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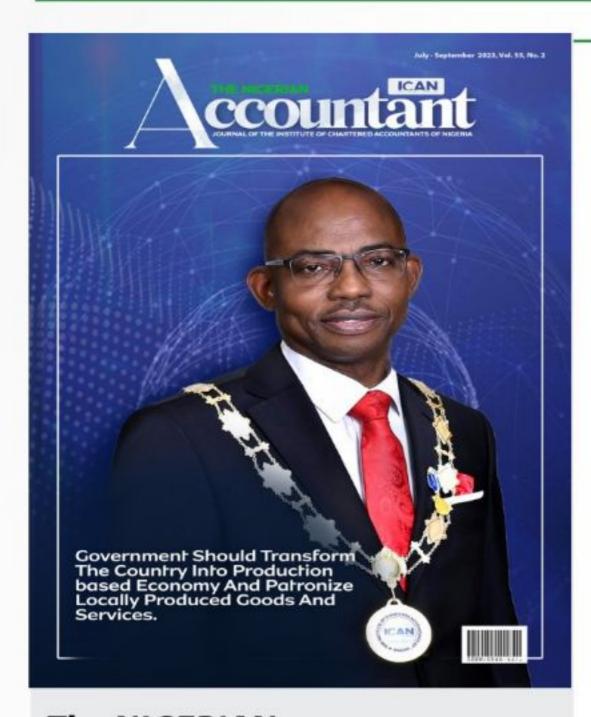








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## FROM THE REGISTRAR



Mr. Mukaila Lawal, FCA.

In the annals of history, moments of transition of power have been filled with anticipation, hope, and occasionally some modicum of anxiety. Recently, The Institute of Chartered Accountants of Nigeria (ICAN) received a double dose of change in power, heralding a new chapter in the Institute. This edition features the memorable exchange of the leadership baton between the 58th President of ICAN, Mallam Tijjani Musa Isa, FCA, and the incumbent 59th President, Dr. Innocent Iweka Okwuosa, FCA.

Similarly, on September 1, 2023, the Governing Council of our great Institute appointed me as the Acting Registrar/Chief Executive to succeed our ebullient and result-driven Registrar/Chief Executive, Prof. Ahmed Kumshe, FCA.

These changes of power are pivotal moments and another testament to the time-tested transition of leadership in the Institute. This is an enduring principle inherited from the founding fathers and Past Presidents of our great Institute. Naturally, the change of power provides opportunities to build on past successes, inject a fresh perspective into the workings of the Institute, engender new ideas, and a chance to continuously address the evolving needs and aspirations of all the members and stakeholders. It is always a time to reflect on the challenges we face and envision a better future.

Our ever-growing readership would not only appreciate the intellectual and in-depth articles in this edition but also be refreshed with the exciting moments of the investiture of Dr. Innocent Okwuosa as the 59th President of our great Institute. His readiness for the job was unmistakable when he delivered his enthralling Acceptance Speech at the investiture, which was held on June 27, 2023. The hybrid program was attended by the crème de la crème from all walks of life, including traditional rulers, high-ranking officials in both the public and private sectors of the economy, as well as representatives from international accounting bodies.

Once again, we extend our hearty congratulations to Dr. Okwuosa and wish him a highly impactful and successful tenure in office as he leads the Council and the entire members ON AN UPWARD TRAJECTORY. We also congratulate our immediate past Registrar/ Chief Executive for a successful tenure and wish him the best in his future endeavors.

On a more sober reflection, we lost our Doyen and the first President of the Institute, Mr. Akintola Williams, CBE, CFR, B.Comm., FCA, to the cold hands of death at the ripe old age of 104 years. Mr. Akintola Williams exemplified a professional of no mean repute. He was a colossus of the accounting profession and bestrode the landscape with uncommon candor, integrity, sacrifice, and professionalism. This edition of the magazine also beamed a searchlight on the life and times of our Doyen. As Pa Williams embarks on his eternal journey, be assured that the Institute will accord befitting funeral rites for this General of the profession. May his soul and that of other departed members of the Institute continue to rest in peace.

Esteemed readers, we remain relentless in our commitment to ensure that this journal continues to be a one-stop shop for meeting the intellectual demands of different audiences. I want to reiterate that bearing in mind the dynamic and ever-evolving landscape of the accounting profession, we have featured topical articles that address the various emerging issues in the profession and other allied fields.

Unarguably, the 3rd quarter was a hive of activities in the Institute, all geared towards achieving our mandate. Aside from our concerted efforts to deepen the skills and competencies of our members and the public, we signed a Delegation Agreement with the Financial Reporting Council of Nigeria (FRC). The Agreement empowers the Institute to effectively monitor audit firms on their adherence to best audit practices. We also lent our voices to various government policies in the interest of our members and the public. The positions of the Institute on various issues such as the fuel subsidy removal, the floating of the exchange rate, and the NNPCL loan are published in the dailies and well-circulated to the relevant actors in the economy.

As I conclude, let me remind you all that the 53rd Annual Accountants' Conference is scheduled to be held on October 9 and 14, 2023, at the International Conference Centre, Abuja. The Conference theme is NIGERIA: IMPERATIVES FOR INCLUSIVE DEVELOPMENT, and we have lined up both local and international experts to dimension the theme and the sub-themes. It promises to be a session of robust discussion, impactful, and practical recommendations on the development challenges of the nation as well as intensive networking opportunities.

On this note, it is my deepest pleasure to welcome our ardent community of readers to the 3rd quarter edition of The Nigerian Accountant for the year 2023. I assure you that this edition promises insightful articles, engaging features, and stimulating content carefully curated by subject matter experts to captivate and educate our diverse readers.

Do enjoy your read!!!"

Mr. Mukaila Lawal, FCA. Ag. Registrar/Chief Executive, he journey of a thousand kilometers starts with a step, as they say, and the earlier one commences the journey, the better. This was boldly engraved in the psyche of the 59th President of The Institute of Chartered Accountants of Nigeria (ICAN), Dr. Innocent Iweka Okwuosa, FCA, at a tender age when he opted to study accounting in the University. According to him, one of his uncles who noticed the potential in him encouraged him to study accounting, and he obliged. He pursued this lofty career with all his might and ensured that he attained the zenith of the profession by becoming the 59th President of ICAN.

In the cover interview of this edition, Okwuosa spoke on the nation's dwindling economy and advised the government at all levels to transform the country into a production-based economy, patronize locally produced goods and services to move the nation forward. Not only this, the ICAN President also spoke about repositioning the Institute for proper visibility in the scheme of things within and outside the country. He vowed that ICAN will not volunteer silence in the face of seeming threats to the economic survival of Nigeria.

According to the University Don, ICAN's voice will be more audible and clearer in its intensity, depth, and breadth. He reiterated the Institute's readiness to pursue its public interest mandate with greater vigor and determination by advocating and promoting accountability, transparency, and good governance within public and private institutions.

You will also read in this edition ICAN's response and advice on the successful implementation of subsidy removal on petroleum products in the country by the current administration. Similarly, ICAN presented a position paper on the unification of the exchange rates in Nigeria. These papers are contained in this edition. On the health page, a contributor wrote extensively on how individuals can maintain a healthy lifestyle. She opined that a decent level of fitness is an essential and integral part of achieving a healthy body and mind. However, due to family and work commitments, the older we get, the more challenging it could become to stay healthy and fit. The details of the writeup are published for your reading delight.



Regrettably, towards the twilight of September, a few weeks after his 104th birthday, we lost our highly revered Doyen of Accountancy in Africa, Mr. Akintola Williams CBE, CFR, B.Comm, FCA. He died on Monday, September 11, 2023. Mr. Williams is one of the pillars of our institute who sacrificed tremendously to ensure that Nigeria has her own institute. The institute will continue to celebrate his life and his impact in the lives of many generations of chartered accountants of Nigeria.

We will bring you more details on his final journey home in our subsequent edition.

May his gentle soul rest in peace.

We also have in this edition news on the activities of the president and the institute during the quarter. The 59th President embarked on stakeholder engagement with the government, private sector organizations, and accounting firms during the quarter.

Your comments on the interview, articles, and other materials published in this edition are welcome. Please write to: <a href="mailto:editor@ican.org.ng">editor@ican.org.ng</a> or <a href="mailto:dmuyiwa@ican.org.ng">dmuyiwa@ican.org.ng</a>."



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Established by Act of Parliament No 15 of 1965

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To be a leading global professional body

#### MISSION STATEMENT

To produce world-class chartered accountants, Regulate and continually enhance their ethical standards and technical competence in the public interest.

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# ICAN ELECTS NEW PRESIDENT, OTHER OFFICERS



The 59th President being decorated by the immediate past President, Mallam Tijanni Musa Isa, FCA and the the Registrar/Chief Executive, Prof. Ahmed Kumshe, FCA.

The Institute of Chartered Accountants of Nigeria (ICAN) has elected new officers to run its affairs for the next one year. Dr. Innocent Okwuosa, FCA emerged as the 59th President. His investiture took place after an election on Tuesday, June 27, 2022 at the Institute's Secretariat in Victoria Island, Lagos.

Also elected are: Vice President, Chief Davidson Alaribe, FCA while Mallam Haruna Yahaya, FCA and Mrs. Queensley Sofuratu Seghosime, FCA were elected 1st and 2nd Deputy Vice Presidents respectively. Mr. Tobi Abiola, FCA became the Institute's Honorary Treasurer.

The President, **Dr Innocent Okwuosa**, **FCA** holds a BSc in Accounting, an MSc in Banking & Finance and another MSc in International Accounting and Finance from University of Stirling, Scotland; a PhD in Accounting from the prestigious Henley Business School, University of Reading, UK. He is also an SAP FICO Certified and a Fellow of Higher Education Academy, United Kingdom.

He commenced his career at the then Nigerian Industrial Development Bank,



now Bank of Industry and rose to become a Senior Accountant and Head of Accounts and Management Information Unit within the Finance Division. He later trained with Horwarth Dafinone & Co (Chartered Accountants) where he acquired practical accountancy and audit experience.

He co-founded Safe Associates Ltd, which later became the foremost tuition house

in Nigeria as at that time where he distinguished himself lecturing Financial Accounting and Reporting. It was while lecturing at Safe Associates that he authored the popular Group Accounts and Advanced Financial Accounting Manual which became a household name and was widely used by professional accountancy and tertiary Institution students.

While in United Kingdom, Dr Okwuosa worked with Australian Trade Commission, London, Waltham Forrest NHS, and consulted as an SAP FICO Consultant. Throughout this period he was an honorary lecturer in Accounting & Finance with University of Liverpool. Dr Okwuosa subsequently worked as a Lecturer in Accounting at Henley Business School after completing his PhD in that university in 2016 and as a Senior Lecturer in Accounting & Finance at Hertfordshire Business School, United Kingdom. On returning to Nigeria, he was appointed Visiting Associate Professor of Accounting at Caleb University and an Adjunct Faculty at Pan Atlantic University, Lekki.

As an expert in International Financial Reporting with Entop Consulting Ltd, Dr Okwuosa carried out IFRS implementation for many listed and private companies and delivered corporate training on IFRS. He is currently the Managing Consultant of Entop Consulting and Managing Partner of I.I.Okwuosa & Co. (Chartered Accountants).

In 2017, he was appointed a pioneer member of the African Integrated Reporting Committee (AIRC), given that his PhD thesis was on Integrated Reporting. He pioneered the establishment of the Nigerian Integrated Reporting Committee (NIRC) in 2019 and became the pioneer Chairman.

In September 2019, he was meritoriously appointed as a member of the Board of the International Panel on Accounting Education (IPAE) of the International Federation of Accountants (IFAC) to represent Africa and the Middle East for a first term of three years which was renewed for another 3 years in 2022 and his voice continues to resonate on that Board where he co-leads IPAE's Subgroup on Sustainability.

Dr Okwuosa is a Board member of both the Pan African Federation of Accountants (PAFA) and the Association of Accountancy Bodies of West Africa (ABWA).

Dr Okwuosa has made many outstanding contributions to the development of our great Institute. He brought serious innovations that were far ahead of their times. He articulated and pioneered the current Mutual Cooperation Agreement with Tertiary Institutions (MCATI) under which they are granted expanded exemptions in ICAN Professional examinations.

As Chairman of the Institute's Professional Examinations Committee, Dr Okwuosa pioneered and successfully implemented the on-screen marking of ICAN exams using the globally recognised RM Assessor software, a feat often associated with massive technological disruption of examination processes. That feat immediately placed ICAN ahead of many of its contemporaries globally. It was this technological innovation introduced by Dr Okwuosa that led to aggregate cost savings of over N1 Billion annually in perpetuity for the Institute. It made it possible for ICAN

to conduct its exams during the Covid-19 era.

Dr Okwuosa continues to expand and push on his vision for the internationalisation of the ICAN brand. Leveraging on his UK experience and contact within ICAEW, Dr Okwuosa led effort in instituting the ICAN-ICAEW Pathway agreement under which ICAN members can become members of ICAEW without having to write any exams. Recently he reached out to the Association of Certified Chartered Accountants (ACCA) and changed mindsets such that today, there is a mutual understanding between ICAN and ACCA. Apart from the ACCA, the Dr Okwuosa has continued to push for reciprocity between ICAN and CPA Canada and CPA Australia to promote members' interests

Today, the 59th President of our Institute is:

globally.

- a Fellow of the Institute of Chartered Accountants of Nigeria
- a Fellow of the Chartered Institute of Bankers of Nigeria
- an Associate of the Chartered Institute of Taxation of Nigeria
- an Associate of the Chartered Public Finance and Accountancy, United Kingdom
- an Alumnus of the University of Ibadan
- an Alumnus of the University of Stirling, Scotland
- an Alumnus of the University of Hertfordshire
- an Alumnus of Henley Business School, University of Reading
- the Managing Partner of I.I. Okwuosa& Co. Chartered Accountants
- the Managing Consultant of Entop Consulting Ltd, UK and Nigeria;
- a Board Member of PAFA
- a Board Member of ABWA;
   and above all
- the 59th President of the Institute of Chartered Accountants of Nigeria (ICAN)!

Dr.Okwuosa is happily married with children.

The Vice President, Chief Davidson Chizuoke Alaribe, FCA attended Yaba College of Technology where he bagged his Higher National Diploma (HND) in accounting in 1996.



He qualified as an Associate member of the Institute in 1994 having passed all the prescribed papers and became a Fellow in 2000. He obtained a Post Graduate Diploma (PGD) in Theology from the Redeemed Christian Bible College in 2006 and a Master of Arts in Theology in 2010.

Chief Alaribe started his professional career from PZ Industries Plc as an Officer from 1984-1990 before he joined Thomas Kingsley Security Ltd as an Accountant from 1990-1992. He later joined D.N. Offor & Co. as Audit Trainee from 1992- 1995. In 1996, he set up his own Firm – D.C.S. Alaribe Group where he is the Chairman till date.

He was a member of Governing Council of the Institute of Chartered Accountants of Nigeria (ICAN) since 2012 and has served on many ICAN Committees either as Chairman, Deputy Chairman or member at various times. He was the Chairman of Lagos Mainland District Society from 2009-2010. Chief Alaribe is an Assistant Pastor at the Redeemed Christian Church of God since 2010 till date.

He was the Chairman of Police Training School Ikeja Alumni Association from 2009-20014 and a Member of Board of Trustees from 1994-2014. He was an Award Winner as the Most Distinguished Graduating Student 2009 at Police Training School Ikeja.

The 1st Deputy Vice President,

Mallam Haruna Nma Yahaya, mni,

FCA is a product of the famous



Bayero University, Kano from 1982 to 1986 where he obtained BSc Accounting with Second Class Upper Division. He also attended Obafemi Awolowo University, Ile Ife, 1988-1989 for his Post Graduate Diploma in Computer Science.

He proceeded to Ahmadu Bello University, Zaria from 1996 to 1999 for his Master of Business Administration (MBA). He was also at the National Institute for Policy and Strategic Studies in 2018 (SEC 40/2018) where he obtained Member of National Institute (mni).

Apart from academic qualifications, Yahaya has attended various workshops, seminars, training both within and outside Nigeria including RIPA International, London and Harvard University, Boston, Chicago USA.

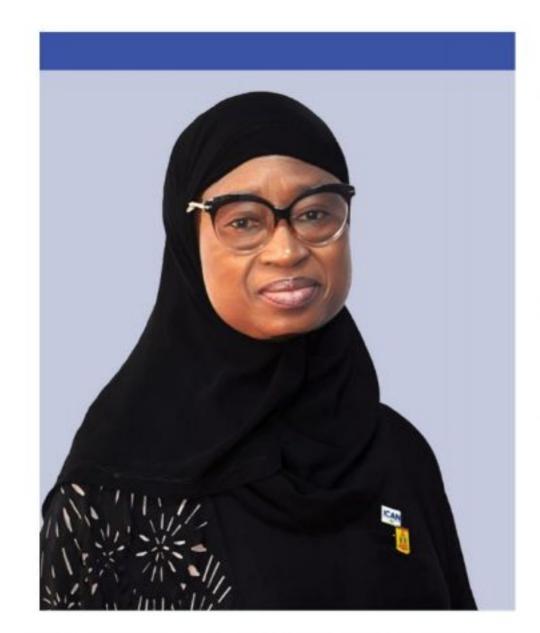
Mallam Haruna is a member of various professional organizations which include the following: Fellow of The Institute of Chartered Accountants of Nigeria (ICAN); Fellow of Chartered Institute of Taxation of Nigeria (CITN); Fellow of Institute of Management Consultants; Member, Institute of Directors (M.IoD) and Member of National Institute (mni) Haruna has worked in various organizations both Private and Public Sector, including Banks. He was in Pannell Kerr Forster & Co. (PKF) Kaduna from 1993 to 1996 as Audit Manager. He worked with FSB International Bank Plc where he became Assistant General Manager AGM/Financial Controller before leaving to establish his own Audit Firm, Haruna Yahaya & Co. (Chartered Accountants)

in 2001. Ever since, he has been the Managing Partner/CEO with offices in Minna, Abuja, Kaduna, and Lagos.

He has taken the firm to international arena by being a member of global accounting network known as MGI Worldwide that has presence in 260 Countries with more than 5,200 Professionals. His clientele base cut across Private Companies, International Donor Agencies, Ministries, Departments and Agencies (MDAs).

He is a member of Governing Council of the Institute of Chartered Accountants of Nigeria (ICAN) since 2011 and has served on many ICAN Committees either as Chairman, Deputy Chairman or member at various times.

He is a member of Board of Directors of various Companies and Government Agencies which includes the following: Member, Board of Trustees and Governing Council, Edusoko University Bida, Niger State; Board Member, Suleja Smart City Company Limited; Board Member, Niger State Water and Sewage Corporation; Board Member Chairman (2012 to Date), Edumana Micro Finance Bank Limited; - Chairman (2013 to Date), Weightlifting Association of Niger State and Resource Person/Facilitator to the Institute of Directors (IoD) - (2015 to Date). He is happily married and blessed with children.



