintained. The market expects a consistent level of quality across all the services we provide; it will judge us by our weakest link. So often, the best way to diversify is to build a strong and close collaborative relationship with one's professional peers. The practices can maintain financial independence and even keep their existing names. Sharing the same location is preferred, as clients see the whole range of services offered from the same source as a one-stop shop. Also opportunities for dialogue are greater when the practices operate in close proximity.

4. **National Association.** It could involve two or several practices, and they could be in the same city or not. In some cases, the services they provide could be similar or complementary, in other cases, one or more firms could be highly specialised in a different market or service. In other instances, collaboration could be established for specific projects, such as for significant tenders or to develop some technological tools. One should explore whether to collaborate from project to project or on an ongoing permanent basis. Collaboration agreements can be formal or just operational. Collaborators can decide to keep their own brands or use a common brand or both; that is, keeping their own brand and also disclosing their association brand. In fact, there are as many different models as the imagination will allow. One needs to keep an open mind if one is to find the optimal structure, as often one initial collaborative step leads to further steps toward stronger alliances.

5. **International Network or Association.** Another Gateway article examined the case for joining. It's crucially and increasingly important to attend to the needs of clients who have international business. As globalisation is more and more common, even among small- and medium-sized entities (SMEs), it's vital that practices are able to provide them with a good international service, especially the more dynamic SMEs. International affiliations bring contacts who can look after one's clients abroad. International affiliations can improve the quality of all its members, as these relationships enable practices to learn from one another. Often networks or associations have procedures manuals, newsletters, and international meetings, which include seminars and training sessions. There are different kinds of networks and associations, but generally speaking, all of them will help to improve the quality of their members, and help them serve their clients abroad.

Every kind of practice, from the audit specialist to the advisory boutique and everything in between, faces a number of challenges and changes including the technological, regulatory, and market centered. Collaboration, whatever the shape or form, stands to help us tackle the challenges and leverage the opportunities. Better together than alone.

For help and guidance on collaboration, see the practice management resources, especially those for networks and networking and practice models. ●

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INSTRUCTIONS TO AUTHORS

Authors wishing to have their articles published in *The Nigerian Accountant* and *ICAN Students' Journal* are advised to adopt the following guidelines:

1. Articles must be well researched on contemporary issues in the field of: **Accounting; Audit; Investigations; Forensic Accounting; Taxation and Fiscal Policy Management; Consultancy; Information Communication Technology; Insolvency and Corporate Re-engineering; Public Finance; Corporate Finance; Banking; Insurance; Manufacturing; Capital Market.**

Articles from other disciplines e.g. **Health/Medicine; Agriculture; Engineering; Education; Religion; Fashion; Construction; Oil and Gas;** etc, are welcome.

Opinion articles would also be accommodated.

2. All articles should be typed on standard A4 paper and must not exceed twenty pages in 12-point Time Roman font and double spacing.

3. The title page should include the title and author's contact information (no other page should include author's information).

4. The second page should include the title and an abstract of not more than 150 words.

5. The research paper must be properly referenced. The American Psychological Association style should be used in the following format:

a) In-text referencing: Author's name and year of work e.g. **Lucey (1997)** or **(Lucey, 1997)** at the end of sentence. Page numbers must be included for direct quotations e.g. **(Lucey, 1997, p.8).**

b) List of references: Arranged in alphabetical order in the author-date format, e.g.

Book Reference

Lucey, T. (1997), *Management Information Systems* (8th ed.), London: Letts Educational.

Journal Article Reference

Wainer, H. (1997), *Improving Tabular Displays: With NAEP Tables as Examples and Inspirations*, *Journal of Educational and Behavioural Statistics*, 22, 1-30.

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Baker, F.M. & May, A.J. (2007), *Survey Research in Accounting*. Unpublished manuscript retrieved January, 2008 from <http://www.maybaker.org/journals/webref.html>.

6. Every page must be numbered.

7. Two **Hard copies** of the paper should be delivered to the **Editor, Corporate Communications & Marketing**, The Institute of Chartered Accountants of Nigeria, Plot 16, Idowu Taylor Street, Victoria Island, P.O. Box 1580, Lagos, while the **Soft copy** saved in **Microsoft Word 2007** should be forwarded to corporateaffairs@ican.org.ng, dmuyiwa@ican.org.ng and aowolabi@ican.org.ng

Where Machines Could Replace Accountants and Where They Can't Yet

By PAUL THOMPSON

Considerable column inches of late in the business media — notably, “**The March of the Machines**” in *The Economist* and “**The Future of Work: Three Ways to Prepare for the Impact of Intelligent Technologies in Your Workplace**” in *Forbes* — have been devoted to the implications of advances in technology on the workplace and the professions. Advances in technology and their impact on work are nothing new. Arguably they’ve been with us since the beginning of time. The invention of double entry bookkeeping was, in its day, an advance in technology, and look how that came to have a lasting and profound impact on modern business. In our lifetimes, we have seen the calculator, spreadsheets, personal computer, and the Internet — the real game changer.

Before the Internet, globalisation was largely confined to the cross-border exchange of tangible goods. But the Internet has extended this exchange to intangible services, enabling instantaneous cross-border dissemination of knowledge-based services including accounting and consulting work. The current wave of globalisation is — according to Stephen Roach, a senior fellow at Yale University’s Jackson Institute of Global Affairs — characterised by the unprecedented speed of technology absorption and disruption. The Internet has also served as the foundation for the most recent wave of technology, that which is blurring the real world with the technological world. This is dubbed the fourth Industrial Revolution — think Pokémon Go. One of the more pressing questions this revolution raises is— how will the way we work change?

The automation it heralds seems to pose an existential threat to many tasks associated with our profession, a threat that likely will demand the profession to redefine its core offerings. We recently reported on insights from Richard and Daniel Susskind, father and son academics who have researched the impact of technology on the professions. Their work is summarised in their book, *The Future of the Professions*. We interviewed Daniel in early 2016. The genesis of their message for the profession, captured in this article, this radio broadcast that took place in January

2016, and this more recent radio broadcast, is that various tasks associated with the profession stand to be automated and that the profession’s future rests on inventing useful new tasks.

McKinsey’s Report

A recent interim report by McKinsey — summed up in the article, “*Where Machines Could Replace Humans and Where They Can’t (Yet)*,” offers further evidence and analysis into how automation stands to affect work, including that of accountants, and how we might respond. In sum, automation presents both threats and opportunities. But harvesting the opportunities will demand significantly redefining our role, moving from compliance services and tasks based on data collection and processing to knowledge work based on data analysis and advising on the data’s implications and recommended actions. As Susskind said, the challenge for the profession, all professions, is to reinvent their core tasks and offerings. IFAC and its members have the responsibility of leading this change.

Let’s take a closer look at the interim report and the supporting data for each sector including that of professional services. The report is based on a detailed analysis of 2,000-plus work activities for more than 800 occupations. McKinsey quantified both the amount of time spent on these activities across the US economy and the technical feasibility of automating each of them. The report shows that current technologies could automate 45 percent of the activities people are paid to perform and that about 60 percent of all occupations could see 30 percent or more of their constituent activities automated.

Technical Feasibility of Automation

In discussing automation, McKinsey refers to the potential that a given activity could be automated by adopting currently demonstrated technologies that is, whether or not the automation of that activity is technically feasible.

Each whole occupation is made up of multiple types of activities, each with varying degrees of technical feasibility.

McKinsey identifies seven top-level groupings of activities — managing others, applying expertise, stakeholder interactions, unpredictable physical work, data collection, processing data, and predictable physical work. Occupations in the professional sector, which include accountancy, involve activities such as applying expertise to decision making, collecting or processing data, and interacting with clients. Since all of these constituent activities have a different automation potential, McKinsey arrives at an overall estimate for the sector by examining the time workers spend on each of them during the workweek.

