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Managing Pay Transparency

- **As New Technologies Emerge, Internal Audit Functions Must Stay Ahead of Disruption and Maintain Trust Within Their Organization.**



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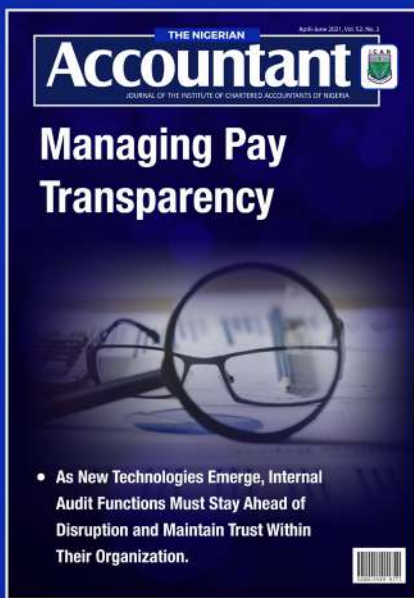
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FROM THE REGISTRAR



Prof. Ahmed M. Kumshe FCA
Registrar/Chief Executive

I invite you to join me on another quarterly intellectual trip of enlightening topics in *The Nigerian Accountant*. This journal continues to meet the need of professional accountants, finance practitioners and the general public. It is a one-stop shop and a rich compendium of technical, economic, social and health issues. We have ensured a progressive improvement in both the content and presentation in the journal. This is to sustain the growing interests of our esteemed readers in the journal and to ensure it maintains the encouraging patronage.

As most economies are gradually recovering from the aftermath of the coronavirus (COVID-19) pandemic, professional accountants would continue to be critical to the recovery process. The pandemic impacted the health and wealth of nations. While the crises had its toll on businesses, it introduced a paradigm shift in trade and commercial activities. This paradigm shift suggests that professional accountants and finance experts should rise up to the new challenge. There are well-researched articles in this edition that would furnish readers with the knowledge required to actively participate in the New Normal.

The second quarter of year 2021 was an eventful one that featured major activities of the Institute including the Golden Jubilee Annual Accountants' Conference, the Academic Conference and the Dinner and Awards night. These high profile events contributed to the skill development of our members and created avenue for socialization and networking. During the Awards Night, we recognized some of the Institute's distinguished members and other notable Nigerians and organizations. This is ICAN's way of projecting patriots whose enviable attributes and professional demeanour are worth emulating. You would catch glimpses of the outcomes of these events as you explore the pages of this edition.

Technology has become a major determinant for business success more than ever before and it is no longer an enabler but a major driver for increased productivity. To adequately prepare our members for the emerging New World, the 2nd Annual Accounting Technology Conference (AC-COUNTEKS) was held in the quarter. The Conference is part of our drive towards preparing future-ready Chartered Accountants and finance professionals who would leverage their digital knowledge for improved service delivery.

We contributed to the creation of an enabling business environment in the country through our continued advocacy on critical accounting and finance topics. We lent our voice against the desperate attempts of some individuals to proliferate the noble profession, driven purely by pecuniary motives. We would continue not only to defend the interest of our members but economy as a whole. Professionalism cannot be cheapened if the country would achieve sustainable and inclusive growth.

In this edition of *The Nigerian Accountant*, our esteemed readers would be served, once again, with a full course of articles that would meet your hunger for knowledge. As usual, we have carefully chosen subjects that would add to your reservoir of knowledge on professional, economic, social and health matters. In summary, you would have a full dose of information on a wide-range of subjects.

I also want to remind our esteemed readers that it is not yet time to drop our guard against the dreaded coronavirus (COVID-19) pandemic. The gains we have achieved in the country in the combat against the virus must not be lost. Hence, The Institute of Chartered Accountants of Nigeria (ICAN) enjoins everyone to keep staying safe even as we pray that some countries that are currently witnessing another wave of the virus would soon overcome the crisis.

Do have an interesting and educative read!

To say that new technologies have emerged all over the world, changing the way business models are run is an understatement. With these new developments popularly known as disruptive technologies, companies are bracing up to transform by harnessing the power of data, reinventing their systems and processes and developing the new business models.

In our lead article entitled **As New Technologies Emerge, Internal Audit Functions Must Stay Ahead of Disruption and Maintain Trust Within Organisation** the author averred that given the breadth of impact and wide range of stakeholders affected by the new transformations, the key fundamental element such as internal audit must be trusted because transformation and trust go together for success.

Furthermore, she pointed out that as an independent assurance function, Internal Audit (IA) naturally plays a key role in enabling organisations to build a brand of trust as they move along their transformational journeys. The tenure of the 56th President of the Institute came to an end on Tuesday June 1, 2021 as she relinquished power to the 57th President. Before handing over, she reeled out all she was able to achieve in her presidential year. The details of her achievements as reflected in her valedictory speech are also published in this edition to update you.

Other articles in this edition include "What the Tax Authorities Are Up To: Key Audit Trends Globally", "The Pandemic Demands a New DNA for Business Success",



"The CEO Imperative: How Can Today's Leaders Realise Tomorrow's Opportunities", "Managing Pay Transparency", "Five Important Things to Think About As You Start Your Professional Accounting career", "COVID-19: VAT Treatment of cancellations, No-shows and Bad debts in Nigeria" and many more.

Ideally, sustainable weight loss takes more than exercise but there are some workouts that can help one to reach goals. On our health page, you will read about the four best exercises to help you lose weight, according to experts.

You will also read other regular columns like news and events in this edition

Your comments on the news items and articles published in this edition are welcome.

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As New Technologies Emerge, Internal Audit Functions Must Stay Ahead of Disruption and Maintain Trust Within Their Organization.

- Esi Akinosho



In today's business environment, transformation and trust go together. Companies are rightly capitalizing on the rise of disruptive technologies to transform – harnessing the power of data, reinventing their systems and processes and developing new business models.

To be successful, given the breadth of impact and wide range of stakeholders affected by these transformations, including investors, customers, employers, suppliers, regulators and the public at large, the key foundational element must be trust.

As an independent assurance function, Internal Audit (IA) naturally plays a key role in enabling organizations to build a brand of trust as they move along their transformational journeys.

So, what should organizations consider to get started with their IA transformation?

1. Technology/operating model:

Companies could start with technology, its use and impact within the Internal Audit operating model. One key question to ask is this: how can technology better enable the current function, for example, increase the flexibility of the process, replace repetitive tasks, increase coverage or drive insights?

Technology offers numerous opportunities to enhance the entire Internal Audit life cycle from risk assessment and audit planning to execution and reporting. It's not just about doing manual audits in a more agile fashion.

2. Look for opportunities to leverage analytics, robotics and optical character recognition tools for control testing and continuous monitoring. Explore the use of collaboration tools that provide opportunities to quickly gather information and organize output to enable a continuous risk assessment process. Enhance reporting through digitization. For longer-term or heavier lifts, such as AI and process mining, consider teaming with the business to enhance your business insight but also provide a path to increase your trusted relationships.