The 2nd Deputy Vice President, Queensley Sofuratu Seghosime, mni, FCA is a seasoned, accomplished and highly motivated Chartered Accountant and Tax administrator with expertise in Finance,

Finance, General Management, Tax, Governance, Strategy, Leadership, Dispute Resolution, Audit and Tax Administration.

She has functioned in these roles at leadership levels for 26 years though her work experience spans about 40 years. She served the Federal Inland Revenue Services (FIRS) in different senior capacities including Coordinating Director (Compliance and Enforcement). She is currently the Chief Executive Officer/ Head Advisory Services at Quebaan Professional Services, a firm of Chartered Accountants.

The 2nd Deputy Vice President supports organizations achieve their strategic objectives by ensuring that their management execute effectively and efficiently their long-term strategic plans. Over the course of her career, she has worked in diverse environment and achieved results that have ensured that the Organizations (private and public) she worked with become successful.

She was first elected into the Council of ICAN in 2014 and has served the Institute in different capacities before her election into the Presidency.

Seghosime is also a fellow of the Chartered Institute of Taxation of Nigeria (CITN), a member of the Chartered Institute of Arbitrators and the prestigious National Institute for Policy and Strategic Studies (NIPPS) Kuru. She is also a Commissioner/Member of the Tax Appeal Tribunal. She was a member of the Board of the Nigerian Accounting Standards Board, now the Financial Reporting Council of Nigeria (FRC).

Seghosime has earned several commendations, awards and recognitions in the course of her career. She was instrumental in the reforms at the Federal Inland Revenue Service (FIRS), having represented the Service on various international committees such as the Management Committee of the Commonwealth Association of Tax Administrators (CATA), Organization for Economic Co-operation and Development (OECD), global Forum on Transparency and Exchange of Information for Tax and Technical Committee of the FIRS Board. Seghosime is an avid golfer.

The Honourary Treasurer, Mr. Abiola Oluwatobi Ayodele, FCA is a Fellow of the Institute and an Associate of the Chartered Institute of Taxation of Nigeria (CITN). He is currently, acting Director (Technical) at the Federal Inland Revenue Service (FIRS).

He had his primary education at Lara Day Nursery and Primary School, Adeniyi Jones, Ikeja and his Secondary School at Ikeja Grammar School, Bolade, Oshodi, Lagos.

He proceeded to the Federal Polytechnic Ilaro, Ogun State where he graduated in 1991, with a Higher National Diploma (HND) in Accountancy. He attended Babcock University, Illishan, Ogun State where he bagged his Bachelor of Science B.Sc. (Hons.) in Accounting. He also holds a Diploma in Law from the Executive Business School, Ikeja (2014).

Abiola did his National Youth Service Corps (NYSC) in Ogun state and had his primary assignment with Gateway Hotel, Sango-Otta.

He started his working career in the Firm of Mojibola Oluwa & Co (Chartered Accountants) in 1993 from where he joined the Federal Inland Revenue Service.

At the FIRS, prior to his position as the Acting Director (Technical), he has held the following positions:

- Head, Special Tax Audit

 Chairman, Special Reconciliation and Review Committee (SRRC) with responsibility for the Southwest which include Lagos.

 FIRS representative on Micro, Small and Medium Enterprise (MSME), Office of the Vice President

Head, Domestic Tax
 Payers, Tax Investigation and Special
 Enforcement Division.

On the social side, Abiola is member of many clubs and associations. He is currently the Lead Doyen of the Joint Mind Club International, a club breeding Chartered Accountant for over twenty five years, formed at the Federal Polytechnic, Ilaro in June 1990.

Abiola believes in charity. He became a 10-star Paul Harris Fellow, as a major donor of the Rotary International fighting polio in every part of the world. He loves reading, travelling, meeting people, watching sports such as football and lawn tennis. Tobi Abiola is happily married and blessed with children.







#### THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIAN

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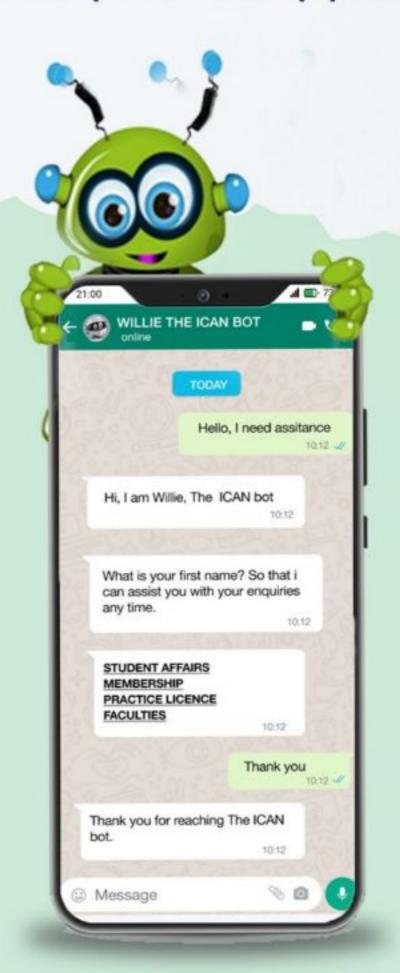


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# ACCEPTANCE SPEECH & INAUGURAL ADDRESS

#### By Dr Innocent Iweka Okwuosa

- 1. We have just witnessed another time-tested tradition of power transition in the leadership of the Institute of Chartered Accountants of Nigeria (ICAN). Although the journey witnessed some twists and turns, but like all progressive organizations, the action of every stakeholder worked towards a resolution leading to today's event. The ultimate is that ICAN has emerged stronger, more resilient, and better positioned for greater impacts on the profession and the Nigerian society.
- 2. The credit for this exchange of leadership baton goes to our visionary founding fathers and Past Presidents. They have guarded this enviable tradition for close to six decades, making ICAN the enviable brand among professional organisations in Africa. I am elated that we have a good representation of these elder statesmen and women here today, under the leadership of the indefatigable Chairman of the Body of Past Presidents (BoPP), Dr Sir Ike Nwokolo, FCA. Thank you, my Revered Past Presidents, for availing us of the rare opportunity to constantly draw from your deep well of experience and unflinching support.
- 3. Your Excellences, distinguished ladies, and gentlemen, on May 31, 2023, the thirty-member Governing Council of the institute collectively elected me as the 59th President of this great Institute. I commend the candour and professionalism displayed by these great men and women of repute, who acted on behalf of over 60,000 members of the Institute. The Council members have selflessly sustained the enduring legacy of the Institute inherited from the founding fathers. I today solicit for your cooperation as we continue to serve the Institute, the profession, and the Nigerian economy.
- **4.** My profound gratitude to the distinguished Council member, Mr Jude Sunny Egbo mni, FCA, for the professionally

crafted and lucidly presented citation. Ladies and gentlemen, I hope you do find my modest experience and contributions good enough to position me to lead this great Institute. Combined with the experiences of the other twenty-nine wisemen in Council, we will chart a deserving future for ICAN - a future that members and other stakeholders' desire. We will not bask in the euphoria of our past achievements and forget the task ahead of us - the task of decisively reshaping the future of the profession, through purposeful leadership, wellthought-out decisions, and conscientious actions.

selflessly sustained the enduring legacy of the Institute inherited from the founding fathers. I today solicit for your cooperation as we continue to serve the Institute, the profession, and the Nigerian economy.

#### My Acceptance

**5.** Your Excellences, professional colleagues, ladies, and gentlemen, I therefore stand before you today to declare that I, Dr Innocent Iweka Okwuosa, FCA, humbly accept my election as the 59th President of The Institute of Chartered Accountants of Nigeria (ICAN). I do this with all sense of responsibility and full appreciation of the demands of the office. With God and your support, this presidential year will witness unprecedented achievements.

#### 6. Presidential Year focus

After a painstaking analysis of the state of the nation and the profession, we have chosen ICAN on a new upward trajectory, as the working theme of this presidential year. Surely ICAN will be on a new upward trajectory this presidential year. I now present in specific terms, our focus for the next 12 months:

#### 7. Governance within the Institute

As earlier stated, our enviable time tested rancour free transition have been guarded for close to six decades, making ICAN the enviable brand among professional organisations in Africa. Are there rooms for any improvement? This presidential year we will explore the mechanisms of its workings to see how it can be further strengthened so that ICAN can continue to maintain this enviable time tested transition. To this end, Council will embark on genuine stakeholder consultation involving the body of past presidents and different categories of members to smoothen any rough edges. There will be better communication and relationship among all stakeholders of ICAN. This will provide a solid foundation for ICAN to be on a new trajectory.

#### 8. The Nation

This year, we witnessed one of the most keenly contested elections in the annals of the country. As we are aware, social, political, and economic indices in the country are worrisome, with the high rate of unemployment, inflation rate, insecurity, rising poverty, debt burden, brain drain, scarcity of foreign currency, oil theft, infrastructural deficit, high cost of governance and so on. Above all clean energy transition has become a burning issue impacting locally. The challenges are myriads, but we believe they can be solved with appropriate policies, programmes, and effective and efficient deployment of human and material resources. As professionals, we will not volunteer silence in the face of these seeming threats to our national existence and cohesion. ICAN is apolitical, but our strategic management and technical skills can help rebuild the socio-economic fortune of the nation. Our voice as an Institute will be more audible and clear, in its intensity, depth and breadth. We will pursue our public interest mandate with greater vigour and

and determination. We will advocate for and promote accountability, transparency and good governance within public and private institutions given our belief in the building of strong institutions.

#### 9. Advocacy

#### The ICAN Accountability Index

(ICAN-AI) has been our clear demonstration of advocacy for accountability and effective public finance management in the country. During this year, we will work on the sustainability and institutionalisation of the ICAN AI, example of such effort could be the adoption of ICAN-AI Framework for its States Fiscal Transparency Accountability & Sustainability Programmes (SFTAS) initiative or the replacement of SFTAS with ICAN AI. Further engagement with Governors Forum, FAAC etc.

#### 10. Corporate Reporting Award.

Whereas our previous accountability and transparency has focused on public sector through the ICAN AI, this year, we will expand on this to private sector. We will partner with the NGX Regulation Ltd to introduce corporate reporting award among listed companies in Nigeria. This will further promote the adoption of integrated thinking in corporate reporting whereby corporations imbibe best practices in volunteering sustainability and financial information for investors which will help unlock capital in the Nigerian capital market.

#### 11. Making our voice heard and Thought Leadership:

ICAN has made its mark in the country in terms of its intelligent and professional contributions to national discourse, budgeting, financial planning, and policy formulation. We will raise the bar, this Presidential Year, by making more significant contributions on relevant accounting, finance, and economic issues. A Think Tank of the Institute will promote thought leadership and take charge of the production of the Institute's position papers on national issues. As part of making our voice heard, we will visit many organisations and institutions be they public and private utilising the opportunity of the visits to preach what we stand for.

#### 12. The State of Accounting Profession in Nigeria

The accounting profession in Nigeria is currently facing an existential threat arising from proliferation and balkanisation. It is on record that the Institute was established in 1965 by an Act of Parliament No. 15 of September 1, 1965. From then, its members practised accountancy in all its ramifications. This is still the case with chartered accountants in other jurisdictions like UK, India and South Africa. ICAN is a global brand and would like to see accountancy practice as it is practised by its pairs. This year the Council will engage more with other professions in Nigeria as well as cooperate with any national Professional Accountancy Organisation (PAO) in other to make accounting practice what it should be. This is ICAN on a new upward trajectory that avoids the balkanisation and proliferation of the profession. We will work with and engage relevant stakeholders including the Financial Reporting Council of Nigeria (FRC) to finalise the amendment of ICAN Act taking into consideration the dynamics within the Nigerian environment.

### The Global Accounting Profession and ICAN.

The accounting profession is at its crossroad given the impact of technology (AI, robotics, big data, cybersecurity, cloud architecture and infrastructure, Fintech, etc) in addition to the emergence of sustainability reporting and assurance. Within the domain of sustainability, the role expected of accountants has led to the saying that "only accountants can save the world". Today IFAC envisions future ready accountants and the trajectory is about accountants "doing different things" as opposed to doing the same thing differently. We will work on making the ICAN chartered accountants to be a future ready accountants. ICAN will further deepen its knowledge sharing and collaboration with other international PAOs partners like the ICAEW and ACCA during this presidential year. We will continue to play a role in advancing the frontiers of global accountancy profession through being active in IFAC,

PAFA and ABWA, where our members serve as either committee members, chairs or board members. We will continue to bring the African perspective on professional accountancy issues at the global level. We will also continue to play a leading role in Africa professional accountancy front at PAFA and ABWA.

#### 14. Internationalisation of ICAN Brand

It is worthy to note that ICAN has Mutual Recognition or Cooperation Agreement with many international Professional Accountancy Organisations such as Institute of Chartered Accountants in England and Wales (ICAEW), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Public Finance and Accountancy (CIPFA) making it global brand. In this presidential year, Council will work on extending this internationalisation by expanding the remit of this mutual recognition agreements with Certified Public Accountants of Australia and Canada. We are already on course with the Association of Certified Chartered Accountants (ACCA) which will be intensified during the presidential year.

With the above we will continue to make our presence felt at the global accountancy arena – IFAC, PAFA, ABWA. We will intensify effort at mentoring other professional accountancy organisations within West Africa wishing to join IFAC. We will support PAFA programs and leverage on its programs to benefit accountants in Nigeria.

#### 15 Professional Accountancy Practice and monitoring

on promoting the ease of engaging in accounting practice and deepen the practice for its members. To this end it will engage with the Big 4 for the benefit of SMEs and the Financial Reporting Council (FRC) for the entire practice. We shall ensure effective collaboration with the Financial Reporting Council of Nigeria (FRC) to facilitate smooth and continuous conduct of practice monitoring exercise without infringing on the statutory responsibilities of each

party. We aim to sign the audit delegation agreement with the FRC and engage constructively with them on matters affecting our members.

#### 16. Services to Members

We will improve services to members. To this end there will be service satisfaction survey and revisiting the programs of the faculties within the Institute. This presidential year, we will restructure Council committees and assign responsibilities in order to achieve better service delivery to members. The Institute's website will be made more interactive and user friendly. It is worthy to note that Council works through committees and if there is going to be improved service delivery expected of council, then committees will have to be assigned SMART Key Performance Indicators (KPIs) which must be assessed during the presidential year. This year we will publish on the Institute's website members of council committees, their chairmen and KPIs demonstrating what I call accountability and transparency in governance. Similarly, Secretariat staff who work at the Institute and the council committees must be motivated to work well. Motivation can be in form of financial incentives, but it can also come from job enrichment. There will be capacity building for staff to develop their skills. We will not shy away from a new organizational structure and responsibilities if only that will place ICAN on a new upward trajectory.

### 17. Upholding Accuracy and Integrity and professional discipline

The difference between ICAN chartered accountant and other accountants is our age long disciplinary process which ensures that our members do not descend into professional misconduct. Of late, some members appear to have trivialized the consequences of professional misconduct. This presidential year we will strengthen ICAN Accuracy, Integrity and professionalism through the ICAN Disciplinary Tribunal. We will be firm and decisive in delivering judgement against members' professional misconduct without fear or favour be they members in politics, government, public sector or private sector. We will congratulate and celebrate our members appointed or elected in government and private sector institutions, but we

will wield the big stick if they engage in professional misconduct.

# 18. Annual Accountants Conference and Convention Centre in Abuja

The attendance at the ICAN Annu-Accountants' conference (AAC) has continued to grow in leaps and bounds when it comes to number of participants, competing with the number at World Congress of Accountants (WCOA). Last year, it surpassed 6,000 participants. This means that the International Conference Centre (ICC) venue can no longer accommodate our event. Within council, there has been a desire to build a convention centre that can seat 10,000 participants. With this, ICAN can take care of its AAC but in addition be able to host the WCOA. During this presidential year, effort will be made to lay that foundation block that will mark the commencement of building the 10,000 capacity convention centre in Abuja.

### 19. Engagement with students and universities

The engagement with students and universities will be through ensuring that curriculum of tertiary institutions reflects the content of ICAN syllabus. This then determines the level of exemptions enjoyed by each tertiary institution subject to meeting other conditions attached to ensure minimum quality expected by ICAN. This year we will revisit the level of exemptions enjoyed by each category of accreditation as well as the objectives set for each accreditation. Specifically, the Mutual Cooperation Agreement with Tertiary Institutions will be re-examined to ensure it meets its original conceptualisation. In order to create more awareness of accountancy profession among undergraduate students in the various ICAN-accredited tertiary institutions across Nigeria and promote the ICAN brand, we will pioneer the ICAN Accountancy Challenge, Nigeria.

ICAN Accountancy Challenge will be a national educational competition for final-year undergraduates of ICAN accredited universities. Finally, we will work to improve on service delivery for professional students writing the ICAN exam. This will among other things include deploying modern payment app

and recording work experience.

#### 20. Syllabus Review and examination process

In this presidential year, we will improve our syllabus and examination process. We will sustain the upgrade of the examination curriculum to reflect the demands of present and future marketplace and enhance the quality of our certifications. Although the Institute reviews its syllabus every year, this year's review will be fundamental as we aim to incorporate into the syllabus, all developments within the dynamic environment of professional accountancy both locally and globally. We will migrate to online examinations in line with the current trend among our contemporary PAOs.

Dr Innocent Iweka Okwuosa FCA, 59TH PRESIDENT JUNE 27, 2023



59th ICAN President with Guest



59th ICAN President with Council Members



L-R : Onome Adewuyi, Kolawola Bajomo, 59th ICAN President, Sir, Ike Nwokolo and Chidi Ajaegbu



59th ICAN President with Management of ICAN



# ICAN POSITION PAPER ON FUEL SUBSIDY REMOVAL: CRITICAL CONSIDERATIONS FOR SUCCESS IN IMPLEMENTATION



The recent removal of subsidy on PMS has been greeted with mixed reactions. We commend the bold steps taken by the new government to address market distortions and block revenue leakages. We call for action plans to reduce the burden of such economic policy decisions and limit the burden on the populace especially small businesses and vulnerable households.