McKinsey concludes that managing others and applying expertise (to decision making, planning, and creative tasks) are the least susceptible to automation; stakeholder interactions and unpredictable physical work are less susceptible; and data collection, processing data, and predictable physical work are highly susceptible. Based on data on time spent in US occupations, those working in the professional sector spend most of their time on applying expertise, stakeholder interactions, data collection, and processing data. This represents mixed news for our profession: the former are less susceptible, while the latter are highly susceptible. This suggests that large chunks of time spent by professional accountants on data collection and processing risk being automated. But that's not the end of the story.

Accountancy Sector's Susceptibility to Automation Based on 5 Factors Determining Automation

While technical feasibility is a necessary precondition for automation, it is by no means a complete predictor that an activity will be automated. Whether or not automation will in fact become a reality is determined by five factors. Below we've assessed the risk of automation for the accountancy profession's core activities in the context of the five factors identified by McKinsey:

1. **Technical feasibility** — As noted above, some activities performed by accountants are less susceptible, while others are highly susceptible, to automation. We look forward with bated breath to see what the final McKinsey report has to say on this.

2. **Cost of developing and deploying the hardware and software for automation** — It would seem the costs, such as that of data analytics and cloud computing, have fallen sharply in the past few years. This low to modest cost points to increased risk of automation.

3. **Cost of labour and related supply-and-demand dynamics** — Many jurisdictions are reporting a talent war with qualified staff in short supply. This seems to have triggered significant increases in the salaries of professional accountants. This high cost of labour and shortage of talent points to increased risk of automation.

4. **Benefits beyond labour substitution** — It's easy to see that automation might lead to higher levels of output, better quality, and fewer errors especially in data collection and processing. In the case of audit, one can see how technology enables the testing, quickly and accurately, of entire data populations rather than just samples. These substantial benefits of automation contribute towards a high chance of automation.

5. **Regulatory and social-acceptance issues** — It seems likely that employers or clients will be accepting of a robot or machine replacing some of the functions of an accountant, but perhaps less accepting where the situation demands the exercise

of professional judgment or skepticism, such as an ethical dilemma. Regulators might also prefer to see human intervention than reliance on a machine. The net impact of these issues might be neutral as far as their impact on whether automation is likely.

Implications for the Profession

The upshot of this analysis is that it seems that not only does a large proportion of the core work of a typical accountant have the potential for automation but that other factors may work to realise this potential. If that's the case, then it's vital that the profession accelerates its move into tasks and activities less susceptible to automation. The top candidate is advisory — to clients or for employers. This has to do with managing others, applying expertise and stakeholder interactions that are much less susceptible to automation than data collection and processing. The crucial ingredients to advisory, that for now at least seem impervious to automation, are that of establishing trust and providing personalised expertise.

Many accountancy practices have already made a big push into this service area. As the International Accounting Bulletin's World Survey revealed many larger accountancy firms now draw the lion's share of their revenue from this type of work. According to MGI Worldwide and IFAC's Global SMP Survey, this trend away from audit in favor of advisory, including that around cyber security and data analytics that did not exist a decade ago, is gathering pace amongst medium-sized international accountancy networks and small- and medium-sized practices (SMPs). IFAC has challenged SMPs to carefully consider diversification. Diversification, and the resulting recruitment of non-accountants, means accounting firms are less firms of professional accountants and more firms led by professional accountants. A recent Gateway article sets out some guidance on how SMPs can go about diversifying. Similarly IFAC's thought leadership on the role of professional accountants in business has stressed the need for them to be the strategic navigator for their employers.

Technology is a crucial tool in making the transition. Olivia Kirtley, IFAC President recently discussed how technology can be a strategic opportunity to strengthen the accountancy profession. In a similar vein ICAEW's CEO concludes that "the future of the profession is an exciting one, but only if we embrace new technologies and focus on the value that we can offer to businesses and our clients as a result." For example, accountants need to learn to use advanced technology to predict and achieve outcomes as explained in this AICPA article, which concludes that professional accountants, whether working in public practice or industry, will enhance their career opportunities through the acquisition of additional data analytics expertise. And embracing technology and change will, as Tom Hood says, demand us to go beyond thinking outside the box and forgetting the box altogether.

Finally, we might need to take a leaf out of the book of the profession that, according to McKinsey, looks least likely to be automated — teaching. The more professional accountants assume the role of educator or coach of their clients and employers, on things like the relevance and import of quality financial management and other information, then they will find their role, for the foreseeable future at least, more resistant to automation. ●

★ **Mr. Paul Thompson is a Financial Consultant in IFAC.**

IFAC Global Survey Gives Insights into Challenges, Opportunities, Economic Health of Small- and Medium-Sized Accountancy Practices and their SME Clients

By GIANCARLO ATTOLINI and PAUL THOMPSON

Introduction

This year has so far proven to be a difficult one for stock markets. Many indices are lower, some with double digit losses. The main culprit is economic uncertainty, triggered primarily by increasing concern over an economic slowdown in China, the world's second largest economy. Economic commentators and pundits are now looking hard at any evidence that can inform whether this slowdown is merely a blip or something more substantial. The global accountancy profession has some evidence of its own, including the IFAC Global SMP Survey (full report and summary). The survey elicited 6,725 responses from accountants working in small- and medium-sized accountancy practices (SMPs) in 169 countries who provide professional services to more than 800,000 small- and medium-sized entity (SME) clients. This makes it one of the world's largest surveys of accountants.

There are compelling reasons to think that this survey is a reasonable barometer of the health of the global economy. This is a profession that, according to *Nexus 2: The Accountancy Profession — A Global Value Add*, contributes USD \$575 billion to the global economy and that can demonstrate a positive correlation between the share of accountants in total employment, and both GDP per capita and the UN Human Capital Index, which measures quality of life indicators. Some 45% of the estimated 2.8 million professional accountants represented through IFAC's members work in public practice, according to *Nexus 1: The Accountancy Profession, Behind the Numbers*. Furthermore, many if not most of these accountants in public practice work in SMPs.

What Did We Learn About SMEs?

The survey offers some interesting intelligence about SMEs,

commonly seen as the global engine for growth. This intelligence is useful to governments, regulators, policy makers, and SMPs keen to understand how they can best assist this sector. When asked about the challenges facing their SME clients, 75% or more of respondents rated seven of the eight challenges as a moderate or greater challenge. The top challenges facing SME clients included economic uncertainty, rising costs, competition, and difficulties accessing finance.

The survey also explored the extent to which globalisation is impacting the smallest of businesses by asking about the international activities of SME clients. The survey found that about three-quarters of respondents' SME clients were engaged in some kind of international activity, most commonly import or export activities. In general, more international activity was reported in the Middle East compared to other regions. As globalisation continues to spread, even among SMEs, it will become increasingly important for SMPs to attend to the international business needs of their clients.

Respondents were also canvassed on the direction of profits of their SME clients over the past year. The largest percentage of SMPs, 41%, said that clients' profits had decreased. An increase in profits was reported by 31% and no change in profits by 22%. Decreases in the profits of their clients were considerably more prevalent for respondents in the Middle East and Asia, which corroborates concerns emanating from Asia about an economic slowdown and volatile stock market.

What Are the Foremost Challenges Facing SMPs?

SMPs continue to face many challenges and, consistent with the 2014 survey results, a majority of respondents viewed each of the 12 challenges presented as a moderate, high, or very high

challenge. The most pressing challenges facing SMPs included attracting new clients, keeping up with new standards and regulations, and differentiating from the competition. The need to attract new clients suggests SMPs ought to consider more intensive marketing and promotion, and expanding their service offerings.

Respondents rated eight environmental factors to indicate the extent to which they believed each might impact them over the next five years. The regulatory environment, competition, and technology developments were viewed as the most impactful. Technology developments stands out. It's both a challenge and an opportunity.