3. Talent: As people are core to Internal Audit, they are also core to the transformation of the function. It's important to ask if the skill sets you have now will be the same ones needed in the future. In our increasingly globalized, fast-paced world, it is no longer enough for Internal Audit to consist of a team of people with fixed skill sets sitting together in one office.

Organizations need to have a flexible people model where they draw on a diverse and mobile workforce with a

broad range of skills. Functions could start with quick actions like expanding hiring sources, implementing a rotational staffing model with the business, partnering with third-party providers for complementary skills and developing tailored learning and experience curriculums to develop soft and technical skills.

However, as complexity and disruption increase in the business, Internal Audit will need to have a much bigger advisory role to sustain stakeholder trust in organizations. It will need to provide broader insights on all the risks that an organization faces.

These are not just the preventable downside risks that have traditionally fallen within its remit, but also the upside risks that management should be exploring such as innovation, and the outside risks that are on the horizon, such as demographic shifts, climate change and globalization.

In the future, the word "assurance" will take on a new meaning. It will not just be about providing comfort around financial and operational risks. Instead, management will expect that Internal Audit provide assurance over the management of risks that the function was never asked to consider in the past.

So how does Internal Audit keep pace with this business transformation and maintain its position as trust custodian?

The answer to that question is that Internal Audit can no longer transform itself in minor increments the way it has done in the past. It needs to go through a holistic and planned transformation – one that positively disrupts the entire life cycle of Internal Audit and its surrounding operating environment.

Functions must become more data-driven, make more use of emerging technologies, have more dynamic processes and draw on a more flexible people model. Throughout the phases of the transformation journey, strategies for talent, processes and technology should be challenged concurrently to design a disruption that makes sense for the entire environment.

Of course, it is unrealistic to expect the holistic change in one big bang – but even getting started has been a

challenge for many companies. The key, however, is to create a long-term plan for transformation while targeting the low-hanging fruit that can be used as a basis for generating quick wins.

These quick wins can then be used to demonstrate early success in the transformation; thereby, creating appetite to adopt some of the more complex and strategic items. Transformation is made up of individual adjustments to behavior coupled with advances in technology and can be small and targeted, large and strategic, or both.

The definition of the future will continue to evolve as new technologies emerge and many Internal Audit functions begin their journey to get ahead of the disruption and maintain trust within their organization. No two transformations will be the same, and now, more than ever, organizational alignment should be at the heart of each decision.

To continue maintaining a culture of trust in their companies, now is the time for

Internal Audit functions to start the process of designing their own disruption.

Summary

Internal Audit will need to have a much bigger advisory role in the future to sustain stakeholder trust in organizations. It will need to provide broader insights on all risks that an organization faces, including downside risks, upside risks and outside risks.

Akinosho is Managing Partner, Houston Office Ernst & Young LLP





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COVID-19: VAT Treatment of cancellations, No-shows and Bad debts in Nigeria

- Wole Obayomi



It is no news that the COVID-19 pandemic has had significant negative impact on businesses across the globe. One of these is the expected increase in debt default rates, cancellations of contracts and/or no-shows by individuals and businesses alike

We recognise that business leaders are contemplating the tax implications that may arise as a result of these challenges. As such, we have highlighted a few points below to serve as guidance on the treatment of bad debts, cancellations and no-shows for VAT purposes in Nigeria.

- In Nigeria, there are no specific reliefs in the VAT Act on the treatment of bad debts. In practice, companies can make adjustments for VAT on bad debts once it is certain that the agreed payment subject to the VAT has truly become irrecoverable. This is because taxpayers are required to act as agents of the FIRS to collect and report VAT on a cash basis.

- There are no specific conditions or guidelines prescribed in the law to claim a VAT relief on bad debts or cancelled invoices. However, documentary evidence which demonstrate efforts made to recover the debt may be required during the course of a tax audit.

- In practice, companies reflect bad debts or cancelled invoices in their monthly self-assessment VAT Form 002 under the 'sales adjustment' column. Credit notes may also be issued to indicate that the debt has been written off and no payment is expected.

- Similar to the above, there are no specific guidelines in the law on the correct treatment of cancellation or no-show fees in Nigeria. An argument can be made for such fees not to be subject to VAT since there was no exchange of a good or service for the 'consideration' received. However, where a deposit was made, there is a risk that the FIRS may seek to collect VAT on such transactions on the basis that any amount paid on account will be regarded as consideration for VAT purposes. This will be in respect of the customer's right to benefit from the performance of the obligations that arise from the contract to provide services/goods – regardless of whether the customer exercises that right. This risk may be reduced where there was no initial deposit for the goods or services to be supplied.

- It is important that invoices are structured to clearly state the nature of a transaction in order to ensure that the FIRS does not subject an exempted or

zero-rated good or service to VAT at 7.5%.

Please note that we have only provided general information above and the practicalities may differ on a case-by-case basis – depending on the nature of your business. We are happy to provide additional advice on any specific issues as may be required. Do not hesitate to reach out to us accordingly. Obayomi Partner & Head, Tax, Regulatory & People Services KPMG in Nigeria



TAT reinforces statute of limitation, rules that tax authority cannot carry out repetitive tax audits without credible basis

- By: PriceWaterhouseCoopers (PWC)



Background

Section 55 of the Personal Income Tax Act (PITA) 2011 (as amended) contains a limitation period within which additional assessments must be raised. The section allows tax authorities to raise additional assessments as often as necessary where they are of the opinion that, in any given year, a taxable person has not paid the correct amount of tax. However, such assessments must be raised within six years of the given year.

S.55(2), however provides an exception. The section allows a tax authority carry out audits and investigations beyond six years where the taxpayer has committed any form of fraud, willful default or neglect (FWDN). However, the law does not specify how the FWDN is to be proved by the tax authority.

Tax authorities have routinely relied on this FWDN exception to conduct audits and investigations beyond the six-year limitation period, leading to disputes with taxpayers.

Facts

In 2019, almost 20 years after, the Delta State Board of Internal Revenue (DSBIR) wrote to different banks, including Ecobank (Bank) notifying the banks of its intention to carry out a review of the PAYE tax remittances made to the

Delta State government for the 2000 – 2010 tax periods. It is interesting to note that DSBIR had earlier, at least twice before, audited those years and raised additional assessments which the Bank settled without admitting liability.

The Bank objected to the investigation on the grounds that the additional assessments were statute barred and DSBIR had not proved the existence of any of FWDN. The DSBIR eventually raised a Best of Judgment assessment and the Bank appealed.

Just before and during trial, DSBIR claimed that its decision to conduct the investigation was because of some intelligence it had, ostensibly that the Bank had committed fraud and willfully defaulted by failing to disclose certain allowances paid to its employees, thereby paying lower taxes.