It is in this regard that we recommend the following Eleven-Point action plan to the government following the removal of fuel subsidy:

- 1. Stakeholder Engagement–Effective consultation and communication with all relevant stakeholders is critical for the introduction and implementation of any major policy, as it will facilitate buy-in, broad support and ensures ease of implementation. While it would have been ideal for this to happen prior to the removal of the fuel subsidy, we acknowledge and commend the federal government for taking the necessary steps to engage and manage various stakeholders. Stakeholder engagement will build trust and ensure that the process is inclusive.
- 2. Credible Palliatives -The government needs to introduce credible palliatives to cushion the impact on the most vulnerable population beyond the civil

service. In this regard, the government should design and implement palliatives for low-income earners especially in cities and towns where the cost of living will rise much higher. It should introduce policies that will bring down the cost of transportation and food. Palliatives should be implemented at both the national and sub-national levels. Care should be taken to measure the cost of palliatives to be introduced to avoid re-introducing another form of subsidy. This is where chartered accountants are needed. We do not support the borrowing of \$800m for palliatives when the savings from the subsidy removal can be used for this purpose, saving the country from further debt and rising debt service costs. For SMEs, palliative may be to put on hold, the recently introduced tax increases, while granting tax rebates and investing in infrastructure.

**3. Better accountability and transparency**— Notwithstanding the full deregulation, there is still the need for full transparency and accountability of all activities within the oil and gas sector. A situation where the public does not know the exact daily consumption of fuel is inexcusable. All individuals and organisations that may have been involved in subsidy corruption should be investigated and punished while established proceeds of such crimes should

be recovered. There should also be transparency on how fuel prices are determined in the future. The relevant regulators should therefore set in motion a framework to ensure full transparency leveraging on technology. This will also provide useful information for any necessary interventions by the government in the future as envisaged in the Petroleum Industry Act. Chartered Accountants are well placed to help government in all aspects of accountability and transparency in the oil and gas sector.

- 4. Leadership by example Political office holders should lead by example in making the necessary sacrifice to restore the country back to the path of fiscal buoyancy. This is necessary to show that leaders are making sacrifices too and not just the ordinary citizens being overburdened. Matters such as security votes and general cost of governance should be addressed. Government should demonstrate fiscal prudence and financial discipline rather than extravagancy amid widespread poverty.
- 5. Utilisation of savings—The savings from the subsidy removal and subsequent accretion to the federation account should be applied in a manner that will optimize the benefits to the people in view of their sacrifices. According to the World Bank and IMF, Nigeria spends an

average of USD\$23 per annum

on every Nigerian on education, compared to UDS\$32 in Mali, USD\$88 in Ghana and USD\$350 in South Africa. Nigeria spends even less on health (USD\$15 per capita per annum). The savings should be directed at human capital and critical infrastructure. In addition, the States and Local Governments should prioritise spending on the key factors responsible for multidimensional poverty including provisions of primary healthcare, clean water and basic education that are accessible and affordable to the people especially in rural areas. The benefits should not be limited to demonstrable growth in GDP but extended to inclusive development, and delivery against the Sustainable Development Goals (SDGs).

- 6. Effective regulation While market forces are desirable for price recovery, government needs to ensure effective regulation and monitoring to prevent manipulations and market imperfections that may lead to exploitative pricing or price collusion. Regulation is also required to ensure that the desired quality of products is achieved whether imported or locally produced, and the maintenance of sufficient stock to guarantee uninterrupted supply.
- 7. Market efficiency- The gains which are expected to accrue because of market efficiency should cascade to the people rather than for the enrichment of a few. The relevant government agencies involved in the downstream petroleum industry value-chain should aim to improve their performances not to hinder the effective operation of the sector and minimize financial burdens in the form of levies which can keep prices high. We note that the pump prices of diesel and household kerosene for instance, are relatively higher in Nigeria compared to our neighboring countries despite the deregulated pricing and notwithstanding that many of the taxes imposed on fuel products in these countries are not applicable in Nigeria. This situation can therefore be attributed to market imperfections and inefficiencies within the value chain.
- 8. Import regime: A large number of private refineries that were recently commissioned or licensed have not yet commenced operations, whilst govern-

ment-owned refineries are undergoing rehabilitation. As we continue to
import PMS before the local refining
commences, the regulatory authorities
should demonstrate transparency in the
issuance of import licenses. Adequate
number of licenses should be granted
to importers with demonstrated capacity and capital. No one individual or few
individuals should be granted import licenses to avoid the risk of monopoly or
oligopoly. This will ensure fair pricing of
PMS to consumers.

- 9. Complementary policies- To attract investment into the sector at the required scale, government needs to introduce other policies to complement the fuel subsidy removal to make the sector competitive and attractive given its international nature. Policies seeking to impose higher taxes on gas operations, duties on renewable energy items amongst others should be reviewed. The border closure in respect of items where local production falls short of the nation's demand should also be reconsidered. The requirements to pay certain taxes and levies in foreign currencies should be discontinued while policy formulation should be evidence-based, and data driven.
- 10. Envision tomorrow— As the most populated country in Africa and with the highest GDP, Nigeria needs to provide leadership in every aspect. With the enactment of the Petroleum Industry Act (PIA) and the full deregulation of the downstream sector, government needs to develop a blueprint for Nigeria and our place within the international community and more specifically on the continent leveraging on the African Continental Free Trade Area (AfCFTA) Agreement. There should be a concrete plan for energy transition, refining for Africa, the future of the NNPC Limited and the nation's refineries, unlocking gas investments to bridge the gap created in Europe due to the invasion of Ukraine by Russia.
- 11. Fiscal responsibility— With the greatest burden and pressure on the country's finances taken care of, government must recommit to following due process and respecting the rule of law regarding budgeting, borrowing and expenditure efficiency. Legally prescribed limits as set out in the Fiscal Responsibility Act should be respected at all times. Also, the budgeting process

to be improved as government's revenue increases thereby creating the fiscal space to finance development. The consequential savings from fuel subsidy removal, lower debt service cost, elimination of forex subsidy, etc., should be channeled into programmes that will benefit the people and in line with fiscal responsibility legal framework. Again, chartered accountants are position to lead in the accountability and transparency required here.

#### Conclusion:

This is a momentous time in our nation's history. Certain difficult but necessary decisions must be made which may result in temporary pains to pave way for the gains of tomorrow and a desirable future for the next generation. This is a duty for which we must not fail.

A review of President Tinubu's Policy Advisory Council Report reveals that more reforms are in store in the power sector and exchange rate management, among others. All these are laudable. However, given the trust deficit in the government that has followed years of failed promises, corruption and fiscal laxity, the efficacy of the much-needed reforms may be constrained.

#### The Institute of Chartered Accountants



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

## ICAN POSITION PAPER ON THE UNIFICATION OF THE EXCHANGE RATES IN NIGERIA



All major presidential candidates prior to the 2023 national election promised the unification of the foreign exchange rate as a primary economic policy. On 14 June 2023, less than three weeks into the new Administration, the Central Bank of Nigeria (CBN) abolished all market segmentation. Subsequently all market segments collapsed into the Investor and Exporters (I&E) window.

#### Historical perspective exchange rates in Nigeria

In 2017, the CBN facilitated the dual exchange rate through the utilisation of the fixed exchange rate regime. In this case, the value of the Nigerian Naira (NGN) was pegged against a basket of other countries' currencies i.e., United States Dollar (USD), Great British Pound (GBP) and European Euro (EUR). This foreign exchange rate strategy, even though abandoned by most western countries in the 1950s, was adopted to ensure adequate supply for essential imports and was executed after the exclusion in 2015 of importers of forty-one (41) items from the official foreign exchange window.

However inadequate liquidity at the official foreign exchange market led to a thriving parallel market which created opportunities for exchange rate arbitrage, sometimes up to 60% premium

on the official rate. This was magnified over the years by structural macro-economic and fiscal challenges including global headwinds of the COVID 19 pandemic, drop in the demand and price of crude oil, supply chain disruptions and the Russia/Ukraine war.

#### Challenges of the dual exchange rate policy

It is safe to conclude that the dual exchange rate policy did not achieve its lofty objectives and had various negative impacts on the Nigerian economy and businesses, some of which we have listed below:

- High inflation Nigeria is a highly import dependent nation. Majority of the demand for foreign exchange used to pay for most imports are sourced from the parallel markets. Hence it is no surprise that the country has a high inflation rate of 22.41% as at May 2023 with food inflation a lot higher, based on recent reports from the Nigerian Bureau of Statistics.
- Slow economic growth The Nigerian economy has grown an average of less than 2% over the past 8 years which is below the population growth estimated at 3% and the annual growth rate required to create jobs and alleviate poverty. The new administration has targeted an annual growth rate of 6%.

- Low investment into Nigeria - The instability and uncertainty around the policy led foreign investors to shy away from investing in Nigeria. Rather they invest in other emerging economies with a more stable macro-economic environment.

#### - High debt burden -

This policy increased the burden of obtaining foreign debt for the government and local private companies particularly during the pre-pandemic low interest environment. In the public sector, additional debt was required to achieve a desired local currency amount thereby leading to additional debt service costs. For the private sector, companies were exposed to high volatility in their performance through foreign exchange losses/gains. In other situations, the foreign exchange risk was priced into the interest rate thereby increasing the cost of finance.

- Corruption - Due to the high exchange rate premium, the foreign exchange market was exposed to corrupt practices exploiting the arbitrage. This led to artificial demand for foreign exchange thereby widening the foreign exchange premium, increasing the cost of raw material, driving up inflation, complicating the ease of doing business etc.

#### Recent initiatives aimed at improving the foreign exchange rate

To address the negative consequences of its foreign exchange strategy on the market, the CBN in the last few years has implemented the following policies:

- Cessation of sale of foreign exchange to Bureau de change (BDC) - The CBN adduced rent-seeking behaviour and involvement in money laundering activities as reasons for its decision to discontinue the sale of foreign currencies to the BDCs. In addition, the alarming high rate of new applications for license to the tune of about 500 applications received monthly by the CBN, made the clampdown inevitable.
- RT200 Rebate programme The programme was unveiled by the CBN in February 2022, after wide consultation with the Banking community. RT200 is a set of policies, plans, and programmes for non-oil exports that will enable Nigeria to attain \$200 billion in foreign exchange repatriation, exclusively from non-oil exports, over the next three to five years. This programme will be terminated effective 30 June 2023, following the CBN public release.
- Naira 4 Dollar scheme The scheme is an incentive that pays naira to senders and recipients of international money transfers. The policy is aimed at boosting the dollar supply and stabilizing the exchange rate. This programme will also be terminated effective 30 June 2023, following the CBN public release.

### Implications of the new CBN foreign exchange rate unification policy

The unification of the Nigeria foreign exchange rate is still at its early stages of implementation but has nonetheless been greeted with positive reactions from the investment and professional communities. We have highlighted key implications of the unification on the Nigerian businesses and economy as follows:

• Increase in investment – It is expected that the unified exchange rate will serve as a catalyst for investment flows into the country which will boost our foreign exchange reserve, grow the economy, create employment, and improve the quality of life. Foreign portfolio investors are expected in the near term whilst foreign direct investors that require more investment appraisal time will come in subsequently.

- Increase Capital Market growth The inflow of capital from foreign portfolio investors into the Nigerian Capital Market will help grow the market and allow companies to raise capital efficiently to finance their growth ambitions.
- Tax revenue Government's revenue will increase in naira terms resulting in a higher tax/revenue to GDP ratio. Corporate tax collection may however decline as many businesses crystallize foreign exchange losses due to the higher exchange rate.
- Other fiscal considerations The service cost of the Government's external debt which are denominated in foreign currency i.e., \$42 billion will increase by N12 trillion. The total debt to Gross Domestic Product ratio will also increase by 5% due to the total debt rising to N90 trillion. On the other hand, there should be some cost savings as government discontinues with the various foreign exchange interventions e.g., Naira4Dollar, RT200 etc. which cost tens of billions of naira. Finally, the National Budget will need to be evaluated with the new foreign exchange rate. The likely impact is a possible reduction in budget deficit if government's foreign exchange revenue exceeds foreign exchange obligations, an increase in budget deficit will arise if otherwise
- Price levels Removal of subsidy on premium motor spirit which could rise to the price levels of automotive gas oil (AGO/Diesel). There should be negligible impact on the general prices of goods and services as products already factored in parallel market rates to a large extent.

#### Recommendations

This new policy is applauded by the Institute of Chartered Accountants Nigeria. It is expected that this action will generally lead to short-term pains that will yield long-term gains. We however provide the following recommendations to ensure that the desired objective of this policy is achieved and there is growth in the Nigerian economy.

 Timely appointment of a new CBN governor who will provide a credible long-term direction for this policy. This will provide certainty and stability, and boost investor confidence to inflow capital into the country.

- Effective and consistent implementation of the policy. This will ensure that no uncertainty is created by the mode of implementation and there is constant communication with key stakeholders such as businesses and investors amongst others.
- 3. Review the prohibited list of goods to ensure demand is not segmented. This should be complemented by adopting appropriate fiscal and/or trade policies where necessary, for example, by increasing import tariffs etc., following a data driven analysis and robust stakeholder engagement.
- Review and amend certain tax laws that require taxes to be paid in foreign currency thereby creating artificial demand for foreign exchange.
- 5. Complement this policy with fiscal reforms and discipline i.e., removal of the petrol subsidy (which was recently executed), reduction in the cost of governance, harmonization of multiple tax laws etc.; and
- 6. Benchmarking the Nigerian foreign exchange market with emerging international foreign exchange markets such as Malaysia, Mexico, South Africa, Brazil and Colombia including learning lessons to achieve macroeconomic stability and integration into global value chains.
- 7. Supplementary policies and initiatives to boost supply: This should include increase in our crude oil production to meet OPEC quota, local refining of petroleum products to reduce our import bill, and incentives to aggressively revamp our agricultural and manufacturing sectors for local and exportation purposes.

#### Conclusion

The floating of the exchange rate is not a silver bullet. The government should minimize the negative short-term impacts in order to realise the long-term benefits.

The Institute of Chartered Accountants of Nigeria stands ready and offer its support to the government in the efforts to move the country forward.



# Your ICAN Membership offers you the following benefits.



#### **Discount at Hotels:**

- Protea Hotel, Kuramo, Lagos
- Orchid Hotel, Lagos
- Dover Hotel, Lagos
- Peninsula Hotel, Lagos
- · La Campagne Tropicana
- Lagos Airport Hotel, Lagos
- Excellence Hotel, Lagos
- Ocean Hotel & Suites, Lagos
- Sheraton Hotel, Abuja
- Childa International, Abuja
- Angeles Hotel, Abuja
- Rockview Hotel, Abuja
- · Premier Hotel, Ibadan
- · Richton Hotel, Ogun





#### Insurance:

We provide Group Life Assurance with:

- Mutual Benefits Life Assurance
- Goldlink Insurance Company Ltd.
- Capital Express Assurance
- FBN Life Nigeria Ltd.
- A special Motor Insurance discount also available for members at Mutual Benefit Assurance.



#### **Benevolent Fund:**

Through the members' benevolent fund, we provide financial assistance to indigent members towards:

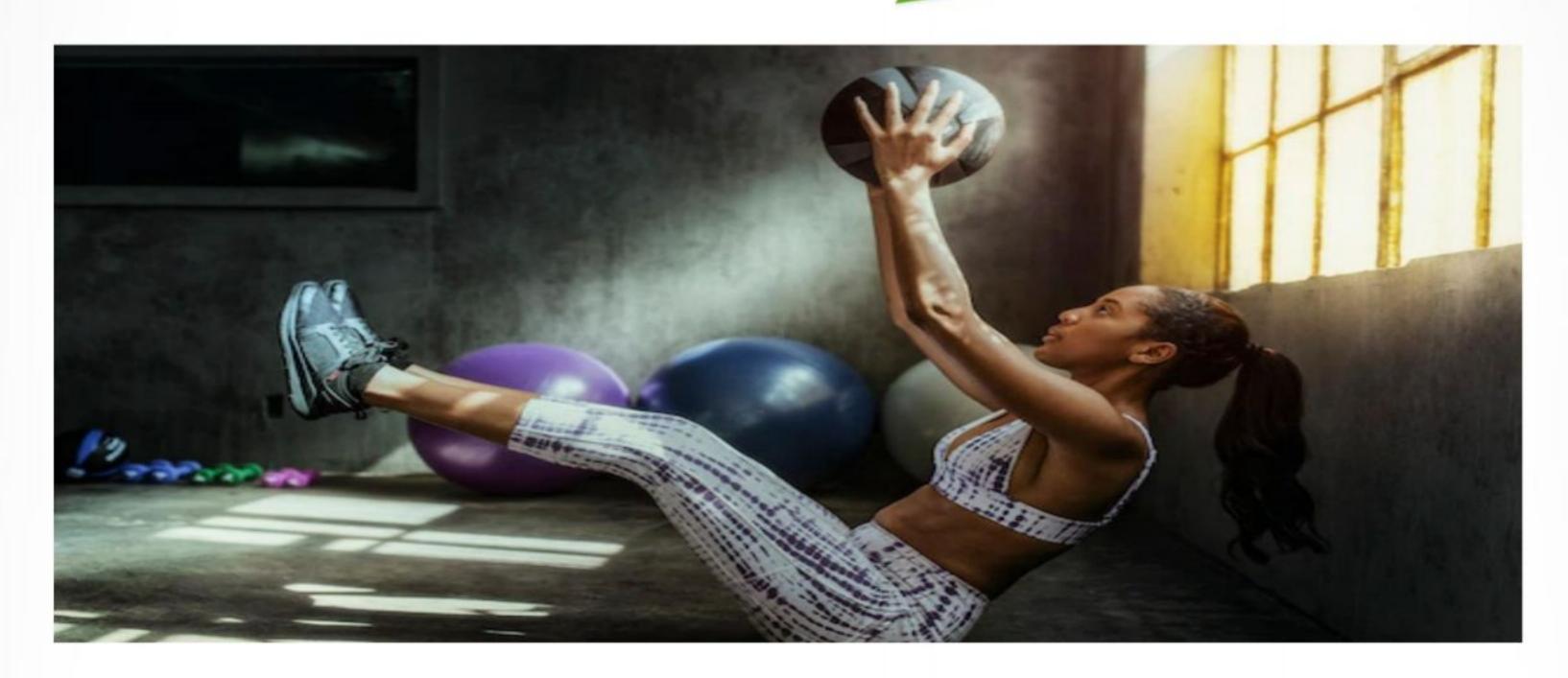
- Children's Education;
- Medical expenses; and
- Permanent disability.



For more information contact:

finance@ican.org.ng, membershipaffairs@ican.org.ng, or call 0905384710 or 09053847511

# BENEFITS OF EXERCISE FOR THE 40+



It is an established fact that exercise is beneficial for all age groups. However, based on the current average age of members, I am going to focus on the benefits of exercise for people 40 years old and over.