Some, perhaps most notably Daniel and Richard Susskind, authors of *The Future of the Professions* and a recent Gateway feature article, argue technology poses a serious threat to the professions, accountancy included, as it threatens to automate many traditional tasks undertaken by professional accountants. Some, ourselves included, see this as an opportunity to redefine the role of the accountant and in so doing improve the value of

It is clear that many challenges remain and practitioners need to ensure that they maintain their relevance by equipping themselves to help their clients cope with the current environment of rapid change and innovation. IFAC will continue supporting the critical SMP sector in providing the services that will ensure their SME clients survive and thrive

the services we deliver to our clients: data analytics, for example, enables us to offer well-informed advice to our clients.

How Well Did SMPs Perform in 2015?

Respondents were asked how their revenues changed in 2015 compared to 2014. The largest percentages of respondents indicated revenues stayed the same or increased moderately, for each of four service lines (Audit and Assurance; Advisory and Consulting Services; Tax; and Accounting, Compilation and Other Non-assurance and Related Services).

How Well Do SMPs Expect to Perform in 2016?

Reflective of a generally optimistic outlook, more than one-third of respondents forecasted that fees would increase in 2016, with advisory and consulting services increasing the most, followed by accounting, compilation, and other non-assurance and related services; tax; and audit and assurance services. However, optimism is not at the same level as a year ago as growth projections across service lines have dropped since the

survey conducted at year-end 2014.

Most respondents provided some form of consulting service, and the larger practices were more likely than sole practitioners to provide these services; the types of business advisory services they offered most frequently in 2015 were tax planning and corporate advisory, including advice on mergers and acquisitions, valuations, and legal issues. The IFAC SMP Committee has long recognised the growth potential of this service line and actively encouraged the global SMP constituency to seriously consider stepping up their business advisory activities. The IFAC Global Knowledge Gateway has many of the resources, in particular under Practice Management, needed to help SMPs offer advisory services.

Are SMPs Members of a Network, Association, or Alliance?

According to respondents, the top three benefits of membership in a network, association, or alliance are: attracting new clients, broadening client service offerings, and branding and marketing.

These benefits address many of the main challenges they are facing. Membership can also expand SMPs' capabilities to serve clients operating internationally.

However, only slightly more than one quarter of SMPs reported that they currently belong to a network (11%), association (10%), or alliance (7%); this is more common among larger SMPs, with 65% of respondents from practices with 21 or more partners and staff indicating they belonged to a network, association, or alliance. An additional 24% of SMPs indicated they were considering joining one. Slightly less than half of respondents in both 2015 and 2014 indicated that their SMP had no interest in joining a network, association, or alliance. The regions with the largest number of respondents considering membership were: Africa, the Middle East, Asia, and Central and South America and the Caribbean.

Again, for those SMPs considering membership, we encourage them to go to the Gateway for resources to help them make the decision and, if so, how to make the selection and transition.

Conclusion

Overall, the survey results indicate that 2015 was a positive year for SMPs with revenues primarily staying the same or increasing moderately. Despite some concerns around the profits of their clients, especially in Asia and the Middle East, SMPs are also optimistic for the year ahead with a high number predicting increases in revenue. However, it is clear that many challenges remain and practitioners need to ensure that they maintain their relevance by equipping themselves to help their clients cope with the current environment of rapid change and innovation. IFAC and its member organisations, with strategic insights and advice from the IFAC SMP Committee, will continue supporting the critical SMP sector in providing the services that will ensure their SME clients survive and thrive. ●

★ **Giancarlo Attolini is the Chairman, IFAC SMP Committee while Paul Thompson is a Consultant to IFAC.**

Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics

The IAASB established the Data Analytics Working Group (DAWG) to inform the Board as to how and when to respond to developments in technology most effectively in the public interest. Since its inception in mid-2015, the DAWG has performed outreach with various stakeholders, including accounting firms, National Auditing Standard Setters (NSS), audit regulators and oversight authorities, International Federation of Accountants (IFAC) member bodies and representatives of the IFAC Small and Medium Practices Committee. The DAWG has also benefited from the insights gained from the robust discussions and debate on the topic of data analytics at the IAASB's June 2015, September 2015, March 2016 and June 2016 meetings, as well as the IAASB Consultative Advisory Group (CAG) September 2015 and March 2016 meetings.¹ The DAWG's activities have also included monitoring and gathering information on the various applications of data analytics and the relationship to the financial statement audit (such as the effect on risk assessments, testing approaches, analytical procedures and other audit evidence).

This publication provides insights into the opportunities and challenges with the use of data analytics in the audit and outlines the insights gained from the DAWG's activities to date. The purpose of this publication is to:

- (a) Inform stakeholders about the IAASB's ongoing work to explore effective and appropriate use of technology, with a focus on data analytics, in the audit of financial statements; and
- (b) Obtain stakeholder input and perspectives on whether all of the considerations relevant to the use of data analytics in a financial statement audit have been identified.

Request for Stakeholder Input

The DAWG's work in this area is not done and the IAASB has an open mind as to the way forward. In addition to the matters addressed in this publication, the IAASB and the DAWG are requesting your input on the following questions:

- (a) Have we considered all circumstances and factors that exist in the current business environment that impact the use of data analytics in a financial statement audit?

- (b) Is our list of standard-setting challenges accurate and complete?
- (c) To assist the DAWG in its ongoing work, what are your views on possible solutions to the standardsetting challenges?
- (d) Is the DAWG's planned involvement in the IAASB projects currently underway appropriate?
- (e) Beyond those initiatives noted in the Additional Resources section of this publication, are there other initiatives of which we are not currently aware of that could further inform the DAWG's work?
- (f) In your view, what should the IAASB's and DAWG's next steps be? For example, actions the IAASB and DAWG are currently considering include:
 - (i) Focusing attention on revisions, where appropriate, to ISAs affected by the IAASB's current projects.
 - (ii) Exploring revisions to ISA 520.²
 - (iii) Hosting one or more conferences with interested stakeholders to collectively explore issues and possible solutions to the identified challenges.
 - (iv) Continuing with outreach and exploration of issues associated with the use of data analytics in a financial statement audit, with a view towards a formal Discussion Paper consultation in advance of any formal standard-setting activities.

The IAASB and the DAWG are interested in views that readers may have on these questions or any others that we have not yet considered in relation to the use of data analytics in a financial statement audit. Please submit written responses through the IAASB's website. Written responses are requested by **February 15, 2017**, to help the IAASB determine the way forward for the data analytics project.

Why Are We Taking Notice of the Growing Use of Data Analytics and Related Technology Advancements in the Audit?

1. Auditors play a key role in contributing to the credibility

of the financial statements on which they are reporting. High-quality audits support financial stability. As the global auditing standard setter, the IAASB has a public interest responsibility to develop standards and guidance for auditors to facilitate high-quality audits being achieved. This in turn builds public trust and confidence in financial statements and corporate financial reporting more broadly.

2. In the history of the audit profession, there have been shifts in how the audit is executed. These shifts have been a result of transformations in the environment in which companies operate, and in which audits are performed. Prior to the current risk-based audit approach, companies operated in a far less complex environment. As a result, the audit was carried out in a largely manual way with a relatively high proportion of the financial information underlying the financial statements being tested without any significant emphasis on the nature and extent of the risks of material misstatement.

3. Over time, the risk-based audit approach has evolved — due to (i) higher transaction volumes such that auditors were not able to test all transactions underlying the financial statements; (ii) increased complexity; (iii) regulation stimulated by highly public failures of companies; and (iv) technology limitations. A risk-based audit focuses on the nature and extent of risks of material misstatement for the particular engagement, with greater emphasis on obtaining an understanding of internal control established by an entity and, where appropriate, obtaining audit evidence from the auditor’s testing of the effectiveness of such internal control.