Arguments

a) the letter written by the DSBIR initiating the investigation was generic and did not give specific details of the FWDN allegedly committed by the Bank. Failing to provide particulars of FWDN was a denial of the Bank's right to fair hearing,

b) there was insufficient evidence before the Tribunal to support the allegations made by DSBIR



c) the evidence given during the trial by the DSBIR was an afterthought and inconsistent, and

d) DSBIR had been caught by the doctrine of laches and acquiescence for failing to review the Bank's books until almost 20 years after.

DSBIR on its part contended that it relied on whistleblowers' information as well as information from other states in proof of its allegation against the Bank. However, it did not rely on or tender evidence of these during trial.

Decision

The Tribunal, in allowing the appeal, upheld the Bank’s arguments and held that:

- DSBIR did not provide specific particulars of the alleged FWDN to the Bank, thereby denying the Bank of the opportunity to respond to the allegations. This was a breach of the Bank’s right to fair hearing.
- DSBIR did not provide credible evidence before the Tribunal to support its claim that the Bank committed any of FWDN.
- DSBIR was indolent for not conducting its investigation until after 20 years. Equity aids the vigilant and not the indolent.
- DSBIR’s testimony under cross-examination was inconsistent and unreliable.
- Per the Companies and Allied Matters Act (CAMA), companies are only obliged to keep documents for six years. Any document kept beyond this period is at the prerogative of the company.

Takeaway

The decision of the Tribunal is commendable as it has provided clarity on some of the controversial points on the limitation period provision. It is now clear that when relying on the FWDN exception in conducting audits beyond six years, the tax authority has a duty to provide specific particulars of the FWDN, such that the taxpayer can respond appropriately. Tax authorities will not be allowed to “ambush” taxpayers before the courts.

The affirmation of the provision of CAMA on document retention, which has now been replicated in the Companies Income Tax Act by virtue of the Finance Act 2020 bodes well for taxpayers. The decision also emboldens taxpayers to approach the Tribunal and other courts to challenge arbitrary assessments and object to tax audits or investigations beyond the limitation period where the tax authority has not shown that the taxpayer has committed FWDN. Based on this decision, it is recommended that tax authorities should conduct audits and raise

basis in line with global practices. Tax assessments on a timely authorities should also consider adopting a risk- based audit approach due to the limited manpower available to carry out audits within the 6 years timeline. They should therefore adopt more desk examinations for low risk taxpayers and deploy tax audit and investigation for higher risk taxpayers.



Managing Pay Transparency

By Adewale Ajayi and Yewande Alli



This article explores the argument for pay transparency, what should be communicated at the minimum, key drivers involved in managing pay transparency.

The Chartered Institute of Personnel and Development (CIPD), in its 2017 Reward Management Survey, stated that pay was becoming more transparent in most organisations. The study showed that 69% of the 715 organisations surveyed were open about pay levels, with 31% favouring 'great' transparency in form of written policies. Similarly, in the 2016/17 HR/Reward Practices Survey conducted by KPMG Nigeria, 53% of employees believed that their companies' performance management systems were more than fair.

Pay Transparency is a controversial concept with varying definitions across different bodies and organisations. Some define it using the literal word "transparency" and therefore interpret it as the act of revealing employee compensation information to other employees.

Others interpret it as transparency of pay processes i.e. the process of being clear and open about compensation decisions, and providing all required information to understand these decisions.

With the advent of technology and social media where people discuss and share all aspects of their lives, it is inevitable people will begin to seek platforms to share compensation information.

It is important to note that there is no perfect level of pay transparency. As with other organisational decisions, it should be at the expense of long-term value creation. To this end, companies are mandated to disclose their executive remuneration in annual reports, thereby promoting accountability and keeping executives' pay under continuous public scrutiny. Institutional investors in the developed countries always pay particular attention to these remuneration reports.

*** Trust** – This is one of the most important singular arguments for pay transparency. Pay transparency helps to breed trust, which in turn improves team work significantly. Also, this will help alleviate any gossip or speculations regarding pay policies. At tech start-up Buffer, for instance, all wages are available in a spreadsheet on the Company's website. Even as the company scaled up from 10 employees to 65, they retained this transparency, coming up with a simple formula to ensure that staffs understand why discrepancies exist.

*** Pay Equity** - Employees should receive proportionally fair treatment in terms of pay based on their contribution and investment in the employment relationship and on clearly defined expectations as communicated to the employees from time to time. Pay Transparency can help reduce discrimination and unfairness based on favouritism and personal relationship.

*** Performance Management** – When employees understand how their pay plans are developed and how salary budgets are distributed across the organisation, they in turn understand their value-add to the organisation and how their individual contributions impact the bottom line. This will spur them to improve their performance in order to receive incentive pay and promotion to the next level.

*** Variable Pay** – nature, eligibility, objectives, targets and expected payout, vesting, risks and tax implications.

- Legally Required Communication - Information legally required to be communicated to employees.

- Comparator Group – Employees should know who their companies' comparators are with respect to compensation

- Survey Providers – what compensation data sources does the Company use in evaluating the market?

Key Drivers

Key Drivers Involved in Managing Pay Transparency are:

- Executives – Set the tone, communicate programs at high levels. Also, as the pacesetter, the executives have to lead by example. When they learn to be transparent with pay, managers and personnel are likely to do the same

- Culture – Refers to shared beliefs, values and assumptions held by members of an organisation. The culture should create an enabling environment for managing pay transparency.

- Managers – It is essential to run communication campaigns by managers to check for obstacles. Also, managers are vital in communicating with employees.

- Human Resources – Coordinates the implementation of pay transparency policies. They are also required to conduct training programs on these policies.

- Engagement & Productivity – When employees realise they can earn more than they are currently earning, it makes them work harder invariably leading to an increase in career engagement thereby closing any identified skill gaps.

What Should Be Communicated

There is no one-size-fits-all approach with respect to the level of pay transparency organisations should adopt. However, we have provided below a list of pay-related items that should be communicated:

- HR Strategy - The plans, programmes and intentions to develop the human capability of an organization to meet the future competitive challenges in order to generate superior economic value

- **Reward Strategy** - The distinct value proposition for current and prospective employees that attracts, motivates and retains employees required to meet the organization’s strategy.

- **Total Rewards Strategy** – The mix of total rewards elements (compensation, benefits, work-life, performance and recognition, development and career opportunities) for each category of employees. Employees may be classified based on demographics, working environment, social status (income bracket), culture, etc.

- **Company’s Pay Philosophy** - An organisation’s pay philosophy is a collection of its beliefs about its business, people, performance results and how to reward those that help to achieve it. It also reflects the company’s desired position with respect to competitive pay at a certain point in time

Bridging the Gap

Management, therefore, needs to assess the level of pay transparency within its organization. Such information can be obtained through employee engagement surveys, interviews, anonymous feedback etc. Once the results show that employees consider the current pay policy as not transparent, Management may seek to explore some or all of the following initiatives to bridge the gap:

- **Develop a Plan** – Where a company has identified its desired level of transparency, a plan should be put in place to move to that level. These plans might entail updating compensation plans, identifying strategic communication processes, etc.