Most people will agree maintaining a decent level of fitness is an essential and integral part to achieving a healthy body and mind. However, due to family and work commitments, the older we get the more challenging it could become to stay healthy and fit. After a certain age, our bodies store fat more easily; we lose muscle; and our bone density decreases. Regular exercise is the way to combat these signs of natural wear and tear that comes simply with growing older. Research highlights other benefits of exercise including:

- lowers the risk of chronic diseases;
- helps with weight loss or weight management;
- · strengthens physical strength;
- · increases energy levels;
- · improves mental health;
- · improves memory retention; and
- boost quality of sleep

### HOW TO USE 'GROW' TO DEVELOP A HEALTHY LIFESTYLE

To maintain a healthy lifestyle, you have to be intentional and set health goals that 'GROW'. The word 'GROW' is an acronymused in 'Grow with Goals' by Doyin Olorunfemi5 for setting and achieving goals in general. 'GROW' stands for: Goals, Resources, Organise; and Work. Let us examine how the combination of thesefour factors can be used to achieve our health goals:

#### **GIS FOR GOAL**

According to the dictionary a goal is the object of a person's ambition or effort; an aim or desired result.' To start off, it is important to set out a clearly defined objective – is it to lose weight, to exercise more, to eat healthily or to drink more water?

Before your set your goal, you may need to first identify 'why' you need to set a health goal. You also need to make sure your goal is 'SMART'. Our health goals should be:

- Specific clearly defined and unambiguous.
- Measurable have a set out criteria to monitor progress.

- Achievable –attainable and possible to accomplish even if it would take you out of your comfort zone.
- Realistic –something you can commit to given the right resources
- Timebound have a set timeframe which includes both the start date and end date for the goal to be accomplished.

#### R is for RESOURCES

After you have established your goal, the next step is to evaluate what resources you have available to develop a strategy to accomplish your health goals.

Resources are 'stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organisation in order to function effectively.'Do you have exercise equipment gathering dust which you can include in your exercise regime? Do you have suitable sport wear or trainers? Do you need to get a drinking bottle to measure your daily water intake?

You can evaluate your current resources and establish what resources you need to accomplish your goal by asking yourself the following three questions using the acronym 'GAP'.

- 1. G What do I need to GAIN by achieving my health goal? This could include increased well-being; weight loss looking and feeling good about yourself.
- 2. A What do I need to AVOID These include eliminating junk foods, reducing the number of times you visit certain restaurants, avoiding artificial sugar and salt and so on.
- 3. P Who do I need to PARTNER with? This involves finding the right community to engage with; a friend or people who are like-minded and who will serve as a support network to enable you to accomplish your health goals.

#### O is for ORGANISE

The next phrase is to be organised and design a simple workable plan that you can adhere to consistently.

- Decide—this is the beginning of your journey. Make a decision now to be proactive and live a healthy lifestyle.
- Declutter-check out what is in your food stores and eliminate unhealthy and junk food.
- Debug assess how you spend your time, for example in a typical week and plan time to exercise, meal preparation.

- Delegate identify what you can do and what you need to delegate to others.
   For example, you may need to engage a coach or use relevant apps to ensure you monitoryour progress.
- Design create a simple, workable system that will support you and enable you to accomplish your goals. A good SYSTEM will, Save You Some Time, Energy & Money.

#### W is for WORK

This is where the tyre hits the road and you start to take the appropriate actions to accomplish your goals. As the saying goes, "Rome was not built in one day' Therefore, acknowledge it is consistent effort that produces results.

Have an introspective moment and answer the following questions using the acronym 'QUIZ'.

Q - Question your current processes. What do you do now that needs to be changed or improved?

U – Understand your uniqueness. Everyone is different so find try a variety of exercises and participate in the ones you like not simply copy what someone else is doing even though you do not enjoy it.

- I Imitate a successful person Find someone you can use as a role model because they have overcome a similar challenge you are currently facing.
- Z Zero in on what has worked previously. Simply repeat what has worked in the past or what is working now.

#### CONCLUSION

The benefits of exercising, particularly as we grow older, cannot be over-emphasised. It contributes to both our physical and mental well-being and increases the overall quality of our lives. Regular exercise can help reduce the risk of illnesses and some of the effects of getting older such as gaining weight, losing muscle mass, feeling lethargic as the demand of both work and family life takes its toll. Set your intentions by defining your health goal clearly; ensure you have the right resources and tools to accomplish your goals; organise yourself and your resources to support your goal and finally, takesmalland consistent actions that will enable you to accomplish your goals.

Mrs Titi Windapo, FCCA, FCA is a member of the ICAN UK & District Society.





# ICAN MOU WITH FOREIGN PROFESSIONAL ACCOUNTANCY ORGANISATIONS(PAOs)

To enhance mobility and expand opportunities for its members, while also aligning its standards with leading global PAOs, ICAN has entered into a mutual agreement with three internationally renowned Professional Accountancy Organisations. These organisations include the Institute of Chartered Accountants of England and Wales (ICAEW), Chartered Institute of Management Accountants (CIMA), and the Institute of Chartered Accountants of Ghana (ICAG). This collaboration aims to establish new pathways for ICAN members to obtain memberships in these organisations. Eligibility for admission into these PFOs' memberships is contingent upon ICAN members meeting specific criteria outlined below.

#### **ICAEW**

The Pathways scheme is based on professional experience which does not require applicants to study and sit for an exam or complete a qualification, but rather reflect on professional experience which applicant has acquired in the last five years and which will be demonstrated in writing and their skills in different areas.

Applicants are to provide a letter of good standing from the professional body they belong to apply for pathways. This letter must be issued and dated within three months and must confirm all the following to be valid:

- i. That applicant must be a member of that body.
- ii. The date and year of admission into membership.
- iii. That membership has been gained by the normal education and training route (Transcripts may be required)
- iv. Applicant to have a good disciplinary record with no outstanding complaints.
- Applicant must be fully compliant with the continuing professional development (CPD) requirements of her Institute (90 MCPE Credit hours for three years consecutively).

That this professional body knows of no ethical or other reason why applicant should not be admitted to ICAEW. Application to be supported by an eligible sponsor who will fill a form to be submitted along with other documents. The sponsor must meet same criteria as the applicant.

#### CIMA

This body will admit as its member any member of ICAN who:

- a. Has successfully completed the CGMA Professional Qualification
- b. Has successfully attended the mandatory case study workshop and take and pass the Strategic Case Study examination.
- c. Has made payment in full of all applicable membership, registration, and examination fees to CIMA.

#### ICAG

- a. Members must have been admitted and/or inducted as a member in either ICAN or ICAG
- b. Members must submit their application through their respective Institutes.
- c. Be a member in good standing, i.e. up to date financial status.
- d. Agree that all relevant records regarding his/her membership be released at the time of application. This will include examination details, any disciplinary findings or sanctions against the member and any other relevant information that will make the other party make an informed decision on eligibility.
- e. Successfully met any other requirements that may be prescribed by the parties under this MoU from time to time, regarding qualification, education, experience and continuing professional developments.

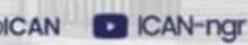
Mr. Mukaila Lawal, FCA Acting Registrar/Chief Executive

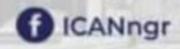
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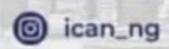
Adams - 08067908190, ladams@ican.org.ng

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# ESG Oversight: The Board's Role and Focus

#### KPMG Nigeria Board Governance Centre

A Company's position on climate change, Diversity Equality and Inclusion (DEI) issues,

and other Environmental, Social and Governance (ESG) risks is now viewed – by

investors, research and ratings firms, activists, employees, customers, and regulators –

as fundamental to business and critical to long-term sustainability and value creation. Especially when facing a cost of living crisis and an array of factors slowing down economic growth, oversight of these risks and opportunities will be a significant challenge, involving the full board and potentially multiple board committees. Now is the time for boards to 'hold their nerve' in doing what is right and sustainable over the long-term. Environmental, Social and Governance are the key metrics used to measure Sustainability while Sustainability in itself is the responsible and efficient utilisation of resources that does not hamper with the availability of said resources for future generations. In this thought leadership, both ESG and Sustainability will be used interchangeably.

Research by Mattison Public Relations shows that ESG committees are becoming an increasingly common presence on FTSE 100 boards, with 54% of FTSE 100 companies now having some form of ESG committee

 whether that be described as an ESG committee, a corporate responsibility committee, responsible business committee, sustainability committee or environments and communities committee.
 However, in Nigeria, most boards do not yet have

a dedicated ESG committee; they are beginning to delegate ESG oversight in whole or in parts to various committees. While committees responsible for ESG will have elements of ESG in their specific terms of reference, drawing on insights from our interactions with directors and business leaders, we highlight eight issues for the board and any committee focused on ESG to keep in mind as they provide oversight on ESG matters.

#### Clarity of purpose

exist.

Oversight of ESG risks and opportunities is a significant challenge, involving the full board and potentially multiple board committees. For example, elements of climate and diversity, equality and inclusion (DEI) oversight likely reside with the audit, risk management, human resources and other relevant committees – as well as the ESG committee, where they

Consideration needs to be given to the coordination between committees as well as the information flows to the committees from the corporate functions (risk, internal audit, operations, legal, etc.) and from the committees to the board itself. For example, climate change might initially appear to reside with an ESG- responsible committee, but it will also likely touch the audit committee (data, the systems that produce that data, and the disclosures within the annual report), the remuneration committee (management incentives), and the nomination committee (the skills and experience of board members and senior management). Overlap is

to be expected, but this puts a premium on information sharing, communication, and coordination between the committees. It also requires that committees have the expertise to oversee the issues delegated to them.

#### An ESG-competent board

There is an argument that developing countries such as Nigeria do not contribute significantly to climate change and should not be held responsible for correcting the effects of climate change. As such, Board Directors may not deem climate change a necessary agenda item for board discussions. It is however worthy of note that we experience significant effects of climate change despite contributing lower emissions in Africa at about 3.8%

of total global emissions, resulting in low emissions

as a country, according to Our World in Data. A recent example is the floods of 2022 that wiped out lives

and assets in at least 13 states in Nigeria. However, there are opportunities that are available for mitigating climate risks, and a key one is funding. It is important that organisations begin to consider the risks and create internal controls to mitigate them and harness the opportunities.

Oversight of ESG risk – and equally importantly, the opportunities – starts with an ESG-competent board. Not every board member needs to have deep expertise in ESG, yet it is recommended that ESG risk and its impact on long-term value creation should be prioritised in the event of recent trends such as the World Economic Forum yearly global risk reports 2021- 2023. Boards need to identify issues of greatest risk or strategic significance to the company, how they are embedded into the company's core business activities, and whether there

is strong executive leadership behind the company's response to ESG matters.

The committee responsible for ESG can play an active role in educating not just the committee members, but the whole board, on ESG issues including the landscape of stakeholder expectations and demands. Questions to be asked include:

 Is the board ESG-literate and is it structured to engage meaningfully on ESG issues potentially as diverse as modern slavery and human rights, energy efficiency and renewable energy transition, scope 3 emissions, waste and recycling, ESG supply chain issues, ESG reporting and assurance, etc

Proposed reporting standards (e.g., IFRS S1) will require boards to report on how they ensure that the appropriate skills and competencies are available to oversee strategies designed to respond to sustainability-related risks and opportunities.

Does the board evaluation process assess whether the board has the right mix of skills and whether the ongoing development activities are sufficient?

- How does the board deepen their knowledge of ESG?
- Are ESG matters (including issues around Diversity, Equity and Inclusion, empathetic leadership, etc.)

a factor when appointing directors and hiring or promoting executive team?

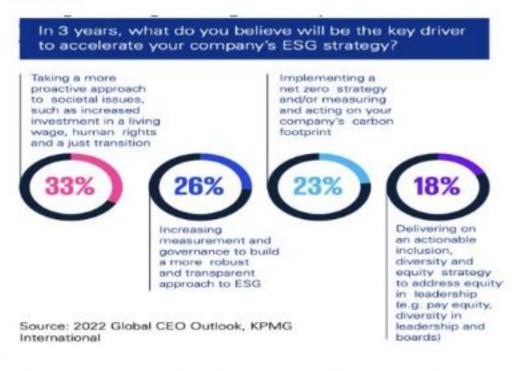
#### Zeroing in on ESG goals

Sustainability goals continue to be emphasised by CEOs, who say that the predominant source of pressure to promote more transparency about companies' ESG objectives comes from employees rather than investors. To accelerate their ESG strategy, they will take a more proactive approach to societal issues, such as increased investments in living wages and a focus on human rights.

"The recent economic dislocations have revealed

more than ever that CEOs must think of their business model holistically. So, it is not possible to focus on one topic to the detriment of others; they're connected," says Stephane Souchet, Global Head of Industrial Manaufacturing, KPMG International. "There's a link, for example, between supply chain issues and ESG, when you think of responsible purchasing. Sometimes there are conflicting agendas, so CEOs might have to change their priorities if they want to achieve their strategic goals." To achieve this, companies need to take an enterprise-wide view of ESG.

The survey results shown below highlight the growing need for the board to adopt a more holistic approach to driving its strategic ESG agenda and priorities. This is



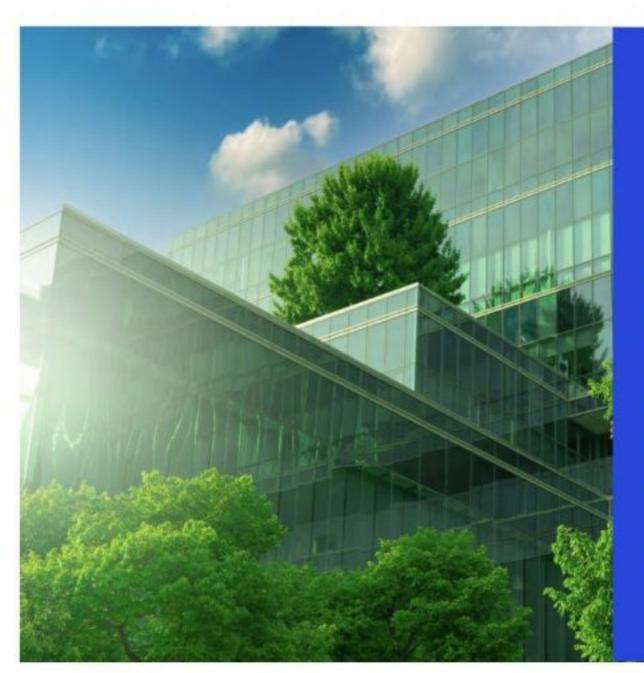
#### Engage proactively with shareholders and other stakeholders

Investors are increasingly holding boards accountable for ESG matters and are eager to understand whether boards have sufficient knowledge and adequate processes to oversee the management of the key ESG- related risks and to provide informed, proactive guidance as stewards of long-term value.

And beyond the investor community, other stakeholders, whether that be employees, customers or the communities that provide companies their licence to operate, are also voting with their feet against companies they perceive to be paying insufficient attention to ESG issues – these could be issues related to climate change matters, diversity and inclusion issues and the treatment

stakeholders and the ability of the company to exert responsible influence, the board should request periodic updates from management as to the effectiveness of the company's engagement activities:

- Does the company engage with, and understand, the ESG priorities of its largest shareholders and key stakeholders?
- Are the right people engaging with these shareholders and stakeholders – and how is the investor relations (IR) role changing (if at all)?
- What is the board's position on meeting with investors and stakeholders?
   Which independent directors should be involved?
- Will the organisation be open to criticism from activists? Does the board



"Effectively engaging social initiatives can create value, mitigate risk, build stakeholder trust and deliver a competitive advantage"

-KPMG 2022

of individuals, or the company's contribution to society through responsible taxation for instance.

Good stakeholder engagement – particularly through

the supply chain (a component of an organisation's circle of influence)—can also provide an opportunity for the company to encourage others to behave responsibly and do what is right over the longterm'.

To best understand the views of its key

have a roadmap for defence against such criticisms?

 Does the company periodically assess the materiality of ESG topics relevant to its business, from the lenses of both internal and external stakeholder groups?
 In summary, is the company providing investors and other stakeholders with a clear picture of its holistic performance (especially including non-

financial performance such as ESG performance), the challenges, and its longterm vision (or ambition) – free of "greenwashing?" Investors, activists and other stakeholders are increasingly calling out companies and boards on ESG-related claims and commitments that fall short and all indications reflect that they will continue to do so.

# Embed ESG, including climate risk and DEI issues, into risk and strategy discussions

ESG risks such as those relating to climate change have become fundamental and critical to long-term value addition. ESG risks such as those relating to climate change have become fundamental and critical to long- term value addition. For many, the associated "transition risks" are as important and arguably more urgent - whether that be tax and regulatory interventions, technological changes, or customer behaviours. A challenge for the committee responsible for ESG is to help ensure that these transition risks are properly addressed as the company plots its future strategy - together with physical climate- related risks.

Rapidly emerging issues around the 'S' of ESG have raised concerns and has become key in the discussions of key stakeholders in recent years. These social (S) factors such as how a company manages its relationships with its workforce, the societies in which it operates, and the political environment, are also now central to a company's financial performance. The effects are seen

in recent skill migrations, economic brain drain and the demands of the new generation workforce.

Several fundamental questions should be front-and- centre in boardroom conversations about the company's ESG journey – including how material ESG risks are identified and assessed in line with the organisation's risk appetite. Embedding ESG identification and assessment into the existing enterprise risk management process might be a good starting point, however it is important to avoid focusing only on the downside risks.

The ESG-responsible committee(s) should also encourage management

to consider the potential for innovation, disruption and value creation posed by ESG activities. Businesses that see through effective ESG investments to realise transformative growth will have the upper-hand as economies strengthen, whereas delaying key ESG initiatives could leave businesses behind the curve and exposed to rapidly changing stakeholder expectations and regulations.

After determining which ESG issues are of strategic significance, the company needs to embed them into core business activities (strategy, operations, risk management, incentives, and corporate culture) to drive long-term performance.

Key questions to consider in order to achieve this objective are:

- How is the ESG lens applied to the organisation's strategic thinking?
- Is ESG thinking incremental to business as usual (BAU) which is a bolt-on to the existing strategic thinking or is it transformative?
- Is the board playing an active role in overseeing any transition plan? Is it an iterative process – with milestones and opportunities to recalibrate – and does it bring in perspectives from throughout the organisation and beyond?
- Does the process challenge the validity of the key assumptions on which the company's strategy and business model are based? Is there a case for taking a 'clean sheet' approach to the strategy / business model, asking what our business would look like if we started up today?
- How does the board establish a culture that supports the transition towards a more purposeful ESG oriented organisation?
- How does the board address the tensions between the 'E' and the 'S'? For example, applying the

brake on fossil fuels too quickly could plunge entire countries into darkness.

- What will happen if your company ceases to exist in the next 10 or 15 years?
- Are the incentives connected with executive compensation and the compensation philosophy of the organisation a fit for purpose? When compensation becomes intertwined with ESG factors, other systems and processes quickly fall in

line: recruitment, training and development, strategic planning, performance management.

 What metrics are monitored and reported to ensure the organisation is on track?