4. Technological change is occurring at a rapid pace, ushering in the capability to capture and communicate data digitally, on an unprecedented scale and almost instantaneously. This has resulted in an increasing focus on data, whether structured or unstructured, and whether generated internally or externally to the entity. Comprehensive and powerful digital information systems are increasingly capable of handling, analysing, communicating and responding to these data-related changes. Companies are rapidly changing their business models in innovative ways in response to these developments.

5. Stakeholder expectations regarding the use of technology in the financial statement audit are evolving. Developments in technology, both within the financial reporting systems used to initiate, process, record and store data representing the information in the financial statements, and the tools and techniques available to analyse that data, are resulting in questions from stakeholders regarding how data analytics fits into the current risk based audit model. In a number of jurisdictions, particularly where proposals and re-proposals for audit are now more common, entities are inquiring of the auditor’s data analytics capabilities and in some cases, expecting the auditor to perform an audit that includes the increased use of

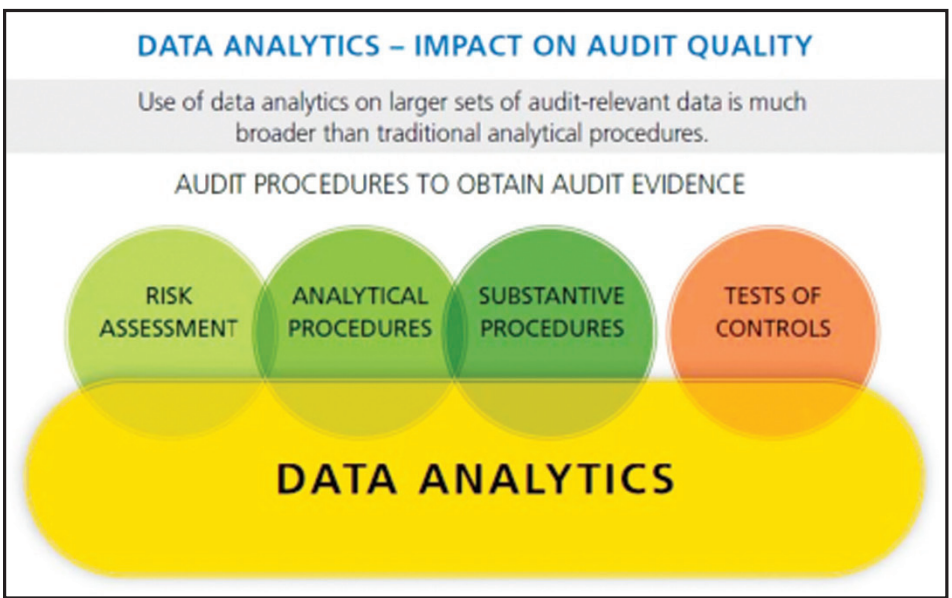
technology, particularly data analytics.

Data Analytics and the Financial Statement Audit

6. The quality of a financial statement audit can be enhanced by the use of data analytics. Data analytics, when used to obtain audit evidence in a financial statement audit, is the science and art of discovering and analysing patterns, deviations and inconsistencies, and extracting other useful information in the data underlying or related to the subject matter of an audit through analysis, modeling and visualisation for the purpose of planning or performing the audit.³

7. The application of professional skepticism and professional judgment is improved when the auditor has a robust understanding of the entity and its environment. In an increasingly complex and high-volume data environment, the use of technology and data analytics offers opportunities for the auditor to obtain a more effective and robust understanding of the entity and its environment, enhancing the quality of the auditor’s risk assessment and response. Other benefits of the use of data analytics include:

- (a) Enhancing the auditor’s ability to gather audit evidence from the analysis of larger populations, including enabling better risk-based selections from those populations for further testing by the auditor.
- (b) Broader and deeper auditor insight of the entity and its environment, which provides the entity being audited with additional valuable information to inform its own risk assessment and business operations.



8. While the benefits are clear, there are also limitations auditors need to be aware of in using data analytics. For example:

- (a) Auditors need to have a clear understanding of the data they are analysing, particularly the relevance of the data to the audit. Analysis of data that is not relevant to the audit, is not well-controlled, is unreliable or the source of which (internal or external) is not well-understood could have negative

consequences to audit quality. While the analysis of relevant and reliable data provides valuable insights to the auditor, it will not provide everything the auditor needs to know.

- (b) Due to the need for the auditor to exercise professional judgments in relation to accounting and auditing, as well as issues related to data completeness and validity, being able to test 100% of a population does not imply that the auditor is able to provide something more than a reasonable assurance opinion or that the meaning of “reasonable assurance” changes.
- (c) In the financial statements of the majority of entities, there are significant amounts and disclosures that are accounting estimates (or that are based on accounting estimates) or that contain qualitative information. Professional judgment is necessary to assess the reasonableness of the entity’s estimated value and disclosures of those items. While the data analytics technology of today is able to unlock valuable insights for the auditor to consider, its use in a financial statement audit will not replace the need for professional judgement and professional skepticism.
- (d) The effective use of technology can support the auditor in obtaining sufficient and appropriate audit evidence. However, caution should be exercised regarding the auditor’s and stakeholders’ potential “overconfidence” in technology, in which auditors lacking a clear understanding of the uses and limitations of technology falsely believe the results to be infallible (i.e., the output must be 100% accurate because a software program produced it).

Technology and the ISAs — The Present and the Possibilities

9. The ISAs do not prohibit, nor stimulate, the use of data analytics. Technological advancements and the increasing relevance and use by businesses of data analysis in decision making are causing the IAASB and its stakeholders to evaluate whether the ISAs will continue to meet the needs of those who rely on the auditor’s report in a fast-paced digital world. The ISAs acknowledge the use of technology by the auditor in executing the audit, through use of Computer Assisted Audit Techniques (CAATs). However, the reference to CAATs in the ISAs was created in a completely different technological era and CAATs have evolved significantly into what is now being referred to as data analytics.

10. The ISAs need to continue to be robust and relevant in a fast-developing environment. At the same time, the ISAs need to be capable of being applied to drive appropriate auditor performance regardless of the circumstances (i.e., keeping to principles rather than specifics tied to current practice). Of particular relevance to an audit are technological developments resulting in more powerful data analysis tools and techniques that can be used in procedures to obtain audit evidence. These data analysis tools and techniques provide the auditor, in an environment of increasing complexity and large populations of audit relevant data, with enhanced capabilities to more effectively

and efficiently understand the entity and its environment.

11. Data analytics provide an opportunity to maximise the effectiveness of the human element. For example, technology solutions can reduce the amount of time dedicated to manual analysis, allowing more time to be spent by the auditor on the more judgmental aspects of an analysis. Because data analytics is able to provide the auditor with different and more informative insights, the use of data analytics improves the auditor’s ability to identify relationships and inconsistencies, enhancing the auditor’s judgments and ability to be appropriately skeptical. However, auditors have indicated that they find challenges in fitting the audit evidence derived from data analytics into the current audit evidence model within the ISAs. Auditors are considering the implications of analysis of the entity’s data across 100% of a population, for example:

- (a) How doing so informs the auditor’s identification and assessment of the risks of material misstatement.
- (b) Whether, in addition to supporting risk assessment, data analytics can be used to provide substantive audit evidence, and whether that evidence arises from what are classified in the ISAs as tests of controls, tests of detail or substantive analytical procedures.
- (c) Whether the use of data analytics has an effect on evidence required from performance of other substantive audit procedures or tests of controls.