- **Train Management** – Management must understand the rationale behind every policy. Hence, information such as business strategy, reason for pay transparency and tools for success should be shared amongst managers

- **Prepare compensation policies** – Provide comprehensive statements including compensation, benefits, work-life balance initiatives, performance and recognition policies, development & career opportunities as well as other associated cost-to-company expenditures.

Conclusion

The call to action is for companies to ensure they equip employees with the right amount of information on pay policies and how these decisions will impact their careers. Companies will need to have a good understanding of their employees’ needs to make this determination. One thing is clear: managing pay transparency is critical to breeding trust, engagement and improved business results. Ajayi and Alli are Partner and Manager respectively in charge of Tax, Regulatory & People Services at KPMG Nigeria.



Five Important Things to Think About - As You Start Your Professional Accounting Career

- Isma'ila M. Zakari mni, FBR FCA



I consider it a great honour for me to join you today to celebrate this historic occasion of the 67th induction ceremony of the Institute of Chartered Accountants of Nigeria (ICAN).

I would like to thank the President and Council of ICAN for inviting me and for the privilege of making this keynote presentation on the subject **“Five Important Things to Think About - As You Start Your Professional Accounting Career”**

I am joining you today not only as a Past President of ICAN but also in my capacity as a member of the Board of the International Federation of Accountants (IFAC). IFAC is the global voice of the accountancy profession. Through 175 member organisations and network partners, IFAC represents more than three million professional accountants in more than 130 jurisdictions.

IFAC's mission is to serve the public interest by enhancing the relevance, reputation and value of the accountancy profession around the world. It does this by speaking out on behalf of the profession; by working with its members to equip the profession for the future; and by supporting and promoting the development, adoption, and implementation of high-quality international standards

ICAN is founding members of IFAC, with more than four decades of strong international collaboration with and through IFAC. ICAN is one of the

strongest professional accountancy organisations in Africa - and truly, in the world. IFAC often refers to ICAN's excellent operational and governance structures as a model for other PAOs. ICAN is working very hard, and making great progress, in promoting gender equality in the profession (as we can see that both the President and Vice President are females), in promoting sustainability related topics, and adding to the dialogue around Accountability in the Public Sector through the ICAN Accountability Index.

I bring you the greetings and felicitations of the IFAC President Mr Alan Johnson. Alan has asked me to congratulate the Inductees, Prize Winners and the ICAN leadership, especially the President Dame Onome Joy Adewuyi FCA, who also serves as my Technical Advisor on the IFAC Board, for your outstanding success. No doubt the global profession as well as those of the West African Region and the Continent of Africa benefit from ICAN's contributions through your engagement with IFAC, ABWA and PAFA.

Recently, one of my former Partners and Serial-Classmate, who is now the current Executive Secretary/CEO of Financial Reporting Council of Nigeria, Amb. Shuaibu Ahmed FCA was invited to give a graduation address at our Alma Mater. On his flight from Kano to Lagos, a flight attendant asked him what he was writing. He said, “A graduation speech.” She laughed and said that she did not

remember a single thing from the speech for her graduation.

He kept working on his speech. Thirty minutes later, she came back with a big smile. He was sure that the flight attendant was smiling because she had remembered some pearl of wisdom that he could use in his speech. Instead, she said that she had checked with the other flight attendants, the pilot and co-pilot, and all the passengers in her section of the plane, and not one person could remember anything from a graduation speech.

So, my challenge to you is to remember one little nugget from this 15-minute speech. It will be a rare experience, it will give me a thrill, and it will put that flight attendant in her place.

I recall with nostalgia when I was inducted as a brand-new Associate Chartered Accountant and member of this great Institute at the Muson Centre in 1997, and even though I have experienced other exciting and even momentous events since then, I look back on my induction as the day that many new worlds of opportunity opened up for me.

Let me now come back to our inductees. I am sure when you began your journey to the ACA qualification, you had confidence that it would benefit you professionally. But, now that you are graduating at a time the whole world is facing the greatest challenge since the Second World War, characterised

by a devastating global health and socio-economic crises caused by the Covid-19 pandemic, you are probably thinking that there's little or no hope for a bright future.

Notwithstanding, I want to assure you that you are graduating at a time of new possibilities and boundless opportunities that bring broader benefits by strengthening your character and preparing you for a new world after ACA.

As new graduates of ICAN's Professional Qualification, you have an opportunity to create your own future, by focusing on technological and digital transformation which in many ways, have powerful implications for the future of Chartered Accountants and the Accountancy profession.

Digital transformation is not new, but the COVID-19 pandemic has accelerated the timeline and heightened the urgency of embracing digitalisation to support sustainable organisations and economies.

The last one year showed us that disruption could happen at any time, but as a forward-thinking and innovative profession, it also showed us that we must be prepared to handle disruption. While it's true that 2020 disrupted how accountants worked, it didn't change the importance of what we do. In fact, it showed us that we are more valuable than ever to our clients, employers and stakeholders because of our agility, adaptability and ability to problem-solve during times of extreme challenge.

I am sure that in the past one year, you have all become more familiar with virtual meetings, and using new technologies for professional or personal activities at you work places. Our profession is now more aware of the importance of cybersecurity, and many more aspects of digitalisation in business organisations and even among accounting firms, such as data analytics, blockchain, machine learning and robotic technologies.

Current trends in technology strongly suggest that the profession must continue to transform, not just adapt. Accountants' roles are changing, and "YOU" or rather, let me say "WE" all need to keep up with the rapid change.

As new generation of professional accountants, digitalisation is automating old processes and generating new ones that will push you to work in new and innovative ways. You must also prepare to do different kinds of work that do not necessarily require the skills you have acquired during your ICAN Qualification, but perform entirely new roles, often with advisory responsibilities, rather than exclusively technical ones.

These developments will continue create a need for Chartered Accountants that are trusted advisers with wide skill-sets, and, most importantly, those that demonstrate a high level of integrity and professional ethics. The accountancy profession is becoming more multidisciplinary as the expertise of non-traditional contributors becomes essential to our daily work. **HERE LIES YOUR AREA OF NEW POSSIBILITIES AND GREAT OPPORTUNITY.**

So, as you start your professional career as Chartered Accountants today, here are the five important things you must be thinking about that I think are poised to elicit change in our profession and how you can act to make the most of them.

1. Technology is impacting what we do at an exponential rate, and you need to embrace it.



2020 showed us that one event could accelerate what we thought would take years to change. While the pandemic suspended our lives, it also fast-tracked our adoption of technologies like cloud-based solutions and digital communications tools, and hastened our need to address technology-related challenges suspended our lives, it also fast-tracked

our adoption of technologies like cloud-based solutions and digital communications tools, and hastened our need to address technology-related challenges like cybersecurity. The most prepared practitioners had already leveraged advanced technologies. Those who hadn't quickly realised the value and pivoted.

Our inductees must therefore reflect on the ways you use technology going forward and strategise how you can adopt emerging technological solutions in both your professional work as Chartered Accountants and also in your private activities.