#### Driving the transition towards a more purposeful ESG-oriented organisation through culture

Given the critical role culture plays in integrating ESG factors throughout an organisation, the committees can play a role in helping the board take a more proactive approach in understanding, shaping, by considering the following questions:

- Does the board understand the culture it wants within the organisation?
- Are key processes aligned with desired culture - hiring, promotion, reward, etc.?
- Is culture embedded into decision-making processes? There has to be a price to pay such
- as turning down a profitable business opportunity because the customers/clients' values or modus operandi are at odds with your organisational culture. It is at this point that the culture is seen as truly embedded and operational.
- How does the board measure the culture and get assurance that it is what they think it is? What are the different inputs? How can the board pull them together?
- Is the board leading the charge from the top? Are the board and the senior executive team presenting a unified front? Culture starts with the board, and it is often the little things that matter.

#### Systems, data and assurance

The quality of data for both strategic decision-making and reporting is crucial and committee responsible for ESG can play a role in challenging the relevance and propriety of collected data and the systems that produce it. Is there substance behind collected and reported data? What additional assurance might be required?

Collecting data through a consistent and reliable method is important, especially for businesses with global operations and multiple product lines. In some cases, there is an established standard that is accepted by almost all investor groups.

For example, the Greenhouse Gas Protocol is widely recognised as a standard for reporting on emissions. Still, tracking greenhouse gas emissions means companies need to have all those responsible for collecting data to gather it in the same way.

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Every level of the business should understand the metric, and how it is calculated and reported but also why the data is being collected and what it shows.

The ESG-responsible committee can help reinforce the connections between metrics and financial performance and prospects. They can also play a role in questioning the scope and type of assurance the company is getting on ESG metrics; what is being assured, and by whom; and the value of the assurance received.

There's no single approach to ESG assurance. While it may be distinct for every industry and company, it is critical for companies to begin to identify their priorities before pressure from custom-

er shareholders, and others push to accelerate the company's timeline.

Combined assurance maps – which will be familiar to many audit committees – provide a visual and easy way to digest the effectiveness and completeness of a company's assurance activities.

Clarity over the assurance provided by the 'four lines

of defence' can also help identify any ESG risks or disclosures which require additional assurance to achieve the desired level of comfort, or any risks that are being excessively mitigated as a result of duplicated assurance activities.

The committee responsible for ESG might work in conjunction with a properly scoped, funded and trained internal audit function (and perhaps the audit committee) to understand which areas merit assurance. For example, labour in the supply chain could be a key area where a retail company's customers may want assurance. Or

a consumer goods company's shareholders may want assurance on their claims of sustainable sourcing.

Given its understanding of the rigour required to get the numbers right, the ESG committee can help the company decide how far the journey goes, even potentially working toward assurance of a full sustainability report.

Understanding the current landscape and the company's way forward, coupled with strategic investment in data collection and integrity, not only responds to stakeholder demands, but also may expand an organisation's perspective, exposing new risks to its business model along with opportunities for growth and transformation. This is the true significance of bringing standardisation and rigour to ESG measurement (and reporting).

Reporting to investors and other stakeholders

Investors and other stakeholders want to understand which issues are of greatest risk or strategic significance to the company, how they are embedded into the company's core business activities, and whether there

is strong executive leadership behind the ESG efforts

as well as enterprise-wide buy-in. Identifying what information to report (i.e. what is material) is more nuanced than for financial statements and companies.

should consider what matters in the short, medium and long term.

Principles differ between various sustainability reporting standards. Some key considerations include:

- The information investors require to understand the value of the business and its prospects.
- Other Information required by wider stakeholders
- Reporting in a way that includes investor-relevant information within the annual report, while avoiding unnecessary duplication with other broader communications
- To that end, the ESG-responsible committee can encourage management teams to reassess the scope and quality of the company's ESG reports and disclosures.

Other considerations for the ESG-responsible committee include:

- Company performance when benchmarked against peers
- Reporting frameworks considered
- Risk exposure and mitigation disclosures

Some critical questions for the ESG committee to consider include:

- What are the ESG issues that align most closely to the company's and stakeholders' priorities?
- What are the ESG issues that drive the company's financial performance and prospects?
- Is the company currently reporting on their ESG efforts?
- Does the company's disclosures comply with the appropriate laws, regulations and sector best practices?
- Does the company's disclosures reflect both what the company is doing now and where it is going, with accompanying metrics and goals.
- Is ESG-related data handled appropriately and aligned with corresponding regulations and the level of risk associated with the data?
- Is the ESG information included within the annual report monitored with the same rigour as conventional financial data?
- What are competitors measuring and reporting?
- Are there emerging regulatory requirements that a company should be aware

#### About the KPMG Board Governance Centre

The KPMG Board Governance Centre (BGC) is a dedicated forum that provides Board members with insights and resources to keep abreast of current and emerging governance issues.

The KPMG BGC offer thought leadership and timely resources including periodic seminars and round tables to host the exchange of views and support Board members (including Board sub-committee members) in clarifying and enhancing their governance practices amid rapidly evolving corporate governance landscape in Nigeria.

Learn More: http://bit.ly/board-governance-centre



### **Accountants Key in Substainability**



The President, Dr. Innocent Okwuosa, FCA attended the roundtable on the Role of Accounting Profession in Developing Capacity to implement Sustainability Standards jointly organized by ICAN, Association of Chartered Certified Accountants (ACCA) and the Financial Reporting Council (FRC) of Nigeria on Thursday, July 13, 2023.

In his remarks at the event, the President averred that accountants are positioned to influence and drive sustainable practices within organizations.

"Sustainability is important in economic recovery and central to safeguarding future prosperity", the 59th ICAN President said.

He posited that sustainability standards are fundamental to tackling some of the grueling societal challenges such as climate change, social inequality and environmental degradation.

According to him, accountants should be at the forefront of sustainability drive as only the accountants can save the world.

The roundtable discussion explored the blueprint for driving the effective adoption and implementation of Sustainability Standards (IFRS S1 and IFRS S2), which serve as "important template for achieving global baseline of consistent, high-quality, and comparable sustainability information addressing the needs of capital markets."

# President Tasks New Accounting Technicians on Professionalism, Ethics



ICAN 59th President, Dr. Innocent Iweka Okwuosa, FCA, has implored new Accounting Technicians admitted into membership of the Association of Accounting Technicians West Africa (AATWA) to "ensure they uphold the highest standard of professionalism, ethics and integrity in all their endeavours.

Speaking at the 58th Induction ceremony of the Association in Lagos, ICAN President Dr. Innocent Okwuosa, FCA implored the 764 inductees to "constantly uphold the five fundamental principles of the accounting profession namely, integrity, objectivity, confidentiality, professional behavior and professional competence and due care".

He told the inductees to make "accuracy and integrity" their watchword, adding that the Institute would not hesitate to mete out appropriate professional discipline to any erring accounting technician through its disciplinary mechanism.

"Let the Association's Code of Ethics, Constitution, and Bye-Laws be your professional holy book", he emphasized.

He urged the urged the accounting technicians not rest on their laurels but to maximize the opportunity offered by their AAT qualification to become chartered accountants in record time.

The President noted that since the Accounting profession is a dynamic and constantly evolving one, the inductees must stay abreast of industry trends and embrace changes that would distinguish them as exceptional professionals.

# ICAN backs Accountant General of the Federation, pledges support to Ensure Transparency in Nigeria's Financial Sector



The President with the Accountant-General of the the Federation, Dr (Mrs) Oluwatoyin Madein, FCA.

The Institute has pledged its support to the Accountant-General of the Federation to ensure better financial management of the nation's assets.

The 59th President, Dr. Innocent Okwuosa, FCA, who made this pledge said such collaboration would "ensure effective management of government finances, implementing, monitoring, and evaluating the country's budget and other fiscal management obligations". Speaking when he paid a courtesy visit to the Accountant General, Dr Mrs. Oluwatoyin Madein, FCA in Abuja, Dr. Okwuosa noted the enormous responsibility for maintaining the financial stability, transparency, and accountability of the nation as a whole facing the agency but expressed confidence in the ability of AG to deliver on her mandate.

We believe that this appointment is a significant milestone in our nation's governance, and we are filled with confidence that there will be more transparent and prudent financial management of the resources under your able leadership', the President said.

### ICAN to Collaborate With SCUML, NFIU and Other Stakeholders against Corruption In Nigeria.

The Institute of Chartered Accountants of Nigeria, (ICAN), has expressed its willingness to partner with the Special Control Unit Against Money Laundering (SCUML), the Nigerian Financial Intelligence Unit (NFIU), the Financial Reporting Council of Nigeria (FRC) and other stakeholders to eliminate corruption in the country. The 59th President of the Institute, Dr. Innocent Okwuosa, FCA made the commitment in Lagos during a retreat of the Governing Council of the Institute.

At the retreat where representatives of the SCUML, NFIU, FRC and the Big Four Accounting firms were in attendance, the ICAN President stated that the retreat was organized to review the Institute's processes in view of its upward trajectory mandate to deepen its advocacy and thought leadership mandate in national development, among other initiatives

The President seized the opportunity to appeal to SCUML to review some of its operational processes that make direct registration difficult, forcing stakeholders to register through consultants. He also promised that the Institute would leverage the template received from SCUML to implement market entry control checks on licensed firms.

In its submission, Mr. Matthew Enu, FCA who represented Mr. Daniel Isei, Director at SCUML stated that as a global standard setter, selfregulatory bodies, like ICAN, should take the necessary measures to prevent criminals or their associates from being professionally accredited or hold a significant, controlling interest or management function in accounting firms. He further urged ICAN to always partner law enforcement agents or relevant authorities in conducting background checks on intending licensees.

Executive Secretary of the Financial Reporting Council (FRC), Ambassador Shuaibu Adamu Ahmed, FCA, traced the origin of the Council to ICAN's establishment of the then Nigerian Accounting Standards Board (NASB) which later metamorphosed to Financial Reporting Council. He commended ICAN for its immense roles and collaboration with FRC. "A good cordial relationship with relevant stakeholders in the Accountancy profession is important for growth and development of the profession in our country. The FRC is therefore urging the Professional Accountancy Bodies in the country to work with FRC for the good of the profession and the country at large," he stated.

Similarly, the Nigerian Financial Intelligence Unit (NFIU) through its Head of Sanctions, Mr. Chinedum Odenyi posited that the Designated Non-Financial Business and Professions (DNFBPs) are the most crucial and vulnerable to money laundering and terrorism financing. He therefore solicited for more interaction with ICAN to strengthen compliance with the relevant Anti Money Laundry/Combating the Financing of Terrorism/Counter Proliferation Financing (AML/CFT/CPF) laws, regulations and guidelines to ensure there is clear understanding of obligations.

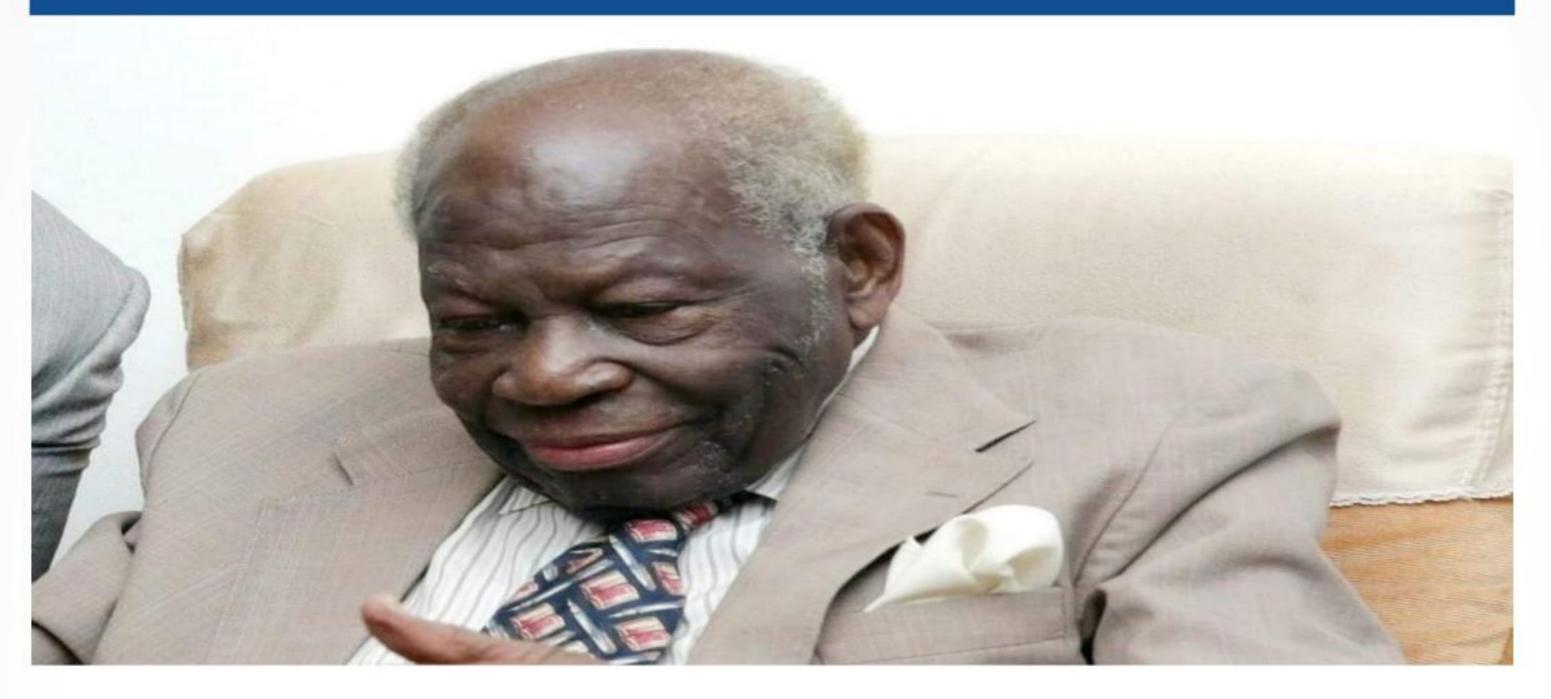
He also recommended establishing an effective system to identify ML/TF risks, have measures in place to mitigate those risks, and file Suspicious Transaction Reports (STRs) to the NFIU. These are part of the requirement to exit the Financial Action Task Force (FATF) grey-list

He further urged Financial Institutions and Designated Non-Financial Business and Professions (DNFBPs) to develop and implement robust processes and procedures for implementation of AML/CFT/CPF obligations with particular emphasis on Risk Assessment on Money Laundering & Associated predicate offences, stand alone Counter Financing of Terrorism (CFT) risk assessment, and establish measures for effective detection of politically exposed persons/ their family members/close associate, among others.

At the end of the retreat, SCUML and NFIU sought the Institute's collaboration in ensuring that Nigeria exits the grey listing by the Financial Action Task force (FATF)

The immediate past Country Partner of PwC, Mr. Uyi Akpata, in his submission assured the Institute of PwC's partnership to promote high accounting Standards, enhance the competence of accountants', discourage proliferation of accounting bodies and strengthen the profession's role in national development.

# MR AKINTOLA WILLIAMS, CBE, CFR, B. Comm, FCA PASSES ON



The Institute of Chartered Accountants of Nigeria (ICAN) celebrate the passing on to the glory of the Doyen of Accountancy profession in Nigeria and one of the Founding Fathers of ICAN, Pa Akintola Williams, CBE, CFR, B. Comm, FCA at the ripe age of 104 years.

He transited to the Great Beyond on Monday, September 11, 2023.

Mr Akintola Williams, the Doyen, was a titan whose name resonates with reverence and admiration throughout Nigeria and Africa's accountancy profession landscape.

His meteoric rise to stardom began at the University of London, where he earned a Bachelor of Commerce in 1946 after studying Banking and Finance. It is indeed historic that he was the first Chartered Accountant of African descent to qualify with The Institute of Chartered Accountants in England and Wales (ICAEW) in 1949 and later a Fellow of the Institute. This singular achievement opened doors for him and countless aspiring accountants who sought to follow in his footsteps.

He returned to Nigeria in 1950 and cut his professional teeth as an assessment officer with the Inland Revenue Board, now the Federal Inland Revenue Service. He later quit the public sector and set up the first indigenous Accounting Firm in the country in 1952, Akintola Williams & Co., now Deloitte. His visionary leadership led to the rapid growth of the firm and its spread to other African countries such as Ghana, Kenya, Egypt, and Cameroon, among others. His founding of the firm that evolved into Deloitte Nigeria laid the foundation for a legacy of trust and integrity in accounting services. He was a detribalized man whose firm had partners from different African countries.

Pa Akintola Williams led by example, demonstrating that professionalism, ethics, and excellence should be the guiding principles of every accountant. He was also a strong force in establishing the Nigerian Stock Exchange (NSE) and the Musical Society of Nigeria (MU-SON). His steadfast commitment to the activities of these bodies was unparalleled till old age.

Beyond his pioneering contributions to the accounting profession, our Doyen was a philanthropist, an advocate for education, and a catalyst for positive change. His influence extended beyond the boardroom, shaping policies and institutions that continue to benefit Nigeria and Africa.

He held several positions in the public sector and left a track record of excellence and dedication in various roles, including Chairman of Federal Income Tax Appeal Commissioners (1958-1968); Member Coker Commission of Inquiry into the Statutory Corporations of the former Western Region of Nigeria (1962); Member, Board of Trustees of the Commonwealth Foundation (1966-1975); Chairman, Lagos State Government Revenue Collection Panel (1973); and Chairman, Public Service Review Panel to correct the anomalies in the Udoji Salary Review Commission (1975).

Pa Williams was unarguably a trailblazer, a mentor, and a symbol of what one individual with vision and determination can achieve. His life is an enduring testament to the power of excellence and ethical conduct.

ontinue to rest in your deserved peace, our Doyen.

Your immediate and ICAN families are consoled by your indelible legacies, our constant inspiration and guide.

Adieu Papa!