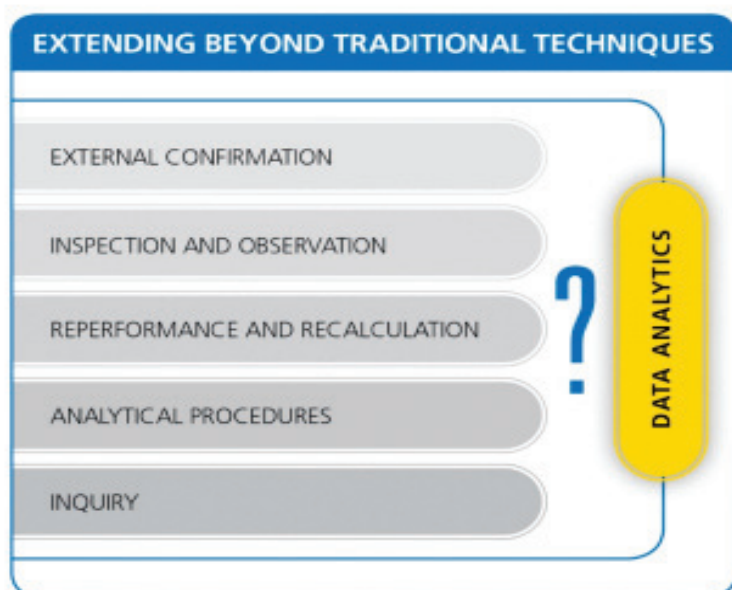
Why All the Discussion? Why Not Just Move Forward with Making Changes to the ISAs?

12. Technological advancements and developments in data analytics challenge everyone and giving serious consideration to the possibilities requires vision. The ISAs were written in a completely different technological era. While the ISAs are not that old, there have been rapid changes in technological advancements in recent years, the breadth and scale of which was not and probably could not have been reasonably anticipated at the time that many of the ISAs were developed or revised. Some hold the view that the current environment of fast-paced change and the expectation of ongoing evolution create a compelling platform for revisiting fundamental questions such as what the audit could or should be, including exploring whether there is a need to possibly start with a blank sheet of paper as attempting to retrofit data analytics into the ISAs today is likely not an effective approach.

13. The ISAs do not prohibit the use of data analytics techniques. However, the lack of reference to data analytics beyond mention of traditional CAATs in the ISAs may be viewed as a barrier to their adoption more broadly.

14. This lack of reference to data analytics in the ISAs also results in some being of the view that gathering information from the use of data analytics does not necessarily reduce the procedures required by the ISAs today, even if those required procedures now appear redundant as a result of the information gained from the use of data analytics.

15. Should the ISAs specifically acknowledge the possibility of obtaining audit evidence from data analytics? In a regulatory environment where auditors are being innovative with the use of developments in technology to enhance audit quality and the effectiveness and efficiency⁴ of their audits, they are having to



be courageous in new ways of auditing without the support of the auditing literature. In some jurisdictions, increased use of technology and data in the audit are being demanded by the marketplace. Investors too have noted that, while the auditing standards are not broken, they need to reflect current practices and developments in order to remain relevant and meet investor expectations of the effective use of technology by the auditor to deliver high-quality audits. There is a risk associated with the use of new and innovative techniques for which there is not a strong framework within the standards. Challenges result for audit oversight authorities when performing audit inspections. Auditors are faced with the increased risk of getting second guessed on inspection and not having a clear basis in the auditing standards to substantiate the judgments made and procedures performed. This may deter auditors from using and experimenting with data analytics. There is also a risk that views of audit oversight authorities might evolve in an inconsistent manner — within and between jurisdictions.

16. Auditors, audit oversight authorities, standard setters and other stakeholders need to work together in exploring how developments occurring in technology could support enhanced audit quality.

17. There are very likely opportunities for the ISAs to be revised to address technological advancements and data analytics. Auditors and audit oversight authorities are looking to standard setters, such as the IAASB, to act in this area. Auditing standards should foster enhanced audit quality. At the same time, auditing standards should also be able to accommodate developments (such as technology advancements) that occur in the future, without needing to be in a continual state of change. While significant technological developments have occurred to date, including in the area of data analytics, further development and analysis (such as academic research) is anticipated in the near future.

Optimism — But There Are Still Unanswered Questions

Challenges Posed by Environmental Factors and Circumstances in the Business Environment

18. There are a number of circumstances and factors that

exist that impact the use of data analytics in a financial statement audit. These circumstances and factors include:

- (a) **Data acquisition** – including challenges with access to the large data sets that are needed to effectively execute certain types of data analytics. In most instances, the entity's data needs to be transferred to the auditor and, in addition to concerns related to data security and privacy, having sufficient infrastructure to store and then process the data can be challenging due to the size and volume of data.
- (b) **Conceptual challenges** – when performing an audit that involves data analytics, the engagement team may be requesting data from the entity and asking questions about that data that have not been asked in the past. The approach to certain areas of the audit where data analytics is utilised is also quite different to what the entity may be used to seeing, and the entity may be hesitant to provide all of the data being requested.
- (c) **Legal and regulatory challenges** – these include concerns regarding data security and privacy, but also jurisdictional law and regulation that, in some cases, prohibits data from leaving the jurisdiction within which the entity is located. This can be particularly challenging when the auditor needs to transfer the data to information technology (IT) facilities that may be located outside of the jurisdiction of the entity.
- (d) **Resource availability** – a model that may be used by auditors utilising data analytics in the audit may require skilled centralised resources supporting engagement teams. These skilled centralised resources are often data scientists and, as the extent of use of data analytics in the audit grows, strain is put on the resources currently available.
- (e) **How regulators and audit oversight authorities maintain oversight** in a rapidly changing area when the audit oversight authorities have little experience themselves of inspecting audits where the auditor has made use of data analytics and other technology innovations.
- (f) **The investment in re-training and re-skilling auditors** that over time have acquired knowledge, skills and experience in traditional ways of auditing that have been around for a long time is a challenge for the profession. From the most experienced to the least experienced auditor, and from the largest accounting firms to the smallest, changing the auditor's mindset to gathering audit evidence from the use of data analytics compared to traditional techniques will require time and investment in training.

Challenges Encountered by Auditors that May Affect Audit Standard Setting

19. In the context of the environmental factors and circumstances noted above, the following are challenges encountered by auditors when making use of data analytics in

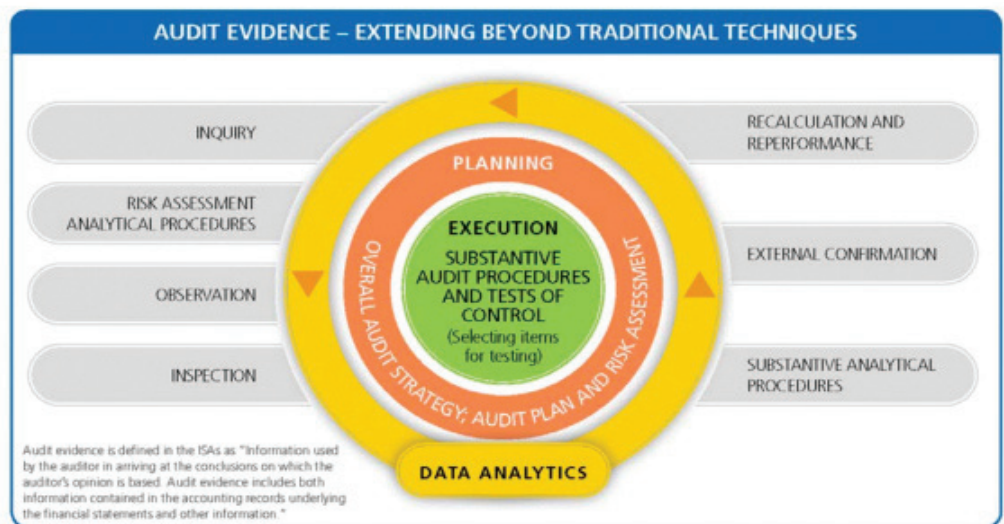
a financial statement audit that may be considered as affecting audit standard setting:

- (a) **General IT controls.** Data analysis triggers more questions regarding general IT controls and application controls, particularly:
- (i) What is the minimum level of general IT controls testing, and the impact of the results of that testing, when the auditor is using data analytics in the audit; and
 - (ii) The impact of any deficiencies in general IT controls and application controls upon which the auditor intends to rely in order to conclude that the data from the IT system is sufficiently reliable for the auditor's purpose.
- (b) Audit procedures when the majority of data utilised is information produced by the entity. The ISAs require the auditor to evaluate whether the information is sufficiently reliable for the auditor's purposes, which includes, as necessary in the circumstances:
- (i) Obtaining audit evidence about the accuracy and completeness of the information; and
 - (ii) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.