2. Trust in the disclosure of non-financial information is increasingly important, and you should learn it.



The pandemic increased attention on how businesses interact with the world around them. A focus on a diverse and inclusive workforce - and the impact of natural disasters - are resulting in more and more companies thinking about the ways social and environmental issues affect how they operate and communicate the value of their businesses. This shift in business reporting provides opportunities for us to help our clients and employers make sense of how their business practices impact people, communities and the planet.

From my work on the IFAC Board, I've become an advocate of environmental, social, and governance (ESG) reporting, sustainability and integrated reporting initiatives and related assurance and I'm excited to see global business and regulatory communities evolve around these topics. I believe there is a huge role for the profession in facilitating meaningful reporting and providing much-needed trust that builds stronger businesses.

As new Chartered Accountants, you must take advantage of the unique opportunity posed by this fast-emerging area of knowledge. You must begin to develop yourselves through self-learning that in the near future will equip you with specialist skills for measuring, reporting and providing assurance on consistent, comparable and meaningful sustainability-related information.

3. Committing yourselves to lifelong learning, is mandatory.



According to the newly released World Economic Forum Future of Jobs report, in-demand skills will change considerably over the next five years. Surveyed employers said the top skills needed by 2025 include critical thinking and analysis, problem-solving, active learning, resilience, stress tolerance and flexibility.

Clients, businesses and organisations will continue to need new and different things from us, and we must commit to constant reinvention. This requires new skills. I include myself in this category and have been advancing my own technological and people skills. I encourage you inductees and indeed all Chartered Accountants here to do the same, and a good place to start is to join any of the ICAN Faculties and regularly attend ICAN MCPD programmes.

4. Successful firms and businesses are putting diversity and inclusion at the forefront.



Diversity, Equity and Inclusion have taken centre stage in the work place. Employers and organisations must actively work to create meaningful change in spite of the long history of marginalisation of unrepresented groups. However, that doesn't mean every company is making diversity, equity and inclusion a priority. According to one Accenture report from earlier last year, only 34 percent of leaders identified diversity efforts as a priority at their organisation.

Our profession is embracing the diversity of those we serve, but to maximise the benefit, we must create opportunity in leadership positions within our organisations so those we recruit can see themselves thriving and advancing. ICAN too is making diversity, equity and inclusion efforts.

Inductees wherever you find yourselves you must embrace equity, inclusion and diversity in all that you do.

5. Young people will want to join our profession because of the value we create and the good we do. You should support the next generation.



For many young people, the pandemic has intensified a desire to do good in the world via meaningful employment. They had already considered themselves purpose-driven but are now even more motivated to make a positive impact on the world around them.

Accounting is already an attractive career choice, and as we evolve and add additional services to our client service portfolios, it will become ever more attractive. We're demonstrating our profession is purpose-driven, serves the public good and drives sustainable business. Accountants' role in the pandemic - particularly supporting small businesses' - reinforces our role as a purpose-led profession. The work we are doing

= around ESG reporting and assurance is similarly appealing. ICAN is recognising the profession's purpose through its efforts to evolve the role of the Chartered Accountant. Through education and the the Qualifying Examination, ICAN is positioning the profession to continue protecting the public interest and driving resiliency in business.

I encourage you to take up the role of mentors and tutors to the future generation of Chartered Accountants, reach out to young professionals and students in your area and talk to them about the ways our profession engages in these issues and how they can contribute through a career in accounting.

I cannot end this presentation without talking about Ethics and our commitment to the motto of our Institute – "Accuracy and Integrity". These concepts are the foundation of the profession, Ethics is one thing that cannot and will not change. We are finding new questions in the digital age. New technologies pose ethical dilemmas about, for example, the amount of human oversight needed for sensitive tasks to be automated safely. In those moments we must rely on our ethical core, our ethical foundation, the principles of our profession's Code of Ethics. These principles will help us navigate difficult situations in the public interest.

Conclusion

I'd like to close with a final thought that I think is especially appropriate for the group of 67th Inductees today. I sincerely believe that all of you are setting out on the high road of achievement, success and service to the profession and the public. With "Ethics, Accuracy and Integrity" - you have a promising future ahead of you. You owe it to yourselves and the Institute to make the most of your ACA qualification by ensuring strict adherence to the Code of Professional Ethics for Accountants.

Now, if you must remember one thing from my speech, please remember that "Ethics, Accuracy & Integrity - are the Heart of our Professionalism." Your ACA qualification has given you the power to advance your career and excel in your chosen field with "Ethics, Accuracy and Integrity".

Ismaila M. Zakari, a Past President of the Institute presented this keynote address at the 67th ICAN Induction Ceremony.



June 25, 2021

UPDATE ON NOVEMBER 2021 PROFESSIONAL EXAMINATION

Dear Student,

We are pleased to update you on the November 2021 Professional Examination as follows:

- The November 2021 Professional Examination will hold from Tuesday, November 16 to Thursday, November 18, 2021.
- Examination registration commenced on Tuesday, June 15, 2021. It closes on Tuesday, November 9, 2021. Please note that there will be no extension on the examination registration period.
- The November 2021 diet Professional examination will be based on the new ICAN syllabus launched in March 2021. Visit www.icanig.org/students for details of the syllabus.
- Students are advised not to bring to the examination venue any valuable personal belongings; the Institute will not be liable for any loss of personal items. Personal items are kept at owner's risk.
- Students are advised to read through the new ICAN examinations offences. The details are hosted on ICAN website www.icanig.org/students
- Ban on all types of wrist watches. Wrist watches are not allowed into the examination hall. The Institute will provide wall clocks in all the examination venues.
- Ban on mobile phones and written materials. Mobile phones and incriminating material are not allowed into the examination venues. Violators will be sanctioned in line with examination misconduct policy.
- Please note refunds or deferment of examination are not allowed.
- We wish you all round success as you prepare for the examination.

Ahmed M. Kumshe (Prof.) FCA
Registrar/Chief Executive



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The Pandemic Demands a New DNA for Business Success. By Embracing Three interconnected Value Drivers, CEOs Can Reorient for Transformation.

By EYQ



In brief

- The global pandemic has accelerated long-standing trends, bringing the nature and characteristics of the future successful enterprise into finer resolution.
- Evolving the DNA of the future enterprise will require CEOs to close key capability and execution gaps as well as embrace a mindset of continuous transformation.
- To realize sustainable competitive advantage CEOs must embrace three interconnected value drivers: humans at the center, technology at speed and innovation at scale.

The full-force arrival of long-standing trends in the wake of the global pandemic demands a new enterprise DNA for business success. Leaders have no choice but to quicken the pace of organizational change, seizing this moment to not only become market leaders but market makers, creating exponential long-term value for all stakeholders.

Our CEO Imperative study, a survey of 305 chief executives of Forbes Global 2000 companies, reveals while leaders intend to transform their organizations, they face key capability and execution gaps. These range from incomplete digital transformation efforts to actions not meeting intentions when it comes to generating long-term value, data and data

trust shortfalls threatening transformation objectives and investments, culture and organizational structures inhibiting agility, and sluggish investment in ecosystems hampering agility and resilience.