Dr Innocent Okwuosa FCA. 59th ICAN President

## ICAN

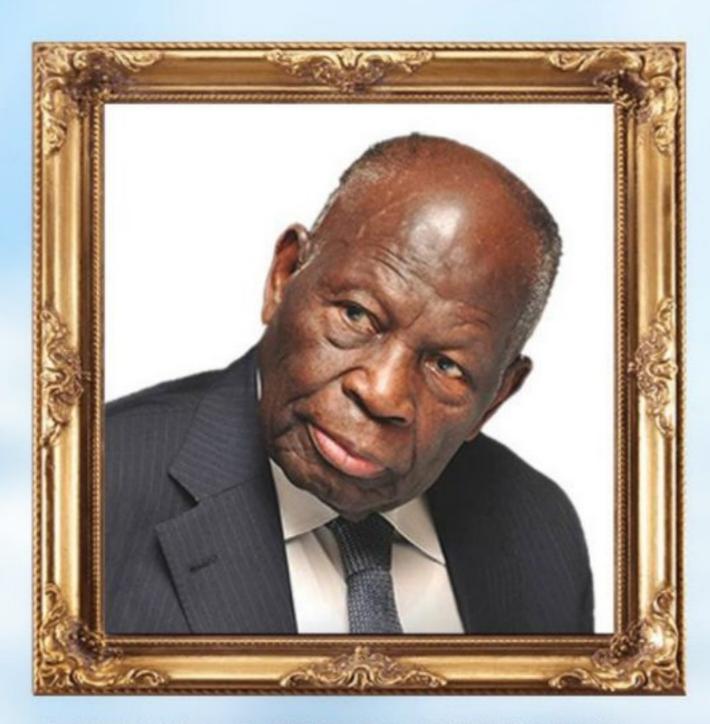
## Our Dayen Goes Home

It is with gratitude to God for a fulfilled life, that we at the Council and over 60,000 members of the institute received the news of the passing of the Doyen of Accountancy Profession Mr Akintola Williams CBE, CFR, B.Com, FCA.

Mr Akintola Williams will be remembered as the founding father of the Institute of Chartered Accountants of Nigeria (ICAN) and as the first indigenous chartered accountant in Nigeria and Africa.

He was a man of high integrity, probity and accountability. He is the epitome of ICAN motto - **Accuracy & Integrity.** He made ICAN thick and will be missed by the accountancy profession.

His works will continue to inspire generations unborn.



LATE MR. AKINTOLA WILLIAMS, CBE, CFR, B.Com, FCA, AUGUST 1919 - SEPTEMBER 2023



INNOCENT OKWUOSA PhD, FCA 59TH PRESIDENT, ICAN.

### HILDA OZOR BECOMES 11TH SWAN CHAIRPERSON



Chief (Mrs) Hilda Ozor, FCA has been elected as the 11th Chairperson of the Society of Women Accountants of Nigeria (SWAN). Her investiture took place on September 13, 2023. The ICAN President, Dr. Innocent Okwuosa speaking at the event acknowledged SWAN's essential role within ICAN, highlighting its significant contribution to the professional development of female Accountants in Nigeria. He assured the Society that ICAN would continue to support SWAN's activities and initiatives.

He praised SWAN's visionary leadership and extended warm congratulations to the new chairperson, Mrs Hilda Ozoh, FCA, wishing her a prosperous and successful tenure.





# ICAN urges Workd Bank to grant loans to Federal Government & States in Nigeria Based on Performance in ICAN Accountability Index (AI) Ranking.



The President and his Team with World Bank officials

The Institute of Chartered Accountants of Nigeria (ICAN) has called on the World Bank to approve loans for the Federal and State Governments in Nigeria based on their ranking on the ICAN Accountability Index.

The President of ICAN, Dr. Innocent Okwuosa, made this known in Abuja when he paid a courtesy call on the Country Director of the World Bank, Mr. Chubham Chaudhuri. Okwuosa who was received by the Bank's senior financial analyst, Mr. Akin Akinyele described the ICAN Accountability index as a public Financial Management tool initiated by ICAN to ensure that the three tiers of government embrace best practices in Public Finance Management (PFM).

According to Okwuosa, "Corruption, unaccountability and poor public financial management are systemic within the Nigerian economic system. The UN sustainable development goals cannot be achieved under this socio-economic environment". Therefore, ICAN in its public interest mandate is positioned to play a vital role in the improvement of public sector financial management and accountability in Nigeria.

He added that the ICAN Accountability index has been acknowledged as having wider scope and better suited for Nigeria than similar initiatives like the Public Expenditure and Financial Accountability (PEFA) and

the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Frameworks due to its scope captured in its 5 pillars, 25 indicators and 70 dimensions which is scaled across the Federal, States and Local Governments.

For the tiers of government to improve their performances in the ICAN-AI, it is important that financial data are made publicly available to facilitate easy computation of the Index by the Institute. Stakeholders at the Federal, States and Local Governments were admonished to cooperate with ICAN-AI Assessors that visit Ministries, Departments and Agencies to collate relevant data, in addition to those sourced online.

The Institute commended the entities for the positive progress in the amount of financial information provided. On average, 50% of the information required was provided across the various levels of government in the 2020 assessment, compared to only 35% and 28% average availability rates in 2019 and 2018 respectively. In 2021, 53% of the information required was provided across the various levels of government. This demonstrates some increased level of awareness and improved compliance with the plethora of laws and regulations in Nigeria mandating the availability of such information to stakeholders.

The ICAN-Al has been endorsed by local and international organizations such as the Department for International Development (DFID), the World Bank, International Federation of Accountants (IFAC), the Chartered Accountants Worldwide (CAW), the Public Expenditure and Financial Accountability (PEFA), the Pan African Federation of Accountants, BudglT among others.

Okwuosa, therefore solicited the World Bank's collaboration for the Accountability Index to ensure compliance with best practice in Public Finance Management in Nigeria.

"This collaboration will ensure that the assessments remain independent of Government interference, retain its objectivity and could replace States Fiscal Transparency, Accountability and Sustainability (SFTAS) Framework through World Bank endorsement" he concluded.



President with Senator Abubakar Atiku Bagudu, Minister of Budget and Economic Planning.

## ICAN, Stock Exchange Subsidiary - NGX Sign MoU to Strengthen Partnership



The Institute of Chartered Accountants of Nigeria (ICAN) and NGX Regulation Limited (NGX RegCo), the regulatory subsidiary of the Nigerian Stock exchange, have singed a Memorandum of Understanding (MoU) for cooperation and collaboration to build capacity for capital market development.

The milestone signified closer collaboration between ICAN and NGX RegCo, reinforcing their commitment to the growth and development of the capital market and the financial services industry in Nigeria.

The MoU signing ceremony, which took place on Monday 10 July 2023 in Lagos, brought together key representatives of ICAN led by its 59th President, Dr. Innocent Iweka Okwuosa, FCA, and those of NGX RegCo led by the Chief Executive Officer, Ms. Tinuade Awe.

Under the terms of the MoU, ICAN and NGX RegCo will collaborate on several strategic initiatives, including organisation of a Corporate Reporting Award, Knowledge Sharing and Capacity Building, Standards and Compliance as well as Professional Development, among others.

This partnership re-emphasizes their joint commitment to foster a robust and transparent capital market ecosystem to attract investment, encourage growth, and safeguard the interest of all stakeholders.

The strategic alliance between the two organisations is expected to have a profound and positive impact on the Nigerian capital market, promoting investor confidence, strengthening regulatory oversight, and elevating professional standards within the industry.

## ICAN's New Trajectory in Focus as Governing Council Holds Strategy Retreat



In its resolve to place ICAN on an upward trajectory, the thirty-member Governing Council of the Institute held a three-day strategy retreat at the weekend.

The session extensively interrogated the activities of the Institute with the primary objectives of improving ICAN services to members and stakeholders, rethinking its advocacy mandate for better performances, restructuring its examination process for superior students' experiences, bolstering accounting services, and entrenching a culture of lifelong learning and continuous professional development of Chartered Accountants.

The retreat, chaired by the 59th President, Dr Innocent Okwuosa, FCA, had different sessions anchored by Council members and high profile professionals, including Mr. Uyi Akpata, FCA, immediate past Senior Partner of PwC; Ambassador Shuaibu Adamu Ahmed, FCA, Executive Secretary, Financial Reporting Council of Nigeria (FRC); Mr. Daniel Isei, Director, Special Control Unit against Money Laundering (SCUML), represented by Mr. Matthew Enu, FCA and; Mr. Chinedun Odenyi, Head of Sanctions, Nigerian Financial Intelligence Unit (NFIU).

At the end of the programme, Council rose with a new resolve to ensure members and stakeholders continue to get competitive services, receive up-to-date information on the Institute's activities, deepen its advocacy and thought leadership and, significantly improve ICAN's overall mandate in national development.

## MBANG & BABATUNDE ELECTED INTO GOVERNING COUNCIL

Miss Mbang Okon Esu, FCA and Mirs. Babatunde Olaitan, FCA were newly elected into the Governing Council of the Institute after the 2023 council election. The result was released at the 58th Annual General Meeting held at ICAN Centre, Amuwo Odofin on Wednesday, June 21, 2023. They were sworn in on Tuesday, June 27, 2023 during the investiture of the 59th President.



Miss. Mbang Okon Esu, FCA (MB 031858)



Mrs. Babatunde Olaitan, FCA (MB 019586)



ICAN President at the inauguration of the Presidential Committee on Fiscal Policy and Tax Reforms in Abuja.



The President and his Team with the Director General of Nigerian Governor's forum, Barrister A.B Okauru during the President's visit to the DG to discuss the adoption of the ICAN Accountability Index by the NGF.



The President, Dr Innocent Okwuosa with Mrs. Hadiza Bala Usman, the Special Adviser on Policy Coordination, who represented the Secretary to the Government of the Federation, Senator (Dr) George Akume when the ICAN team visited.



The President with the Managing Director of Nigeria Deposit Insurance Corporation (NDIC), Mr Bello Hassan, FCA.



The President presenting some study materials to the commandant of the Nigerian Police Academy Wudil Kano, AlG Sadiq Abubakar, PhD, mni during a visit by ICAN.



President with other dignitaries at the Northern Zonal Conference held in Nasarawa.



The 59th President of ICAN visited Weststar Associates Limited (Mercedes-Benz Nigeria), the official distributor of Mercedes-Benz vehicles in Nigeria, led by the Managing Director, Mrs. Mary Ojulari. They had a fruitful engagement on accounting profession, capacity building, and building a conducive business environment for Nigerian business owners. With them are other Council members of ICAN



In continuation of his stakeholders engagement, the 59th President of ICAN, Dr. Innocent Okwuosa, paid a courtesy visit to First Bank of Nigeria Limited. He was received by Dr. Adesola Adeduntan, the CEO of FBN Ltd and Subsidiaries. Dr. Okwuosa expressed gratitude to FBN for their collaboration in establishing the ICAN Entrepreneur Development Center (EDC).



The President with the former Managing Director of the Bank of Industry, Mr. Olukayode Pitan during an official visit to BOI to strengthen both Institutions collaboration, especially the ICAN-BOI tech hub donated by the Bank of Industry.



#### THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

## HEARTY CONGRATULATIONS

The 59th President, the Governing Council and over 60,000 members of the Institute of Chartered Accountants of Nigeria (ICAN) heartily congratulate our distinguished members and political Ambassadors who were recently elected/appointed into various high offices at the Federal level.

Dear esteemed colleagues, your election/appointments are irrefutable testimonies of your exceptional leadership qualities and exemplary services to our dear nation.

We trust that in accordance with our Motto, the ICAN in you will surely distinguish you as you serve our dear country with integrity and professionalism and make our renowned Institute and our nation even more proud of you.



His Excellency Umar Namadi, FCA (Jigawa State Governor)



His Excellency Chief (Sir) Monday Onyeme, FCA (Deputy Governor of Delta State)



Mr. Adebayo Adelabu, FCA (Minister of Power)



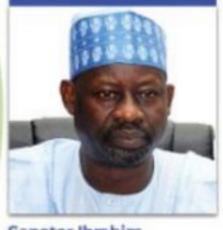
Senator Solomon Adeola, FCA (Ogun west)



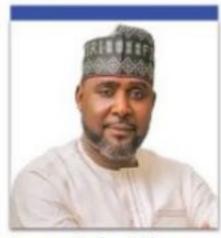
Senator Binos Yaroe, FCA (Adamawa south)



Senator Adetokunbo Abiru FCA (Lagos East)



Senator Ibrahim Dankwambo, FCA (Gombe North)



Senator Aminu Abbas, FCA (Adamawa Central)



Senator Ede Dafinone, FCA (Delta Central)



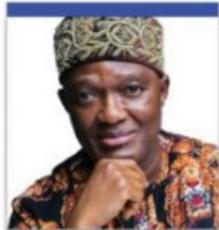
Senator Joel - Onowakpo Thomas, FCA (Delta south)



Hon. Gboyega Isiaka FCA (Egbado North and Imeko Afon Federal Constituency)



Hon. Jeremiah Umar, ACA (Akwanga/Nasarawa Eggon/Wamba)Federal Constituency)



Hon. AGBO Nnamdi, FCA. (Igbo-Eze North/Udenu Federal Constituency)



Lydia s. Jafiya mni, ACA (Permanent Secretary, (CSO) Head of Service of the Federation



Dr. Mrs Oluwatoyin Madein, FCA (Accountant General of the Federation)



Alhaji Ibrahim Yusuf, FCA (Federal Ministry of Environment)



Dr. Ernest Umakhihe, FCA (Permanent Secretary Federal Ministry of Agriculture and Rural Development)



Dr. Maurice Mbaeri, FCA
Permanent Secretary,
General Services Office,
The Secretary to the
Government of the
Federation,



Mr. Zacchaeus Adedeji, FCA (Executive Chairman FIRS)



Dr. Taiwo Oyedele, FCA (Chairman, Presidential Fiscal Policy and Tax Reform Committee)

### Dr. Innocent Iweka Okwuosa, FCA

59th President and Chairman, Governing Council, The Institute of Chartered Accountants of Nigeria (ICAN)



From left: Dr. Innocent Okwuosa, FCA, Mr. Tony Elumelu, Chairman, Heirs Holdings and Mr. Emmanuel Nnorom, FCA, CEO Heirs Holdings during the President's visit to the company.



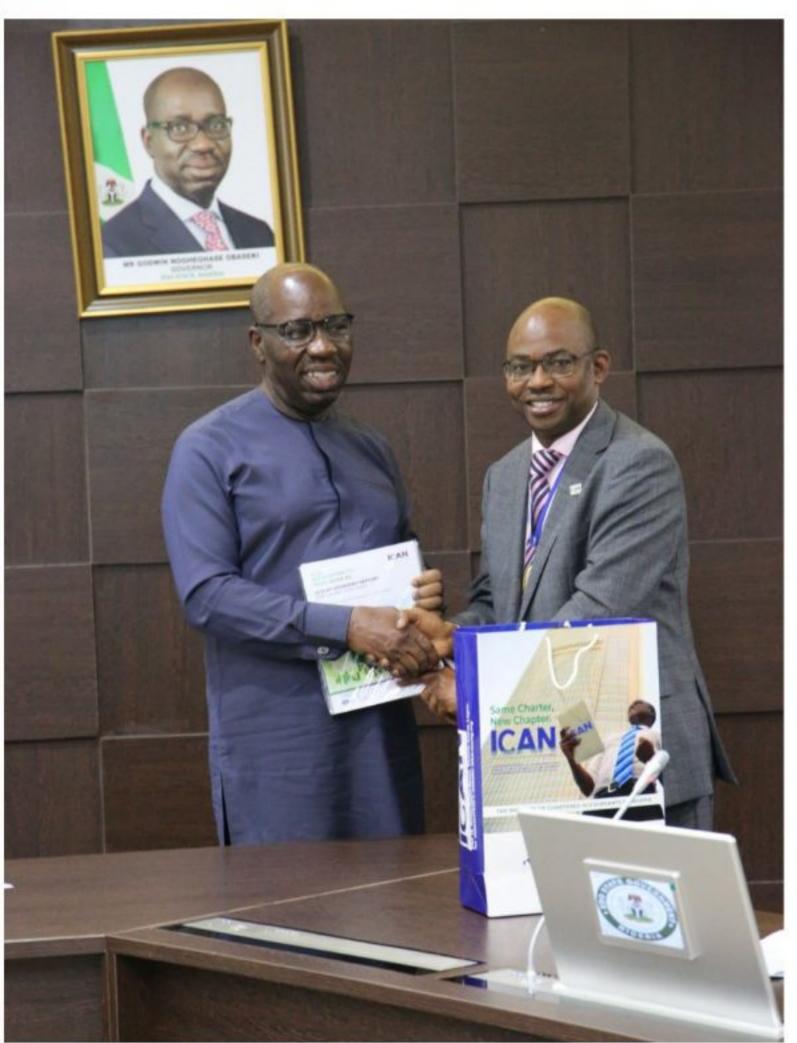
The President with the former Ag. Governor of the Central Bank of Nigeria, Mr. Folashodun Adebisi Shonubi during a visit by the President. CEO Heirs Holdings during the President's visit to the company.



The President presenting the ICAN Accountability Index to the Deputy Governor of Delta State, Monday John Onyeme,FCA.



ICAN President, Edo State Governor, Mr. Godwin Obaseki and other dignitaries at the Southern Zonal Conference held in Benin.



The ICAN President, Dr. Innocent Okwuosa, FCA presenting the ICAN Accountability Index to the Edo State Governor, Mr. Godwin Obaseki.



ICAN President, with Mr. Wale Edun, Hon. Minister of Finance and Coordinating Minister of the Economy during the President's stakeholder engagement with the Minister in Abuja.





## KUMSHE BOWS OUT, LAWAL APPOINTED ICAN'S ACTING REGISTRAR

The Registrar/Chief Executive of the Institute, **Prof. Ahmed Kumshe, FCA** has bowed out from his position upon completing his four year tenure. **Mr. Mukaila Lawal,** the Deputy Registrar Corporate Services has been appointed as the Acting Registrar until a substantive Registrar is appointed.

This takes effect from September 1, 2023.





The President, Dr. Innocent Okwuosa, FCA with the Executive Secretary of Financial Reporting Council of Nigeria, Ambassador Shuaib Ahmed, FCA at the signing of the delegation agreement with ICAN.



The President and his Team with some officials of PwC during the President's visit to the firm.

## Government Should Transform The Country Into Production-based Economy And Patronize Locally-Produced Goods And Services.

Dr. Innocent Okwuosa

Congratulations on your election as the 59th ICAN President. What are some of the major goals you hope to achieve during your time as ICAN President?

There are many goals we intend to achieve in the Presidential year. My acceptance speech contains some of them. The Theme of the Presidential year is ICAN on a New Upward Trajectory. A few of the goals from that speech are as follows:

Visibility: We will improve on our visibility and will not volunteer silence in the face of seeming threats our economic survival as a nation. Our voice will be more audible and clearer, in its intensity, depth and breadth.

Advocacy: We will pursue our public interest mandate with greater vigour and determination we will advocate and promote accountability, transparency and good governance within the public and private institutions given our belief in the building of strong institutions. Some of the advocacy areas are:

- i) ICAN-Accountability
   Index –We have so far published four editions of the Report. This focuses on public sector accountability.
- ii) Corporate Reporting Awards
   This very new initiative is a collaboration with the NGX Regulation Limited to recognize listed companies that excel in financial reporting thereby promoting private sector accountability.
- ii) Thought Leadership: ICAN has made intelligent and professional contributions to national discourse on budgeting, financial planning, and policy formulation. We will raise the bar, this Presidential Year, by making more significant contributions on relevant accounting, finance, and economic issues.
- a. Ensure ICAN professional accountants are future ready, given the impact of technology (AI, robotics, big data, cyber security, cloud architecture and infrastructure, Fintech, etc).