In an audit using data analytics, where much or the majority of the data utilised is produced by the entity, what procedures should the auditor be expected to perform to satisfy the requirements in the ISAs noted above? Considering the nature of the data being utilised, the ISAs could be expanded to provide greater specificity and guidance to auditors.

- (c) **Considering the relevance and reliability of external data.** The auditor cannot assume that data from third-party sources is complete and accurate. External data obtained from third-party data providers may only be an aggregation of data obtained from multiple sources and may not have been subject to procedures to validate completeness, accuracy and reliability of data that is needed in an external audit context. The question for standard setters becomes what procedures does the auditor need to perform to meet the existing requirements in the ISAs to consider the relevance and reliability of the information to be used as audit evidence? How is this different from the premise in the extant ISAs that the reliability of audit evidence is increased when it is obtained from independent sources outside of the entity?

- (d) **What is the nature of the audit evidence** obtained via data analytics when initially used as a risk assessment procedure (keeping in mind that the ISAs currently state that audit evidence from risk assessment procedures by themselves do not provide sufficient appropriate audit evidence on which to base the opinion)? When using data analytics for purposes of informing the auditor's risk assessment, the auditor does not develop an expectation of results. Audit evidence obtained from using data analytics for risk assessment could also be useful in other respects—but under the current requirements in the ISAs, this would not be considered audit evidence from a substantive analytical procedure as the auditor did not establish an expectation of the results at the outset of executing the analysis). Should the ISAs address when audit evidence obtained from data analytics alone would be considered sufficient appropriate audit evidence?
- (e) **In the current risk and response nature of the ISAs,** how does an engagement team classify the audit evidence provided by data analytics? Is the difference between risk assessment procedures, tests of controls and substantive procedures relevant in an audit using data analytics, or should the ISAs be clear into which of those categories data analytics fits? What is the role of controls testing



when auditors analyse 100% of the transactions in a particular area of the audit? Should the sometimes iterative nature of data analytics be reflected in the ISAs? Or is there perhaps another category of audit evidence generated from data analytics?

- (f) **What is the nature of the audit evidence obtained via data analytics in responding to risks** identified? The structure of the ISAs requires an identification of risk of material misstatement and a response to the assessed risks. The use of data analytics does not negate that model but changes the way it is implemented — such that risk identification and

response occurs in one step rather than a specific outcome of two separate activities. How does the auditor document how the objectives of the ISAs were met based on the current ISA requirements?

- (g) **What is an appropriate level of work effort for exceptions identified?** Under the current risk-based audit approach, exceptions identified from sampling populations for testing are extrapolated to estimate the impact on the financial statements as a whole. With data analytics, when the auditor has the ability to cover a significantly larger portion of the population (in some cases 100% of the population) and to more accurately estimate the magnitude of the error (in some cases determine the worst possible case of the error), there is uncertainty regarding the extent of the auditor's work effort on outliers identified to determine whether they are in fact exceptions. There may be a high number of outliers identified from the auditor's data analytic procedure, so does the auditor need to test each outlier to confirm whether it is in fact an exception, or can the auditor perform tests of detail on a sample of the outliers and project the extent of the error based on the results of the auditor's testing of that sample? Or, should the auditor be required to perform tests of detail on each of the identified outliers until the unconfirmed amount of outliers is reduced to an amount that would not be considered quantitatively material? In addition, questions remain regarding the level of work effort to substantiate that the auditor has sufficient appropriate audit evidence with respect to the portion of the population where no exceptions were identified.
- (h) **Risk measurement** – Using data analytics, the auditor can more effectively and efficiently analyse larger populations of data to inform the auditor's risk assessment. What does the implication of being able to measure the risk for a particular assertion or portion thereof more precisely have on the audit? When the auditor has been able to analyse all transactions in a particular area of the audit for the entire period under audit, what does the auditor need to do to demonstrate or corroborate that unexpected transactions have been adequately addressed in the audit?
- (i) **Challenges in applying the documentation requirements when applying data analytics.** The ISAs do not currently require the auditor to retain all of the information used in selecting items to test, but require the auditor to document the identifying characteristics of the specific items or matter tested. The documentation requirements need not be any different when making use of data analytics. However, there are challenges in how the documentation requirements are applied, including those related to direction, supervision, performance and review, when using data analytics based on the iterative nature of the process to reach a conclusion. Does the engagement team need to include in the

audit documentation all of the data and details of all of the routines that have been executed? What is the auditor's responsibility to retain data that was used in the performance of data analytics but that is not directly audit evidence on which the auditor has based conclusions?

- (j) **The importance of auditors establishing quality control processes** over the development of data analytics technology and tools used in an audit and related audit methodology — whether this is at the accounting firm level for firm-wide techniques or at the engagement level for custom built analysis. If an auditor makes use of third-party developed data analytics technology and tools, should the auditor be expected to assess the reliability of the technology and tools utilised and, if so, to what extent must this be done?

Considerations Specific to Auditors who Perform Audits of Small- and Medium-Sized Entities (SMEs)

20. Developments in higher-end technology solutions, which previously may have been out of reach for SMEs, are now more attainable when the technological expertise is maintained by a reputable third-party service provider (for instance, in cloud computing environments). SMEs that are using advanced technology to operate their businesses and record their financial transactions may have an expectation that their auditor would be making effective use of technology as well.

21. In many respects, there are likely to be some advantages for those auditors that audit SMEs over auditors that audit large entities in using data analytics in the audit. SMEs are more likely to be able to make use of standard / off the shelf financial reporting applications that make access to data easier and potentially provides information of higher quality in relation to the size of the entity.

Considerations Specific to Small and Medium Practices (SMPs)

22. Data analytics may be an area where many SMPs currently have limited knowledge or experience, but it has the potential to transform the existing audit model. Auditors who are unaware of the developments will be disadvantaged if they are not considering how data analytics could enhance audit quality and improve efficiency.

23. There may be perceived technology and investment barriers for SMPs — smaller accounting firms may not be able to make the financial and human capital investment necessary to develop these tools in-house in the same manner as larger accounting firms. However, there are vendors in the marketplace today offering data analytics solutions that SMPs can make effective use of, in some cases as an extension of using software from external providers as a basis for their audit methodologies.

Considerations Specific to Auditors who Perform Audits of Public Sector Entities

24. In public sector entity environments, where the existence of homegrown systems are more prevalent based on the specific nature of the role of these entities, data capture could prove to be

challenging and limiting with respect to applying data analytics in the financial statement audit.

25. Audits of public sector entities include the audit of the financial statements, but there are numerous other types of audits performed (such as performance audits) that may lend themselves well to data analytics.

The Standard-Setting Path Ahead

26. The use of data analytics in the audit of financial statements is at an early stage, with auditors exploring how the use of data analytics can be expanded. While audit regulators and oversight bodies are engaging in proactive discussions with auditors on the topic of data analytics, they are just beginning to see its use in the audit through inspection activity. Academic studies of the role that data analytics can play in enhancing audit quality are also underway. Without more information, including solutions to the challenges noted throughout this document, wholesale change to the ISAs in the near term may have unintended consequences (such as inhibiting innovation), due to the fast-paced nature of the developments with data analytics in the audit of financial statements.