Closing these gaps and achieving their growth ambitions requires CEOs to fundamentally shift. They must reorient their organizations for continuous transformation in order to generate sustainable growth and deliver long-term value for all stakeholders from customers to employees, society and investors. We believe market makers can realize exponential value and competitive advantage through three Interconnected Value Drivers:

- **Humans at the center:** Radical customer-centricity – as well as a purposeful, nurturing company culture – embeds the agility to move at the speed of market and customer changes.
- **Technology at speed:** Advanced technologies are increasingly impacting how companies advance business models, and customer and employee experiences. Leveraging technology for creativity and deploying it faster are critical.
- **Innovation at scale:** Companies must cultivate an agile innovation competency and collaborate with an ever-evolving ecosystem, commercialize, and move quickly into new markets.

Embracing these three value drivers, along with an agile organizational culture, can help enterprises deliver superior long-term stakeholder value, maximize their growth potential and position themselves to capitalize on emerging opportunities.

We are keenly aware that the challenge confronting CEOs is monumental and a stern test of leadership mettle. That’s why our CEO Imperative Series is designed to help leaders reframe the future of their organizations by equipping them with insights that will help them arrive at critical answers and define tangible actions. Where have you traditionally focused your transformation initiatives? Most companies target isolated areas of the business, aiming for efficiency, optimization or remaking a specific function. Yet the transformation being demanded now is different, and of greater urgency, compelling leaders to shift gears and effect meaningful change for the opportunities that lie ahead.

Our CEO Imperative Study suggests best-in-class CEOs are already pivoting toward new investments and poised to extend the lead over their peers. We also found enterprise transformation is poised to accelerate as we exit the pandemic, with businesses becoming more confident as they’re buoyed by greater economic tailwinds. If history is a guide, investments in growth now will pay outsized returns in the post-pandemic recovery.

But the starting point is different for each company. Some, “thrivers,” entered the pandemic with stronger growth and are poised to extend their lead over their peers. Others, “survivors,” were already on a weaker footing and lost ground as the pandemic unfolded. Where thrivers are accelerating transformation and investing in new growth initiatives, survivors have tended to slow the pace of organizational change and focus more on cost reduction. Now, as the thrivers look to extend their lead and others look to improve their position, they must adopt a continuous transformation mindset, constantly evolving new capabilities that will underpin the DNA of the future enterprise. So, how can CEOs steward their organizations through the wave of converging forces reshaping the business landscape and build the capabilities to deliver long-term stakeholder value?

The purpose, structure and role of the enterprise has been coming into focus over the last decade. From the need to self-disrupt and reimagine business models to digitalization and changing customer expectations, companies are being compelled to evolve how they operate and deliver value. These forces have now arrived in full force, bringing the nature and characteristics of the future successful enterprise into finer resolution.

The following five attributes stand out as essential elements of the new DNA for business success.

Data as strategic and operational enabler

The role of data as a competitive advantage and strategic enabler in customer engagement, innovation and agility has surged to prominence. Indeed, data-powered, intelligent technology-enabled products and services are creating new ways of living and working, reshaping markets and connecting growing ecosystems

Business leaders are becoming keenly aware of the role data-centricity will play in the future successful enterprise. However, only 34% of the study’s respondents say customers trust them with their data, illustrating the trust gaps appearing between what intelligent technologies and data can do and what people are willing to let it do. If left unaddressed, this trust gap will limit growth, slow innovation and stall transformation efforts.

The vast majority (88%) of respondents said it is likely using data science to anticipate and fulfill individual customer needs will be a key differentiator in the next five years. Additionally, 87% of respondents say it is likely the most competitive companies in the next five years will be defined by delivering data-driven experiences.

CEOs and C-suite executives need to not only understand the importance of data, but also reframe how they obtain, manage, use and scale it. Taking a value-first approach and embedding trust into data, business models and advanced technologies will power the intelligence running through the enterprise and ultimately provide targeted, sustainable value creation.

Culture, talent and leadership

Demographic shifts and new technologies are changing how, why and where people work and the requirements and expectations of the workforce. To secure the skills they require, organizations need a new approach to attracting, developing and inspiring their workers.

New talent models and structures for continuous transformation

Embracing and operationalizing an ethos of continuous transformation hinges on instilling a culture of agility, innovation and diversity. Attracting diverse talent, while also upskilling and reskilling existing talent, requires new metrics and

organizational structures. Galvanizing and inspiring the workforce while enabling employees to be nimble in the face of relentless change will be essential to delivering growth.

Three-fourths (75%) of CEOs see empathy and soft skills coming to the fore as key management capabilities in the next five years. Additionally, 76% believe it is likely new performance metrics and rewards will be needed for onboarding, promotion, succession planning and leadership. And 70% say small, autonomous teams working in a flat organization structure will deliver the best outcomes.

The way we work is changing dramatically, and CEOs as well as chief human resource officers will need to refresh their talent strategy to earn the loyalty and commitment of employees, ultimately delivering the agility and continuous transformation being demanded.

A focus on Ecosystems



Integrating into ecosystems will be a defining feature of the future successful enterprise. Over the past several years, we have seen industry boundaries erode and threats emerge from non-traditional competitors. Increasingly companies are shifting to “coopetition,” cooperation between competing companies, as well as adopting ecosystem business models in an effort to deliver superior customer value and achieve market leadership.

One of the ways we'll see value created is by being able to go over the boundaries of the firm to work really fluidly and co-create with an ecosystem of partners.

Nathan Furr, Professor at INSEAD, observes: "One of the ways we'll see value created is by being able to go over the boundaries of the firm to work really fluidly and co-create with an ecosystem of partners and sometimes even with uncommon partners. These are the kind of firms you never even think about working with, they might actually have best-in-class solutions for you and are likely the most innovative organizations."

The CEO respondents in our survey largely affirm the growing importance of ecosystems, with 88% agreeing the ability to lead and manage ecosystems will define successful leadership teams. And being embedded in ecosystems emerged as the second most important characteristic of the successful future enterprise.

Four ways to put your purpose to work in 2021



To fully integrate with and realize the value from ecosystems, companies will need to make it an essential part of their enterprise strategy, build the skills to orchestrate within ecosystems and perhaps even name a chief ecosystem officer to take ownership and drive the desired outcomes.

A focus on long-term stakeholder value

We have seen growing demand for organizations to take greater responsibility and operate in the best interest of employees, customers, suppliers and society at large. The views of the CEOs in the study indicate the shift to long-term stakeholder value creation is gaining momentum and importance. Long-term value surfaced as a cross-cutting priority across the study and emerged as the most important characteristic of the future successful enterprise.