This will involve revising the Initial Professional Development (IPD) curriculum and Continuous Professional Development (CPD) training. ICAN will further deepen its knowledge sharing and collaboration with other international PAOs partners like the ICAEW and ACCA during this presidential year.

- Stakeholders' engagement engage more meaningfully with Financial Reporting Council, members and other professional bodies.
- d. Professional Accountancy Practice and Monitoring: The institute will work on promoting the ease of engaging in accounting practice and deepen the practice for its members. To this end it will engage with the Big 4 for the benefit of SMEs and the Financial Reporting Council FRC for the entire practice. We shall ensure effective collaboration with the Financial Reporting Council of Nigeria (FRC) to facilitate smooth and continuous conduct of practice monitoring exercise without infringing on the statutory responsibilities of each party.
- Revamp Examinations Processes: We also intend to revamp the examination process as we transition to online examination.

f. Intensify the disciplinary proceeding to punish erring members and maintain the professionalism in ICAN.

### What inspired you to pursue a career in accountancy?

I think I heeded the advice of my uncle who knew about Rapid Result College and Accountancy.

#### What would you say are some of the important qualities that stands an Accountant out?

I'll restrict myself to five qualities:

Integrity: Accountants should be straightforward and honest in all professional and business relationships.

Objectivity: Another important quality is that of objectivity – an accountant should

that of objectivity – an accountant should not allow bias, conflict of interest or undue influence of others to override professional judgements.

Professional Competence and Due Care: To remain relevant, an accountant must continue to maintain professional knowledge and skill at the level required to ensure that clients or employers receive professional services based on

current development in practice, legislation, and techniques. Accountants are encouraged to act diligently and in accordance with applicable technical and professional standards when providing professional services.

Confidentiality: An accountant respects the confidentiality of information acquired as a result of professional and business relationships and does not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose.

Professional Behaviour: An accountant complies with relevant laws and regulations and avoids any action that discredits the profession.

What I have discussed above are known as the fundamental principles of ethics for professional accountants, and members of the Institute of Chartered Accountants of Nigeria (ICAN) are expected to comply with these failing which they face ICAN disciplinary process.

## As a member of IFAC International Panel on Accounting Education (IPAE), New York, Do you think the current Nigerian education system is grooming accountants who meet international standards?

The Nigerian Education System, though impoverished, is doing relatively well with respect to grooming accountants who meet international standards. The Institute has contributed immensely to improving the quality of the accounting syllabi at various levels - secondary and tertiary. About two years ago, the Institute reviewed the syllabi of the Joint Matriculations Examinations Board, JAMB, the West African Examinations Council, WAEC, the National Examinations Council, NECO and the National Board for Technical Education, NBTE as well as accounting degree program of Nigerian University Commission and presented to each relevant body what ICAN felt should be covered. In doing this, the ICAN team which I chaired drew from IPAE International Education Standard (IES). The cost of these projects were borne entirely by the Institute in the spirit of its public interest mandate. When eventually NUC embarked on its last syllabus review of accounting degree syllabus, I was appointed as a member of the committee and we also reflected the IES content and ICAN curriculum.



#### Can the curriculum be better?

Yes of course because accounting operates in an ever constantly changing and dynamic environment. For example, sustainability standards have emerged this year. That ought to be incorporated in accounting degree curriculum but were not there at the time we were working on the NUC accounting degree curriculum. Aside from the syllabus review, ICAN also conducts accreditation and monitoring of accounting degree programs of some tertiary institutions that seek exemption from some subjects in its professional exams. Let me use this opportunity to distinguish between NUC/ NBTE accreditation and ICAN accreditation. NUC/NBTE is the regulator and sets the minimum benchmark that each tertiary institution must meet, and ICAN supports that. But ICAN's accreditation is because ICAN will grant exemptions to holders of such tertiary institutions certificate. As such, the council of the institute sets a minimum standard that must be met by such institution in order to enjoy the exemption from such subjects. These are usually benchmarked against international standards. So overall at tertiary level, we can say that the ICAN accreditation process ensures that Nigerian education system grooms accountants who meet international standards.

Secondly, as our students also excel in international examinations, we interpret

that as evidence which shows that quality is not totally deficient. That being said, there is the need to improve the funding of the education sector. Presently, the federal allocation to education is one of the lowest compared to Ghana, South African and even Mali in Africa. Boosting the levels to recommended best standards will significantly improve the quality of accounting education across all levels.

## With your experience in teaching and as an associate Professor of Accounting at a Nigerian university, would you say that practising accounting is similar to lecturing it?

My answer will be an emphatic no, drawing my knowledge from both practice and teaching. Teaching is more about educating a person, showing him/her how to engage in accounting practice, the person in the process learns how to do it. Practice on the other hand is the actual execution or doing of that learnt, translating that learnt into action. Some look at teaching as connoting theoretical exposition but there is also practical in teaching. There is teaching or learning on the job. The distinction is that he who learns must then do it and it is in doing that practice can be located. Practice enhances teaching as the lecturer who has practiced draws from practice experience to teach.



#### As an expert, how do you stay up-todate with the latest developments in accounting and finance?

How I stay up to date with the latest developments in Accounting and Finance is through the various professional and academic communities that I belong. I am a member of International Federation of Accountants, a board member of Pan Africa Federation of Accountants, Association of Accountancy Bodies of West Africa (ABWA). I also belong to academic research groups such as British Accounting and Finance Association (BAFA), African Accounting and Finance Association (AAFA). I also attend international conferences of topmost accounting journals such as Accounting, Auditing and Accountability Journal (AAAJ); Critical Perspective on Accounting and other reputable accounting journals. I am also involved in accounting research and engaging in literature review could expose you to current topical issues on accounting.

As we are in a new dispensation, what advice do you have that would help the government to check rising debts and borrowing?

Nigeria's debt status resulted from deficit budgets culminating from years of dependence on crude oil revenue, a resource that has been affected by theft, international price volatility, poor management, among other factors. Nigeria resorted to borrowing to offset its public finance since 2015, following a decline in the country's oil revenue.

The advice I have that would help the government to checkmate rising debts and borrowing are: (1.) end security challenges facing the nation; (2) create an enabling business environment by improving ease of doing business - regulatory simplification, the right incentive, fixing infrastructure, electricity etc.; (3) transform the country's economy into production-based economy and patronize locally produced goods and services, encourage all Nigerians to patronize Nigerian goods and services, (4.) incentivize the growth of the non-oil sector of the economy, continue to diversify; (5) end oil theft.

I will now emphasize one aspect which people often neglect – that is enthrone accountability and transparency in all aspects of public governance. Accountability and transparency in government has potential to checkmate rising debts and borrowing as it strikes at the root of corruption. I posit that unaccountability breeds systemic corruption that may mean that borrowed public funds end up in private pockets necessitating the need for government to borrow another fund, thereby increasing the debt. This is why I always advocate for the employment of more chartered accountants within a workforce. That is why within ICAN, we advocate for accountability and transparency in governance through the ICAN Accountability Index (Al). Embedding the pillars of ICAN Al can help the federal and state government checkmate rising debt. This government should partner with ICAN; we know what to do.

#### What are some measures that the government can employ to uplift Nigeria from one of the top poor countries in the world?

ECO 101 teaches me that gainful employment is an antidote to poverty. People are poor because they do not have means of earning income and eke a living. So the surest way that government can uplift Nigeria out of top poor countries in the world is to create employment for all. I am not saying government should employ all, employ those you can but create enabling environment for private sector to boom and create more of such employment. In Nigeria, the federal government employs about 720,000 but Walmart in US has about 2.3 million employees, Amazon, about 1.6 million employees. I understand that Dangote has about 33,000 employees.

Creating employment will mean attending to the issues I have earlier raised. The Presidents broadcast may address employment creation in agricultural value chain but security challenges need to be addressed to actualize this. So dealing with security challenges is part of it.

## With your experience so far, what common mistakes do people make with spending and budgeting?

The mistake I see here is spending without first budgeting. A budget within



accounting, is a plan that shows one's expected income and expenses. What that immediately tells you is that if you want to spend more you should first earn more. If you earn less, you spend less. This is the difference between core accountant and economist. An economist can advise government or individual to spend more than their income by borrowing (deficit finance) to stimulate economic growth. The accountant helps in budgeting so you see the deficit but will not advise you to spend more than you earn. But you know what, there are economist-chartered accountants, so we understand that. So, the real mistake is not budgeting, not planning, and this is where accounting and accountability come in.

The new government removed subsidy because according to them, it only benefits the rich. What are some of the best ways you would advise that government divert the funds?

This is a very good question. Some of the best ways the government can divert funds are credible palliatives. Credible palliatives are designed to reach low-income earners in cities and towns where the impact of the subsidy removal will high especially for transportation and the cost of living. The savings from the subsidy can be used to rectify the imbalance in the funding for education, improve the nation's primary health care system, address security challenges facing the country, transform the economy from consumption to production etc. Of utmost importance is addressing the infrastructural decay in the country. The savings can be channeled to improve transportation and road networks, fund energy/power projects in the country. I support government energy transition to gas but why are oil companies still flaring gas. Can the subsidy savings be channeled to develop gas infrastructure that will make oil companies stop gas flaring? Can they be used in developing other minerals that can help diversify the economy.

As former chairman and syllabus review committee, what would you say about the ICAN syllabus?

The Institute's syllabus is a very important aspect of our examination process. Previously, ICAN's syllabus used to be reviewed every 5 years, it later became every 3 years. Today it is now reviewed every year. This is because of the fast pace dynamic environment in which accounting operates. Yesterday it was IFRS, today it is technology, sustainability. Even within the local environment, the Finance Act is an annual event. So the ICAN syllabus now changes like chameleon to reflect the dynamic environment. However, it should be noted that new topics are tested 6 months after their introduction into the syllabus.

#### You initiated the current Mutual Cooperation Agreement with Tertiary Institutions (MCATI). What is this all about?

We set up the Mutual Cooperation Agreement with Tertiary Institutions (MCATI) scheme, a model adapted from the Institute of Chartered Accountants in Englandand Wales (ICAEW) to deepen cooperation between the Institute and select tertiary institutions to improve the quality of accounting education in Nigeria. Students that graduate from these MCATI accredited institutions enjoy expanded exemptions from ten (10) subjects of the Institute's professional examinations. The graduates write only the five subjects at the final level of the Institute's professional examinations. This presidential year, we hope to restructure the MCATI and adopt the model in ICAEW which informed its introduction into ICAN. Under this it will be a tripartite arrangement involving a university, an employer usually Big 4 or medium firm and the Institute. We hope to expand the employer to corporate bodies. We hope it will contribute to addressing the JAPA syndrome in Nigeria.

## What were some highlights during your time as a honourary lecturer with the University of Liverpool?

I started this role when I arrived newly in UK in 2005, I recollect I was considered for this role because I was a chartered accountant. It was an online learning model that was adopted and we had

students from over 150 countries across the globe. It was far ahead of its time as facilities like zoom, Microsoft Team etc. were not in existence then. We made use of software called Embanet and learning was facilitated through threads of discussion usually initiated by the instructor or the facilitator. The emphasis was on experiential learning through knowledge construction. Because most students were workers, knowledge is constructed through discussion questions, which all students in the class engage in. The idea is to construct the learning through knowledge which each student brings to the discussion but moderated by the facilitator or instructor. There were many Nigerians occupying top positions in the private and public sector in the program. I recollect many top bankers. What Nigerians were known for is complaint about internet not working. I guess things are better now. That program was unique.

## How do you think the post-Covid work model will impact the accounting profession, and what changes do you anticipate in terms of work flexibility?

Even though we cannot describe COV-ID-19 in positive terms, it provided the impetus for rapid innovation and change across virtually all sectors. And the accounting profession is not left out. Although more flexible working conditions example working from home, has already been introduced in some climes before the pandemic era, it took the spread of COVID-19 to turn it into a reality for organizations that never thought of embracing working remotely. Interestingly, carrying out tasks remotely has proven to produce the same result as the usual traditional model, with the added advantage of saving overhead costs and time. Also deployment of technology in accounting assignments accelerated such that repetitive jobs are no longer where the real professional accountant's skill is needed. Accountants now have to develop new skills set to deal with areas of modern reporting like sustainability, business decisions requiring judgement and professional scepticism, relying on the work of experts, emotional intelligence, teamwork. With spirit of teamwork, you can execute professional practice assignment with members spread across the planet. While lecturing at University of Reading, UK, I co-facilitated a Module with co-lecturers in UK, China, Malaysia,



all with different time zones, people, and culture.

What strategies do you recommend for managing remote teams effectively, and how can businesses ensure that their accounting and finance functions remain efficient and productive in a flexible work environment?

For the two questions, my answer will be set SMART KPIs for members of the team and the accounting and finance functions. SMART = Specific, Measurable, Achievable, Relevant and Time-Bound KPIs. So setting clear expectations. By clear and regular communication of the team's goals, objectives, and responsibilities, employees come to understand the organisation's expectations from them even when working remotely. With the adoption of constant feedback, performance evaluations and recognition, and promptly addressing underperformance, employees will no doubt improve their performance, and maintain high productivity while working remotely and in flexible work environment.

Also, I will recommend that employees are provided with necessary tools and resources to be able to work remotely

and in a flexible environment. This includes secure access to accounting software, communication tools, provision for data. Investment in reliable technology infrastructure, such as cloud-based accounting systems, to facilitate seamless remote work.

Furthermore, I strongly recommend that organisations provide ongoing training and development opportunities to keep employees updated on accounting standards, financial regulations, and technology advancements. This will enhance their skills and enable them to adapt to changing work environments more effectively.

### What role does technology play in modern accounting practices?

Technology has revolutionized modern accounting practices, and helped to automate routine and repetitive accounting tasks, such as data entry, bookkeeping, and processing of transactions. This automation has minimized errors, time spent on manual work and allowed accountants to focus on more value-added activities.

Also pivotal is the role of robust security measures, encryption techniques, and access control that technology offers in modern accounting practices.

Technology plays a crucial role in ensuring data security and regulatory compliance.

Another role technology has played in accounting practices is the advent of cloud-based accounting systems. The system offers benefits such as remote accessibility, data security, automatic backups, scalability, and with it, accountants and clients can access financial data from anywhere, collaborate in real-time, and easily share information. Mobile accounting apps have also helped to manage financial tasks while on the move.

### What do you consider to be the biggest challenge facing the

One of the biggest challenges facing the accounting profession is adapting to new technology and staying up to date with developments in the business environment. These developments may emanate from societal demands such as environmental, social and governance issues, government policies, regulatory changes and new accounting standards. We live in a rapidly changing and dynamic world that continuously throw up new challenges to the accounting profession. That is why the narrative at International Federation of Accountants (IFAC) level now is "accountants doing different things differently" and "future ready accountants". An example is the change brought about by Artificial Intelligence, big data, cloud computing and different skills required to deal with sustainability reporting and assurance as well as ethics around technological innovations.



Within the Nigerian environment ICAN as a Professional Accountancy Organisation (PAO) is facing local pressures that seek to diminish its areas of professional practice which it was originally licensed to engage in. That is a big challenge. The danger is that this may end up diminishing the ICAN brand and affecting the Mutual Recognition Arrangement (MRA) ICAN has with top international PAOs like the Institute of Chartered Accountants in England and Wales (ICAEW) and the new ones under the pipeline with Chartered Professional Accountants, Canada among others. ICAN is a founding member of IFAC and PAFA and is well respected within global PAOs.

Local politics should not be allowed to diminish it. We are happy the lawmakers now understand this and we commend them for that.

PAOs like the Institute of Chartered Accountants in England and Wales (ICAEW) and the new ones under the pipeline with Chartered Professional Accountants, Canada among others.

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## Fuel subsidy in Nigeria - issues, challenges and the way forward

**PWC** 

#### Introduction

The Nigerian economy has been subsided in various ways for many years and this includes fuel, education, electricity, forex etc. Fuel subsidies began in the 1970s and became institutionalised in 1977, following the promulgation of the Price Control Act which made it illegal for some products (including petrol) to be sold above the regulated price. While the concept of subsidy itself is noble, its administration in Nigeria has been plagued with serious allegations of corruption and mismanagement.

Thirteen years after diesel was deregulated, kerosene subsidy was removed in 2016. However, the subsidy on Petroleum Motor Spirit (PMS) has proven to be the biggest challenge to the managers of the Nigerian economy. On an annual basis, a substantial portion of the national inflow is committed to funding the subsidy scheme. Of course there are good reasons for the astronomical growth in subsidy amount - price of crude oil in the international market, volume of PMS consumed albeit debatable, and Naira devaluation are some of the drivers. In view of the significance of the amount committed to funding the subsidy regime, there is a need to have a close look at this scheme.

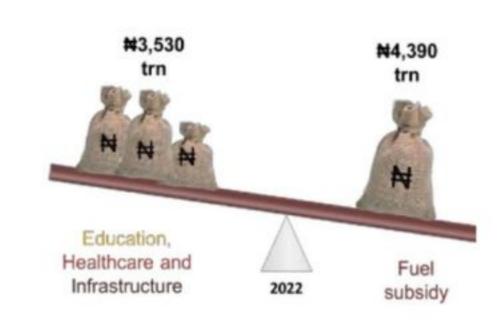
We start-off this discussion with a focus on the challenges of retaining fuel subsidy in its current form and thereafter examine the associated economic issues. We have dwelt more on the solution as most key stakeholders agree that the subsidy regime needs to go, it is clearly not sustainable in its current form. In this paper we have put together a simple and practical solution to this long standing problem and a backup solution which could serve as a stop-gap measure towards full removal. The dual objectives of this solution is to ensure that the most vulnerable population is protected from any negative impact of subsidy removal and at the same time secure the necessary support required to make this happen.