27. The IAASB currently has a number of ongoing projects and initiatives, as detailed in its **Work Plan for 2015–2016**. The DAWG anticipates active involvement in some of these ongoing projects to contribute to their further progress, including identifying potential opportunities for the standards likely to be impacted by those projects to make reference to or include language related to data analytics. Such involvement would include sharing the DAWG's findings with the other task forces and working groups. The following are the projects under review by the IAASB where data analytics will have a role.

Professional Skepticism

28. Adopting and applying a skeptical mindset is a personal and professional responsibility for every auditor. The application of professional skepticism is influenced by personal traits, including fortitude (i.e., the strength of mind that enables the auditor to deal with matters arising during the course of the audit with courage) and the auditor's competence (e.g., knowledge, skills and experience).

29. The use of data analytics in an audit of financial statements will not replace the need for the auditor to exercise appropriate professional judgement and professional skepticism. Strong views have been expressed by the IAASB CAG and at IAASB roundtables⁵ about the importance of the auditor having a thorough understanding of the entity and its environment in order to facilitate a high-quality audit in which professional skepticism is appropriately applied.

30. The ability of the auditor to analyse data underlying the financial information represented in the financial statements may enable the auditor to have a deeper understanding of what has actually occurred in the financial reporting system — which will be beneficial to the auditor in making inquiries of entity personnel. This may provide the auditor with more granular information to assess the nature of the response to inquiries of entity personnel and have a more robust basis against which to assess the response and, if necessary, challenge the response.

31. While there are circumstances in which it is appropriate

for the auditor to refine their expected outcome, it is important to avoid confirmation bias when performing data analytics. Confirmation bias is the tendency to search for, interpret, favour, and recall information in a way that confirms beliefs, while giving disproportionately less attention to contradictory information. When appropriately exercising professional skepticism, the auditor should take care not to disregard the results of the data analytic merely because they do not appear as the auditor would expect based on the auditor's understanding of the entity's business or the population. Instead, the auditor should use professional judgment and professional skepticism to consider whether the results of the data analytic represent inconsistent or contradictory evidence for which further investigation is necessary.

ISA 315 (Revised)⁶

32. Risk assessment, including the identification of the risks of material misstatement, is fundamental to the performance of an audit in accordance with the ISAs. Data analytics enables auditors to improve the risk assessment process. The ability to analyse large populations can enable the auditor to determine and assess the areas of audit risk earlier in the audit process. Early in 2016, the IAASB established a separate working group to conduct the initial work related to possible revisions to ISA 315 (Revised). The DAWG will continue to coordinate and be directly involved with the activities of that working group, which is expected to set out a standard-setting project proposal for the IAASB's consideration in the near term.

Quality Control

33. The IAASB's quality control project is exploring — among other matters — the potential effects that accounting firms' changing business models and structures have on audit quality. In conducting audits, some auditors use Audit Delivery Models (ADMs) that are different to the traditional engagement team structures. These ADMs are affecting the traditional audit staffing model, with certain specialised expertise being centralised and supporting numerous audit teams. Auditors will need to consider the increased use of technology in executing the audit and how the specialised resources needed in the ADM to enable these techniques are supervised and interact with the engagement teams they support.

34. The developments in the area of data analytics have benefited from the developments in technology more broadly. When using data analytics techniques in an audit, auditors will need to have appropriate controls and processes in place to be sure that the tool is doing what it is supposed to do and developments and changes to the tools are performed in a controlled manner. Accounting firms have made use of technology to enhance the quality and efficiency of documentation, but now with tools to enable the performance of audit procedures to obtain audit evidence, the integrity of any software or application utilised in data analytics becomes increasingly important.

Group Audits

35. Many audits today are audits of group financial statements (group audits). Group audits generally involve participation of component auditors⁷ who perform work on financial information

related to components that comprise the group. Audit risk in a group audit encompasses the possibility that a misstatement at the component level, or across components, is not detected, which might result in the group financial statements being materially misstated.

36. Data analytics can help in the following areas of a group audit:

- (a) Scoping of the group audit — the ability of the group auditor to analyse data from parts of or from the whole group at a more granular level during the audit scoping, planning and risk assessment phase of the audit, improving the quality and timeliness of information available to the group auditor for decisions about scoping the group audit.
- (b) For components that are not significant components — data analytics enables more effective analytical and other audit procedures to be performed by the auditor in obtaining sufficient appropriate audit evidence.
- (c) In some group audit environments, more of the audit procedures can be centralised and performed by the group auditor, the extent of which will be dependent on how the entity is structured (e.g., the use of integrated technology systems and/or shared service centers facilitates effective use of data analytics).

*ISA 540*⁸

37. In December 2015, the IAASB approved the commencement of a standard-setting project to revise ISA 540.⁹ Part of the ISA 540 project involves modernising the standard to better address the audit of complex, system-generated accounting estimates that may be common, for example, in the banking and insurance industries. Often, these estimates are influenced by large volumes of data, and the ISAs currently require the understanding of the estimate and the controls surrounding the systems that provide the data to develop the accounting estimate. For example:

- (a) Paragraph 8(c) of ISA 540 requires the auditor to obtain an understanding of how management makes the accounting estimates, and an understanding of the data on which they are based.
- (b) Paragraph 8(c)(ii) of ISA 540 requires the auditor to obtain an understanding of the relevant controls around the accounting estimate.
- (c) IAPN 1000¹⁰ notes that controls are needed to ensure that data is completely and accurately extracted from external sources and from the entity's records and is not tampered with before or during the entity's use of such data.

38. Due to the large volumes of data that feed into information systems that are used in models to develop some accounting estimates, use of new data analytics tools may be valuable in addressing audit risks associated with these data sources.

Education — with Linkages to the International Accounting Education Standards Board

39. The effective use of data analytics in the audit requires the participation of individuals with skillsets different from

what the traditional auditor has at their disposal. Data analytics were not contemplated in the education curriculums of many of today's auditors. In the not too distant future, a re-skilling of a relatively large proportion of today's accountants and auditors will be necessary to realise the potential on a broad scale. Today, auditors are incorporating the needed skills into the engagement team by adding the use of data capture specialists and data scientists to support the engagement teams.

Ethics — with Linkages to the International Ethics Standards Board for Accountants (IESBA)

40. The effective use of data analytics in the audit requires the auditor to have access to and, in many cases physically store large volumes of client-sensitive data. While the IESBA's Code of Ethics for Professional Accountants addresses confidentiality and independence, there may be a need for interaction with IESBA in these areas.

Other Areas of Impact to be Assessed by the DAWG

41. In addition to the areas noted above that are affected by the use of data analytics in the audit, as the DAWG's outreach continues and the use of data analytics in practice expands, the DAWG expects that there will be other areas of the ISAs impacted. These may include impacts to ISA 240¹¹; ISA 320¹²; ISA 330¹³; ISA 500¹⁴; ISA 520 and ISA 530.¹⁵ Specifically with respect to ISA 520, the DAWG is planning to perform an analysis of that standard and how data analytics might be incorporated into that standard.

Next Steps

42. This journey is evolutionary rather than revolutionary; however, the pace of the evolution is key. The ISAs need to better address increasing complexity, taking into account the rapidly changing technological developments in both the business and audit environment. The IAASB's stakeholders and the public at large have high expectations of audit quality, and the role of auditors — and are looking for the IAASB to take action. However, the IAASB must be careful not to prematurely commence standard-setting activities related to data analytics, especially if doing so could have unintended consequences — such as restricting innovation.

