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# Value Re-Orientation as National Development Issue

## Role of the Accounting Profession

**Victor E. Eromosele** MBA, FCA, MEI  
CEO, M E Consulting Limited



ICAN 44<sup>th</sup> Annual Accountants Conference  
Abuja: 10 September 2014

# Key words



- Value: “The worth of something”  
“Principles or standards of behaviour”  
“One’s judgement of what is important in life”
- Orientation: “A person’s basic attitude, beliefs or feeling in relation to a particular subject or issue”
  - Impunity: “Exemption from punishment or freedom from the injurious consequences of an action”
  - Brazen: “Bold and without shame”
- Profession: “A paid occupation, especially one that involves prolonged training and a formal qualification”
  - Professional: “Worthy of or appropriate to a professional person, competent, skilful or assured”



# Why re-focus?



- Wide consensus of growing impunity and graft in Nigerian society
- Weakening institutions, little progress
- Changing world
- Absence of sanctions for wrong-doing
- Absence of reward for doing right





# Remember

“Without *accountability*,  
there can be no progress  
in any area”

- Peter F. Drucker  
(Management Guru)

- The accounting profession has the very responsible role of ensuring the accountability of corporate economic entities and the public institutions the society relies on to progress

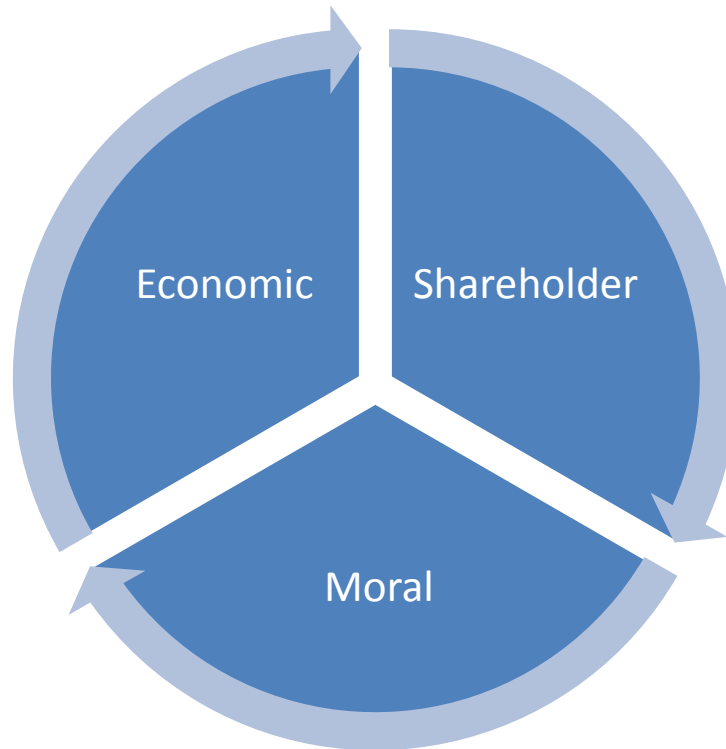


# Cherished 'CA' image

- Highly skilled, dexterous, professional and disciplined
- Plays by and enforces the rules
- Honest, transparent, upright
- Have the 'courage of conviction'
- Up to date knowledge of principles and practice
- Preserves corporate values, whether economic or moral
  - ICAN's motto: "Accuracy and Integrity," is as relevant today as it was half-a-century ago, when it was first adopted. However, the world has grown in sophistication, so has accounting methodology. "Fair valuation" is today as important as "historical cost" in determining the strength of the corporate balance sheet and in bottom-line determination.