## a. Challenges of funding fuel subsidy in Nigeria

What is really the issue with fuel subsidy in its current form? Here are five major issues, namely:

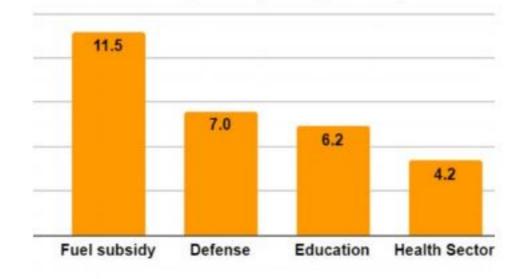
a. Unsustainable financial cost of subsidy: According to the World Bank, Nigeria's total revenue in 2000 was USD10.8 billion. By 2010, this amount increased to USD 67.9 billion. Yet the Nigerian government has spent over USD 30 billion on fuel subsidies over the past 18 years. This has had a significant impact on funds available for critical infrastructure and other essential sectors such as education, health, and defence. According to the Debt Management Office, the country's public debt stock is being increased as the government had to borrow N1trn to finance fuel subsidy in the year 2022.

t of fuel subsidies far outweighs the benefits to the Nigerian economy



fuel subsidy Vs Federal Government allocated sectors in past 9 years (N'trillion)

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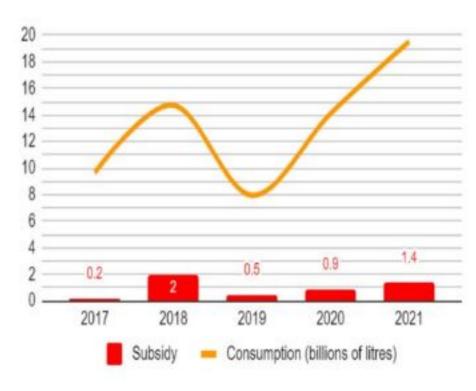
#### b. Economic distortion:

According to a report, households in the bottom 40% of the income distribution account for less than 3% of all fuel purchases. Furthermore, it is reported that three-quarters of all fuel sold in Nigeria is consumed by private firms, public transportation services, government agencies, and other businesses. Most vehicles used for carrying large numbers of people (such as molue) and goods are diesel powered which is already deregulated. Also, Household Kerosene which is mostly used by the poor is no longer subsidised, meaning that the poor are already to a large extent paying market prices for their fuel. This effectively means that the government is subsidising mostly those who can afford fuel (PMS) at market rates and not the poorest of the poor who need subsidy. This is one of the major problems with the way fuel subsidy is being implemented in Nigeria. For the benefit of subsidy to reach its intended recipients, the current structure will need to be reviewed and creatively restructured.

#### c. Smuggling:

The porous borders between Nigeria and neighbouring countries have created an enterprise for smugglers who purchase large volumes of petrol at a subsidised rate in Nigeria and sell at market prices in neighbouring countries.

Nigeria's fuel subsidy payment (N'trillion) Vs Nigeria's annual fuel consumption (billion, litres)



In June 2022, the Managing Director of NNPC Limited indicated that daily consumption of PMS had increased to over 103 million litres per day and that at least 58 million litres were being smuggled. This means that smugglers and other West African countries benefit more from fuel subsidy than Nigerians. A report published by Chapel Hill Denham, estimates that 15.64 million litres of petrol are smuggled out of Nigeria daily as the retail price of Nigerian petroleum products on average is 3.7 times cheaper than those of its neighbours, and this has given smugglers undue opportunities for arbitrage. The Nigeria Customs Service also affirmed that PMS was being smuggled out of the country in large quantities after it has been subsidised by the Federal Government, adding that the petroleum product is being diverted to as far as Mali.

#### d. Endemic corruption:

The subsidy point for fuel is importation (or supply) rather than at the pump for eligible users only. Subsidy in the current form encourages arbitrage and other forms of corruption

#### e. Investment:

Nearly 70 years after the discovery of crude oil in commercial quantity in Nigeria, Nigeria's oil and gas downstream sector is yet to develop to the desired levels, despite the recent enactment of the Petroleum Industry Act (PIA). The downstream sector of the oil and gas industry had the least foreign direct investment compared to the midstream and upstream sectors, and the reason for this is not far-fetched. The current subsidy regime and the legal framework of the downstream sector generally discourages investments.

The downstream sector needs full deregulation if it would attract more private investors, and one of the impediments that will need to be removed upon full implementation of the Petroleum Industry Act is fuel subsidy.

#### f. Climate Change Commitments:

At the COP26 which was held in Glasgow, Scotland in 2021, the President of Nigeria, Muhammadu Buhari signed the Climate Pact thus committing Nigeria to achieving net zero emissions by 2060. A week after the conference, President Buhari signed the Climate Change Bill into

into law demonstrating the country's commitment to truly achieve net zero carbon emissions. It is a contradiction for a country to subsidise consumption of fossil fuel while at the same time seeking to reduce the country's carbon footprint. Rather than subsidising fossil fuel, the country should encourage green and renewable energy.



Myths or facts: Evaluation of key concerns and popular proposals.

### a. Relationship between petrol price increases, inflation and cost of living

In Nigeria, the price of petrol is considered as a major driver of the cost of living, as it is used by all including small businesses and many households given the unstable electricity supply. Therefore, any increase in fuel price could directly and immediately impact the prices of goods and services across the country. There is also the psychological impact that it tends to have because of the strong sentiment attached to cheap and affordable petrol. When petrol prices increase, small businesses tend to raise their prices to cover the increased cost of operation which can lead to higher prices for consumers. This can make it more difficult for people to afford basic necessities, lead to a decrease in the standard of living and contribute to poverty and inequality. However, previous attempts to remove the PMS subsidy had mostly been accompanied by hoarding and general scarcity which invariably amplified the impact of the price increase beyond just the subsidy removal.

Overall, the relationship between petrol price increases, inflation, and the cost of

in Nigeria is complex and multifaceted. While petrol price deregulation can contribute to higher costs of living and inflation, the impact can be moderated if complemented with effective policies and well-thought out implementation strategy.

### Will local refining of fuel products eliminate petrol subsidy?

The general belief is that local refining of crude oil could potentially eliminate the need for petrol subsidies altogether or make the market price affordable.

Currently, Nigeria imports its refined petroleum products due to limited or no domestic refining. According to Blackgold, Nigeria's total import for petroleum products is about \$28 billion per annum. This makes the country's fuel price not only dependent on global oil prices and exchange rates, but also importation and handling charges. Local refining is therefore expected to reduce Nigeria's dependence on imports and potentially stabilise petrol prices

However, other than the costs of haulage, insurance and associated cost of importation, though material does not constitute the most significant component of cost across the value chain. This implies that the pump price without subsidy would still be higher than the regulated price unless the international price of crude oil falls below a certain level.

While local refining will provide a price cushion, it is not a silver bullet that would magically solve the subsidy problem

#### c. Are palliatives effective?

Fuel subsidy in Nigeria has been fraught with issues of corruption and inefficiency and palliatives have been suggested by some as a possible way to alleviate the suffering of those that will be most affected by subsidy removal. While palliatives may help to mitigate the immediate impact of rising prices such as cash transfers, provision of buses to the Labour Union or other forms of assistance. However, the effectiveness of palliatives depends on several factors.

While palliatives can provide some relief to vulnerable households, it is difficult to identify and sufficiently cover the vulnerable population that will be most impacted, especially given the lack of reli-

#### d. Can CNG be a viable alternative?

Compressed Natural Gas (CNG) has been proposed as a promising alternative to petrol in Nigeria due to the country's significant natural gas reserves. This has several potential advantages, including lower cost, reduced emissions, and improved fuel efficiency.

One of the most significant benefits of CNG is that it is considerably cheaper than petrol, which could result in substantial savings for vehicle owners. Additionally, the cost of CNG is more stable than the volatile price fluctuations experienced by petrol. Also, the use of CNG could reduce vehicle maintenance cost due to its cleaner burning properties, which produce fewer engine deposits that clog up the engine over time.

However, the adoption of CNG in Nigeria also presents some challenges. These challenges include the initial investment required to retrofit existing vehicles with CNG engines, the need to establish a robust distribution infrastructure for CNG, and the need for government policies and incentives to promote the use of CNG.

While CNG presents a number of benefits compared to PMS, there are challenges to its adoption making it an unlikely alternative to petrol in the short to medium term.

#### e. Does it cost Nigeria money to subsidise petrol given that the country produces crude oil?

Despite being a major producer of crude oil, it still costs Nigeria money to subsidise petrol. There is cost associated with crude oil production, as well as the opportunity cost of crude oil for local consumption. In addition, the process of refining crude is expensive, requiring significant investment in infrastructure, technology and expertise which would necessarily be imported.

Therefore, the argument that Nigeria, being an oil producing country should be able to sell PMS at the regulated price without incurring significant subsidy costs is not supported by evidence.

#### Benefits of subsidy removal

We have examined the short to long term impact of the removal of fuel subsidy on the economy at large:

#### Short term

### Reduces government borrowing and the associated huge deficit

Fuel subsidy has been a major source of government expenditure in Nigeria, with huge sums being spent annually to keep petrol prices artificially low. This has led to the government borrowing heavily to finance the subsidy, which in turn increases the country's deficit. By removing the subsidy, the government can reduce its borrowing and the associated huge deficit, freeing up resources for other important sectors.

### Free resources for investment in other critical sectors

With the removal of fuel subsidy, the government can free up resources that would have been spent on the subsidy to invest in other critical sectors such as education, healthcare, security and infrastructure. This will not only improve the standard of living for citizens but also enhance economic growth.

#### Reduce/remove incentive for smuggling and associated security risk

Subsidy has created a huge incentive for smuggling of fuel to neighbouring countries where they can be sold at higher prices. This has resulted in security risks, as smuggling has also led to illegal refining, pipeline vandalism, and other criminal activities. By removing the subsidy, the incentive for smuggling will be reduced or eliminated, which will lead to a reduction in security risks associated with fuel smuggling.

#### Long / medium term

#### Stronger Naira and decline in imported inflation

The massive importation of fuel increases the demand for foreign exchange. One of the medium to long term impacts of the subsidy removal is the reduction of fuel purported consumed in Nigeria as cheap, subsidised fuel will no longer be available for smuggling. This reduced volume will translate to a reduction in demand for foreign exchange which will lead to a stronger Naira. This will also reduce imported inflation and its pass-through effect, as the cost of importing

through effect, as the cost of importing petroleum products is a major contributor to inflation in Nigeria.

### . Investment flow to the downstream sector

Removal of subsidy will create an enabling environment for private sector investment in the downstream sector, leading to the development of local refineries and the creation of jobs. This will enhance the country's energy security and reduce dependence on imported petroleum products.

Reduce/remove incentive for smuggling and associated security risk

#### More profitable downstream players

Along with the increase in investment flow to the downstream sector, deregulation of the downstream sector will stimulate increased activities that will lead to more profitable downstream companies. This will result in improved tax revenue both from the companies, their employees, vendors and other players across the value chain.

#### . Product availability

Removal of subsidy will incentivise private sector investment in the downstream sector, leading to increased local refining capacity and improved product availability.

#### . Improved sovereign credit rating

Nigeria's sovereign credit rating has been adversely affected by its low revenue, high debt levels, rising deficit, and vulnerability to oil price shocks. Removal of the subsidy will increase government's revenue, reduce borrowing and the associated deficit, leading to an improvement in the country's sovereign credit rating and lower cost of borrowing.

## . Leverage on the AfCFTA to legally export refined products rather than crude oil to other African countries

The African Continental Free Trade Area (AfCFTA) agreement provides a platform for Nigeria to competitively export refined petroleum products to other African countries. With the removal of fuel subsidy, Nigeria can leverage the AfCFTA

agreement to increase its exports of refined products, generating foreign exchange and enhancing economic growth.

#### Possible solutions to the fuel subsidy problem

Having considered the plethora of challenges that have bedevilled the downstream oil and gas sector, specifically the problem of fuel subsidy as it is being currently administered, we propose possible options as follows:

- 1. Fully deregulate the downstream sector and completely remove petrol subsidy
- 2. Remove petrol subsidy and provide credible, evidence- based palliatives
- 3. Redesign the subsidy regime and direct towards only the poorest

#### Option 1: Fully deregulate the downstream sector and completely remove fuel subsidy

The complete removal of fuel subsidy has been fraught with a lot of challenges ranging from opposition of Labour Unions and pressure groups, lack of political will, notions that cheap fuel is a right (Nigerian being an oil rich country), and the concerns that complete deregulation will generally make life unbearable for the masses. On the other hand, proponents of deregulation assert that deregulation will bring about competition which will result in increased efficiency, lower prices and production costs, and increased supplies.

While this may benefit the economy financially, the fallout might result in social unrest and protracted industrial actions which will hurt the economy. It is important that the government demonstrates care for its citizens while not neglecting the impact of fiscal and economic policies on the national economy.

This option, while being ideal and desirable, will be difficult to implement without significant resistance and economic trade off.

#### Option 2: Remove petrol subsidy and provide credible, evidence-based palliatives

The only fuel product under consideration is petrol, other fuel products such as diesel and kerosene are already deregulated. Therefore, this option requires the full removal of subsidy on petrol while focusing government palliative on the vulnerable population that will be most impacted by the subsidy removal.

#### Likely impact -

Removal of petrol subsidy will lead to an increase in the pump price and the direct impact will be felt by way of higher cost of transportation while the indirect impact may be seen in terms of increases in rent and prices of goods and services.

#### Most impacted population -

It is not the poorest people in villages that will be most impacted as they normally have very limited touch point with petrol consumption (they move around by trekking or using bicycles to their farms, shops and market with only a very few owning motorcycles or vehicles). The recommended palliatives are:

#### Recommended palliative -

It is not the poorest people in villages that will be most impacted as they normally have very limited touch point with petrol consumption (they move around by trekking or using bicycles to their farms, shops and market with only a very few owning motorcycles or vehicles). The recommended palliatives are:

- 1. increase in minimum wage this will ensure that there is support by workers and limit the resistance by the Labour Union
- 2. Increase in the monthly income threshold for PAYE exemption purposes - currently N30,000 per month is exempted from PAYE which can be increased to at least N50,000 per month. This will give extra cash to the employed poor on a monthly basis to cushion the impact of subsidy removal on them. Also, small business owners will benefit by way of higher tax exemption on their equivalent profits for direct assessment.
- 3. Government should guarantee the provision of fx to importers of diesel at the official exchange rate using the fx

While the minimum wage increase and high tax exemption threshold will affect the revenue of states, the higher revenue to be shared from subsidy savings will more than compensate.

The additional benefit of this proposal is that it can be implemented within a short period of time at a manageable cost while protecting the most vulnerable population in a sustainable manner without being prone to corruption.

#### Option 3: Redesign the subsidy regime and direct towards only the poorest.

We have established earlier that a general subsidy regime for PMS is largely misdirected and unsustainable because the upper and middle classes typically consume more fuel than the poor. According to a World Bank report, "Nigeria is the only country in the world with a universal price subsidy that applies exclusively to PMS. Universal price subsidies for liquid fuels are almost always regressive, as the rich consume far more fuel than the poor. PMS subsidies are especially regressive because PMS is used primarily in light and medium-duty motor vehicles, which are rarely owned by the poor. Since raising PMS prices tends to have minimal adverse effects on poor households, governments

worldwide have typically prioritised eliminating PMS subsidies over those that apply to other fuels. However, Nigeria has done the opposite - eliminating all subsidies for liquid fuels other than PMS.

#### How to subsides only the deserving poor.

According to the recently released multidimensional poverty report of the National Bureau of Statistics (NBS), Nigeria's poverty index was estimated to be at 0.257, with about 133 million people being multidimensionally poor. This category of individuals are not in a position to purchase vehicles or own generators that will run for several hours in the absence of power supply from the grid. The major touch point that they have with fuel consumption is indirectly through public transportation - and the majority of the vehicles that engage in public transportation run on AGO (diesel) which has already been deregulated.

Hence, it is important that fuel subsidies



are targeted at the poorest people to cushion the impact of the associated rise in transportation cost of subsidy removal.

## Step 1 - Identify vehicle owners who are eligible for petrol subsidy

A critical element of the plan to subsidise only the poor requires a process of identification and validation of owners of shared passenger transportation vehicles powered by petrol. These individuals will be registered in the usual way for driver/vehicle licences leveraging on the existing data such as National Identification Number (NIN) or Nigerian Communications Commission (NCC) phone/SIM registrations and linked to the vehicles they own using vehicle registration data. This registration will ensure that vehicle owners are captured in such a manner as to avoid duplications and prevent abuse.

Based on a 2018 report by the NBS, there are 11.8m vehicles registered in Nigeria out of which 39% (or 4.6 million) are privately owned while 56% (or 6.7 million) are commercial vehicles, 1.1% (or 135,216) are government owned while 0.4% (or 5,834) are registered for diplomats. According to the National Motorcycle and Tricycle Riders Association of Nigeria, there are about 8 million

registered commercial motorcycles in Nigeria. There is also a sizable number of motorboats, but many of these are unregistered due to non-enforcement of Nigerian Inland Waterways Authority's (NIWA) registration requirement.

#### Step 2 - Nationwide survey to ascertain quantum of fuel consumption

A survey or test run will be conducted across all capital cities to determine average monthly fuel consumption by eligible transporters. The data for the capital cities will be used as proxies for the rest of the country given that the highest fuel consumption is expected to be in the cities.

#### Step 3 - Registration of eligible individuals and transporters

Having leveraged the data from banking information, tax authorities, lands registry, SIM registrations and the NIN, the database of qualifying individuals will be automatically onboarded on a secure platform which will serve as a national subsidy database.

Private taxis and those that work with hailing apps and vehicles that run on diesel will be excluded from this arrangement. Out of the about 8 million registered commercial vehicles, if the vehicles that run on diesel and those not usually patronised by the poor (ride hailing platforms) are excluded, this will be closer to targeting the individuals who really need fuel subsidy.

#### Step 4 - Use of technology to make fuel subsidy accessible to only those who need them

After identifying and registering eligible persons, special fuel cards (with similar features like prepaid cards or mobile phone airtime) will be used to administer the subsidy. This will be used only at fuel stations in a similar way as fuel or ATM cards.

Essentially, the cards will be used to offset the difference between the market based pump price and the subsidised PMS for the eligible transporters. This method will provide an audit trail which will be used for effective control and monitoring to prevent and detect abuse. As an added advantage, the data provided through this registration process may be used subsequently to register the transporters for tax purposes. Government may choose to extend the fuel credit to SMEs who use petrol generators to power their businesses. In addition to the registration through NIN and NCC registration, eligible small businesses will be required to register with the CAC, at least as a business name, and also register with the tax authority in order to access this credit.

## Step 5 - Subsidy accounting and funding

To further reduce the use of fossil fuels in the light of Nigeria's net zero commitments, this limited subsidy will be funded through levies to be imposed on petrol consumption by ineligible consumers,

#### Conclusion

The present practice of fuel subsidy is unsustainable and may lead to a debt crisis in the medium to long term. It is imperative that the government restrategises its approach and focus on targeting the poorest of the poor, and those who have been identified as being in need of it. Targeted subsidy will reduce corruption, increase government savings and investment in infrastructure, and reduce poverty and hardship.

A wholesale removal of subsidy (option 1) may not be politically feasible and the possible disruption that may follow such a decision may hurt the economy more than the projected benefit from subsidy removal especially in the short term. We recommend either a full subsidy removal with targeted palliative (option 2) or a targeted subsidy scheme funded through a subsidy levy (option

3). Either option 2 or 3 is likely to elicit less opposition from the Labour Union and other key stakeholders that are historically opposed to subsidy removal.







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