43. The responsibility for performing quality audits of financial statements rests with auditors. However, audit quality is best achieved in an environment where there is support from, and appropriate interactions among, participants in the financial reporting supply chain. The IAASB is not the only organisation that can influence audit quality. As the global auditing standard setter, we encourage cooperation and debate among regulators, policymakers, national auditing standard setters and other stakeholders.

44. The IAASB and the DAWG are interested in the stakeholder feedback to the request for input questions (*on the first page*). In the interim, the DAWG will continue:

- To explore and understand how the use of technology and more specifically, data analytics, is able to enhance audit quality and clearly articulate this for stakeholders (retaining the audit's place in the financial reporting chain by enhancing the

reliability of the audit in an increasingly technology driven environment).

- Its dialogue with accounting firms of all sizes, regulators and audit oversight authorities, preparers, investors, those charged with governance, national auditing standard setters and other relevant stakeholders in the external reporting supply chain to further understand relevant issues and to leverage the work that has been done by others. This dialogue will also help the IAASB to understand how auditors are innovating to meet emerging stakeholder expectations of enhancing audit quality in the public interest. In this regard, the IAASB intends to form a **project advisory panel** to help it consider feedback to this Request for Input and keep the Board informed about developments in this important area.

45. The DAWG will be actively involved in the IAASB's current projects (specifically professional skepticism, ISA 315 (Revised), quality control, group audits and ISA 540) to contribute to the further progress of those projects, including where the standards addressed by those projects might make reference to or include language related to data analytics.

Appendix

Additional Resources

Based on its outreach performed to date, the following initiatives have been identified relevant to the DAWG's work. In addition to the specific initiatives below, the DAWG is aware that other NSS, including the U.S. Public Company Accounting Oversight Board, are monitoring developments in practice in their respective jurisdictions.

*Rutgers*¹⁶ *AICPA Data Analytics Research Initiative*

Established in December 2015, the **Rutgers AICPA Data Analytics Research Initiative** will undertake research projects that will focus on the potential for further integration of analytics into the audit process at a foundational level, in an effort to enhance audit quality. The scope of the research will encompass the testing of theory and methodology to inform the development of professional guidance on the application of audit data analytics.

Institute of Chartered Accountants of England and Wales (ICAEW)

Initially through a series of articles, the ICAEW is **engaging in a dialogue with its members** regarding the topic of data analytics. The first publication in a series of expected publications is titled "*Data Analytics: International Auditing Perspectives*", and explores data analytics in the audit, covering topics such as:

- What data analytics can do and how they contribute to audit quality.
- Routines, tools and solutions: Technical challenges.
- Work in progress and looking forward.

The ICAEW's objectives through this series of papers is to facilitate a dialogue among auditors and audit regulators and generally raise the level of awareness (particularly with audit committee members) with respect to the use of data analytics in the audit.

Chartered Professional Accountants of Canada (CPA Canada)

CPA Canada has an Audit Data Analytics Committee focused on conducting research, delivering quality thought leadership and non-authoritative audit guidance in regard to the use of data analytics in the audit of the financial statements. The Committee's membership comprises professionals with expertise, experience and an interest in data analytics as it affects the public accounting profession, including members from accounting firms, private and public sector, and academia.

CPA Canada has just published its first **Audit Data Analytics Alert — Keeping Up with the Pace of Change**, which explores data analytics and the drivers, opportunities and hurdles to overcome in integrating more extensive use of data analytics into the audit of financial statements (available in English and French). CPA Canada is currently working on two publications and is conducting a research study about audit practitioner's use of data analytics in the audit of the financial statements.

More information is available on the **CPA Canada website**.

Footnotes

¹ Agenda material for the IAASB and IAASB CAG meetings is available at www.iaasb.org/projects/data-analytics.

² ISA 520, Analytical Procedures.

³ This definition of data analytics is based largely on a definition used in an American Institute of Certified Public Accountants (AICPA) publication titled *Audit Analytics and Continuous Audit, Looking Toward the Future*.

⁴ Improving the efficiency of the audit allows the auditor to shift time away from lower risk areas of the audit to the higher risk (and more judgmental) areas of the audit.

⁵ IAASB roundtables conducted in connection with the IAASB's Invitation to Comment — *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*.

⁶ ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment.

⁷ A component auditor is an auditor who, at the request of the group engagement team, performs work on the financial information related to a component for the purpose of a group audit.

⁸ ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures.

⁹ Project proposal: Revision of ISA 540.

¹⁰ International Auditing Practice Note (IAPN) 1000, Special Considerations in Auditing Financial Instruments.

¹¹ ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

¹² ISA 320, Materiality in Planning and Performing an Audit.

¹³ ISA 330, The Auditor's Procedures in Response to Assessed Risks.

¹⁴ ISA 500, Audit Evidence.

¹⁵ ISA 520, Audit Sampling.

¹⁶ Rutgers Business School, New Jersey, USA. ●

★ *Culled from www.ifac.com*

The Benefit of CIPFA, ICAN Partnership

By JOHN MATHESON

The native language of my country of Scotland is Gaelic and the expression “Ceud Mile Failte” means a hundred thousand welcomes. I received Ceud Mile Failte from all whom I met at the ICAN conference, at the parliament and in meetings with senior government officials. It was an honour and a privilege to attend and present at such a prestigious event.

When I first arrived at the conference, I was struck by the sheer number of talented accountants that had been brought under one roof. In my experience, if there are large numbers of delegates it can sometimes diminish the quality of the event. But, ICAN’s conference disproved my preconception as the quality of the content was tremendous and the level of engagement fully reflected this. Talks and presentations were followed by stimulating and dynamic question and answer sessions which ensured audience members really got engaged with the programme.

During my time in Nigeria, I had the pleasure of meeting many speakers and delegates where I gained an improved understanding of the challenges facing the country and especially the public sector. To name but a few of the inspiring people I spoke with, I was honoured to meet with the President of ICAN, Deacon Titus Alao Soetan, Nigeria’s Finance Minister, Kemi Adeosun, and Governor Dr Ibrahim Hassan Dankwambo. From my conversations where I learnt more about how public services operate in the country, it became clear just how much mutual benefit can be gained from the partnership between CIPFA and ICAN.

The UK, like Nigeria, is trying to grapple with public sector fiscal challenges. In response, the Chartered Institute of Public Finance & Accountancy (CIPFA) has developed International Public Sector Accounting Standards (IPSAS) along with counter fraud and governance related offerings to assist in increasing the effective use of taxpayer’s money across public services to deliver

required outcomes. From the conference, I was acutely aware that ICAN and its members have the same level of passion to meet this challenge. This shared drive will power collaboration between the two organisations to hopefully reap significant benefits.

Although the public finance landscape does vary between Nigeria and the UK, both are facing increasing financial uncertainty. In Nigeria, this is partly due to currency fluctuations, whilst the UK is still dealing with the consequences of the economic downturn and now Brexit.

Public finance professionals will be at the heart of any response to try and manage these issues, so its vital staff are empowered with the right tools to be able to do so. To ensure this, CIPFA has

developed a unique qualification in International Public Sector Accounting Standards (IPSAS). The comprehensive diploma provides its trainees with the very latest in best practice so they can improve the quality and transparency of their organisation’s financial reporting. It also equips trainees with long-term financial planning skills to more effectively manage budgets.

I know high performance in public services is something that ICAN members proudly champion. At the conference, many highlighted the need for an outcomes based approach so that finance managers can clearly track how the public funds are being spent and that it delivers the anticipated outcomes.

This desire for greater responsibility and accountability runs through the spine of both CIPFA and ICAN. Both Institutes share a common ethos that is based on integrity, good governance, innovative thinking and proactive leadership. And I am confident that the partnership will be invaluable and of mutual benefit to both Institutes. ●

★ Mr. John Matheson, CBE, is the Immediate Past President of CIPFA.

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