Ninety-one percent of respondents expect business models will increasingly incorporate circular economy dimensions over the next five years, while 87% agree long-term value creation across stakeholders will be rewarded by the market. And 80% agree there is likely to be a global standard for measuring and reporting long-term value creation. Still, as we explored in our first article, a pronounced gap exists between intent and action around long-term value. This gap may indicate a lack of clarity around the definition of long-term stakeholder value and how to progress this objective.

At EY, we view long-term stakeholder value across four pillars or dimensions: financial, customer, people and societal. Creating, measuring and communicating enterprise value across these dimensions is becoming a strategic and management priority. CEOs need to embrace this new governance model, using the fundamentals of long-term stakeholder value to vault their companies toward growth and resilience.

Falling further behind brings the risk of deteriorating stakeholder trust. To catch up, CEOs must embed purpose objectives into all aspects of their business, from finance and operations to sales and marketing, to drive value creation for all. They should embrace stronger governance supporting stakeholder objectives, including better aligning incentives by tying remuneration packages to a wider range of metrics beyond the share price, such as Paris Agreement targets and measures of employee satisfaction.

Identifying and responding to stakeholder needs requires new capabilities alongside mechanisms to deepen engagement, strengthening feedback loops between stakeholders and management.

Leadership anchored in the human imperative

The challenge of delivering value to a widening range of stakeholders requires strong, decisive, empathetic and human-centered leadership, with a focus on innovation, fostering trust and modeling desired traits. Increasing digitalization, the prominence of data and analytics in decision-making and the ongoing shift to remote work are making the human qualities of leadership rise to the forefront.

Leading with compassion, setting an example of experimentation and risk-taking, and driving a transformative mindset across the company emerged as the top three characteristics of the most effective CEOs to manage the challenges and opportunities over the next five years and beyond. In addition, 89% of respondents agree the CEO must lead disruptive innovation and business reimagination, while 80% agree establishing stakeholder trust will become an increasingly important part of the CEO's job.

Although CEOs show willingness to transform for these new imperatives, gaps remain in their organizations' capabilities, focus areas and translating intent into action (explore a detailed discussion of these gaps in our first article).

From the long-term value "say-do" gap to the continuing challenge of digital transformation, and from underinvestment in ecosystems, the data trust chasm and the climate blind spot, leaders face significant barriers to evolving and acquiring the characteristics of the future successful enterprise.

So, how CEOs and C-suite leaders formulate, orchestrate and reframe their organizations for the future? We recommend CEOs and their teams work backward and plan their future strategy

by embedding three core interconnected value drivers: putting humans at the center, leveraging technology at speed, and driving innovation at scale.

Embracing these value drivers, while building agility into the ethos of organizational culture, allows companies to create exponential value, equipping them to pivot and respond quickly to future existential risks and drive long-term stakeholder value. "By grounding in these critical value drivers, organizations can ensure that transformation efforts connect across the enterprise, which is what thrivers always do," said **EY Global Consulting Transformation Leader Bill Kanarick.**

Human Centricity

At its core, successful transformation must be driven by the desire to improve the human experience. The best laid strategies can come to nothing without the right talent and mindset to execute on it. The most advanced innovations or cutting-edge technologies can fail if they lose sight of human values. As leaders advance their strategies, they must view every decision, every technology implementation, and every product or service innovation through the human lens.

It makes an incredible difference when you have a very fast feedback loop that doesn't come through layers internally, but actually comes directly from the market. The speed and agility within the organization takes on a very different pace.

Companies need to focus on how they make or deliver the products and services to delight customers and offer them compelling value propositions. Inherent in this is the understanding personalized experiences have now become far bigger drivers of consumption, requiring a different approach to innovation and customer engagement.

Jon McNeill, CEO and Co-Founder at DVx Ventures says "Future creators are impatient. They're dissatisfied, not in a negative way but always looking

to make it better. The C-suites that are very engaged with the front lines, very engaged with their product, actually walked the customer journey frequently with their own product, they are very dialed in. And it makes an incredible difference when you have a very fast feedback loop that doesn't come through layers internally, but actually comes directly from the market. The speed and agility within the organization takes on a very different pace."

Driving this type of human-centered personalized innovation requires diversity at all levels of the organization. It has been proven more diverse teams drive better innovation. This includes diversity not just in age, gender and ethnicity but also background and skills. Companies need to acquire talent beyond their industry boundaries, reaching to adjacent markets and competencies to bring fresh thinking and new ideas into the organization.

Yet diversity remains elusive. Only 28% of respondents to the study said they create diverse and inclusive teams at all levels. The gap is more pronounced at the very top: when asked about the most important changes that could be made to the C-suite, only 8% cited greater diversity and 7% said talent from outside the company.

As companies race to adopt cutting-edge technologies and drive breakthrough innovations, they must carefully consider the human impact to mitigate risks and create trusted relationships with customers, employees and ecosystem partners. Consistently and persistently putting humans at the center of every decision helped CEOs galvanize and motivate employees as well as attract customers, giving them a competitive edge and ultimately leading to growth and a stronger market position.

Responsibly Accelerate Technology Adoption

The pandemic has catapulted us into the digital-first era literally overnight. Unsurprisingly, the results of the study bear

out the conclusion that technology acceleration has become one of the most significant drivers of transformation. A majority of respondents (68%) anticipate significant investment in data and technology over the next year, while 63% said accelerating technology and digital innovation is having the greatest impact on their company.

With new technologies emerging and maturing more quickly, companies that can leverage them as instruments of creativity will inherently perform better. Apart from leveraging these technologies, companies will need to deploy technology faster as well in order to serve the ever-evolving needs of customers, employees and ecosystem partners.

Perhaps unsurprisingly, digital driven business transformation (56%) and AI/data science (41%) emerged as top competencies requiring new or increased C-suite attention.

However, companies need to carefully consider the human impact of every technology before widescale deployment, as public awareness of the security, privacy and ethical risks grows. CEOs need pay particular attention to building trust with stakeholders to reap the full benefit afforded by AI and data science.

Successfully leveraging and implementing technology at speed requires upskilling and reskilling employees as well as diffusing a transformative mindset across the entire organization at all levels. Forward-looking risk management practices and strong cybersecurity capabilities will be linchpins in fully realizing the value of technology to improve the human experience in our increasingly virtual world.

Thoughtfully Scaling Innovation

The pandemic is forcing companies to reimagine every aspect of their business – product and service design, business models, operating model and more – re-engineering each for innovation and

agility. While all companies need to protect and reinforce their core business, they also need to get into the habit of continuous and rapid innovation.

Leaders must begin with a **“future-back” approach**. Start by asking whether your company will be relevant in 5, 10 or 15 years and how you might expand your competitive advantage through bold risk-taking. With this in mind, you can then explore the future and potential scenarios to adapt your innovation agenda and enterprise strategy.

But perhaps most important of all is ensuring the engine of innovation – human talent – is front and center. The study shows 38% of respondents expect to implement change in their innovation processes over the next three years. These respondents are focused on faster idea generation and trialing as well as reorienting their organizations toward greater risk taking. Humans are intrinsic to these objectives, and achieving them requires embedding innovation as part of the transformative mindset and equipping employees with the tools and permission to appropriately take risk.