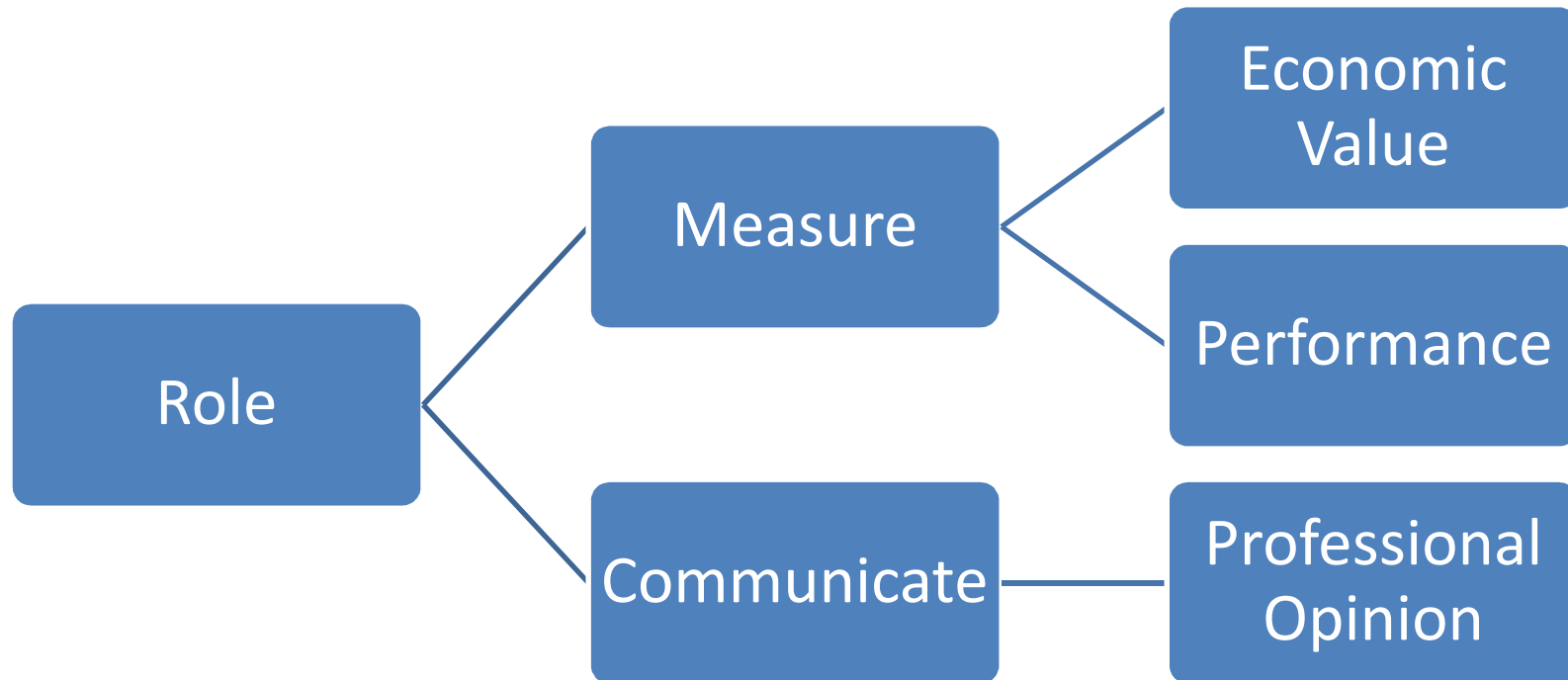
# Ideas of value



- Re-orientation: synonym Re-focus
- Key question: What has blurred the focus?



# Role of accounting



- In establishing economic value, underlying records must accurately reflect reality and assessments of assets and liabilities must reflect “fair values”
- Professional work and opinion must conform with ethical standards and reflect the integrity of thorough-bred professionals







- **Grey areas:** Despite accounting standards, ‘broadening grey areas’ have increased the vulnerability of the professional accountant, whether as CFO or auditor
  - In an atmosphere of corporate greed, professionals can be very badly compromised
- **Sophistication:** The Global Economic Crisis of 2008 exposed how despite credit ratings and audits, the accounting methodology was insufficient to match the sophistication of modern transactions.
  - Increased regulation and pressure from shareholders will force businesses in every industry to reassess their risk management and governance structures. When new accountability structures are put into place, future risk-related boom-and-bust cycles will be averted Will the accounting profession be actively driving governance, risk management and compliance (GRC) or be a bystander?
- **Questions unanswered:** There are still too many ‘shades of grey.’ For example: How much of non-performing loans should banks write-off to reflect ‘fair value’? How best do banks ‘mark to market’? What size constitutes ‘too big to fail’? Will the accounting profession see danger signs, such as over-leveraging and bark like a ‘watch dog’?



# Do we have the will?

*Emerging values in today's Nigerian society are clearly at loggerheads with those of the accounting profession*



- Where is the will and courage?



# ACCA 2011 Public Value Survey



- Jan 2011 global survey covered 20 countries involved 1,384, of whom 301 were African
- Titled: “ The accountancy profession’s role in creating public value”
- In terms of public value perception, 88 per cent rated accountancy as ‘high’ or ‘very high’
  - 78 per cent for medical profession and 77 per cent for legal and banking professions
- Ethics and transparency are key to high public value



# Contribution to society



- While a hefty 66 per cent think accountancy is contributing to the economy, only 54 per cent think it is contributing to society
- Improvement possible by being ethical/show integrity, improve expertise and increase involvement
- Do the right thing, the right way and to high standards
- Integrity, accountability, innovation and 'no compromise' of values key to professionalism



# Value proposition



# Empower for Value Orientation



- *All* chartered accountants (particularly those aged 25-55) must be fully employed and well-paid
- Mentoring and coaching vital (in practice, business and self-employed)
- System for whistle-blowing for ‘bad behaviour’
- Members in position of prominence must demonstrate and not put the profession in disrepute
- Members in public position ‘under pressure’ to compromise standards should benefit from support from the Institute



# Going forward



- ICAN would need to empower members to play a greater role in value re-orientation
- Members must be encouraged to lead by example: action and words
- ICAN must collaborate closely with peers around the world on how best to deal with challenging grey areas, as modern transactions grow in sophistication