Moreover, as companies look to leverage large volumes of data and cutting-edge technologies as part of their innovation engines, they must ensure they safeguard human privacy and security. To truly unlock the value of innovative products, services and solutions, stakeholders must trust them. Demonstrating a commitment to improving the human condition through innovation will be critical for success.

Interweaving and embedding these three value drivers into every aspect of the cross-functional, continuous transformation being demanded enhances your company’s ability to adapt. That makes your operating model more agile which, married to the fundamentals of long-term stakeholder value creation, ultimately maximizes growth potential.

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The COVID-19 pandemic has compounded and magnified forces already reshaping business and operating models, in the process recasting the very purpose of organizations. What lies beyond the pandemic is a more dynamic future requiring companies to continuously innovate, mobilize and scale new business models, operating models and capabilities. Organizations will need to embody agility in all aspects of their enterprise, while adopting a continuous transformation mindset rooted in and motivated by the desire to improve the human experience.

If that sounds ambitious, it is. CEOs must boldly and decisively take steps to rewire, retool and reorient their organizations for this new working world. They must tolerate ambiguity, become nimbler, increase their appetite for risk-taking and cultivate agility to pivot quickly toward new opportunities. Embracing the three interconnected value drivers of humans at the center, technology at speed and innovation at scale allows companies acquire the DNA of the future successful enterprise, helping them realize their growth potential and driving the creation of long-term stakeholder value.

Here are key considerations as you reboot and rebalance your organization to realize transformation:

- 1.** Embark on a future-back approach, using your corporate purpose to guide exploration and begin laying the strategic groundwork to build the capabilities necessary to ensure long-term relevance and resilience.
- 2.** Adopt a mindset of impatience and dissatisfaction, seeking constant improvement in every aspect of your organization. Walk in the shoes of customers, employees, and ecosystem partners, getting direct feedback to inform decision-making across every aspect of the enterprise.
- 3.** Drive a human-centered mindset into innovation processes, technology adoption and deployment as well as every aspect of your culture. Ground your decision-making in asking how it will impact your employees, customers, partners and community.
- 4.** Reframe how you obtain, manage, use and scale data by embedding trust at the core to make the intelligence being delivered trusted by customers, employees, ecosystems and regulators.

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African Continental Free Trade Area (AfCFTA): Implications for business and Corporate Entities

By: EYQ



Creating One African Market

Introduction

The establishment of the **AfCFTA** is a priority project of the African Union's Agenda 2063, a blueprint for attaining inclusive and sustainable development across the continent over the next 50 years. This trade agreement specifically aims to improve intra-African trade by providing a comprehensive and mutually beneficial trading agreement among the member states. The agreement covers exchange in goods and services, investment, intellectual property rights and competition policy. It was reached following the meeting of African leaders from 44 African nations at the African Union (AU) Summit held in Kigali, Rwanda, on the 17th – 21st March, 2018. As at date, Eritrea remains the only country of the 55 AU member states that has not signed the AfCFTA agreement (the Agreement).

The AfCFTA, which became operational on 1st January, 2021, has been termed the largest free trade area (by countries participating) after the World Trade Organization (WTO). The trade bloc will affect over 1.2 billion people with a combined GDP of more than US\$3.4 trillion. The AfCFTA main objectives are to create a single market for goods and services, facilitate the movement of persons, promote industrial development, support sustainable and inclusive socio-economic growth, as well as to resolve the issue of multiple membership, in accordance with Agenda 2063. It is aimed to be a model of cross border

cooperation in an era of growing isolationism (Kende-Robb (2021).

The UN Economic Commission for Africa (UNECA) estimates that the implementation of the agreement could increase intra-African trade by 52% by 2022 (compared with trade levels in 2010) and double the share of intra-African trade (currently around 13% of Africa's exports) by the start of the next decade.

STRUCTURE AND OBJECTIVES OF THE AGREEMENT

The AfCFTA agreement is a framework agreement covering trade in goods and services including the following protocols: Trade in Goods and Services, Intellectual Property Rights, Competition Policy, Investment and Dispute Settlement.

The agreement aims to progressively reduce and eventually eliminate customs duties and non-tariff barriers on goods as well as liberalize trade in services. Concerning trade in goods, the goal is set for 90% of products at zero duty across the continent.

The different protocols are negotiated in two phases. Phase 1 focused on three protocols: trade in goods with its nine (9) annexes; trade in services with its three (3) annexes and dispute settlement. Phase two (2) negotiations will focus on the protocols on competition, intellectual property rights and investments.

According to the AU 2018 report, the

Agreement has a number of objectives which could be streamlined as general and specific. The General objectives are the visions as set out in Article Three (3) which include:

i. Develop a single market for goods and services via encouraging the movement of persons in order to deepen the economic integration of the African continent;

ii. Create a liberalized market for goods and services through successive rounds of negotiations;

iii. Encourage investments, building on the initiatives and developments in the State Parties and Regional Economic Communities (RECs), while contributing to the movement of capital and natural persons;

iv. Lay the foundation for the establishment of a Continental Customs Union; and

v. Promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties.

The specific objectives in line with Article four (4) of the Agreement include:

i. Progressive elimination of tariffs and non-tariff barriers to trade in goods;

ii. Progressive liberalization of trade in services;

iii. Cooperation in all trade-related areas including investment, intellectual property rights and competition policy;

iv. Cooperation on customs matters and the implementation of trade facilitation measures;

v. Establishment of a mechanism for the settlement of disputes concerning the rights and obligations of members; and

vi. Establishment and maintenance of an institutional framework for the implementation and administration of the AfCFTA.



WHAT IMPACT WILL THE AfCFTA HAVE ON AFRICAN BUSINESSES?

The AfCFTA Agreement will benefit the member states in various forms as Africa hopes to grow with the World. Some of the benefits of the Agreement include:

a) COST REDUCTION

Member states will benefit from cost reduction for consumers and producers. This cost reduction will include both administrative and compliance costs. The Agreement has promised to reduce tariffs which eventually will result in lower prices for imported goods for consumers, as well as for producers using intermediate inputs. Also, there are non-tariff barriers (NTBs) like burdensome administrative procedures and various technical requirements that may be eliminated in the adoption of AfCFTA. Compliance costs which arise as a result of differences in standards and regulations between member countries in most cases constitute trade barriers. With AfCFTA, these costs will likely be reduced or totally eliminated. The reduction of trade costs will bring about trade facilitation measures that will improve inter-country trading. With the elimination or reduction in the respective costs, prices of goods

and services will decrease and become less expensive. AfCFTA also expects to enhance the principles of comparative advantage enabling the consuming nations to be vested with opportunities to invest in production and enjoy the benefits accruing from competition. Also, member states will enjoy faster productivity gains by taking advantage of economies of scale in the larger market, as well as attract foreign direct investments (FDI).

b) REAL INCOME IMPLICATIONS

There are many real income gains arising from tariff liberalization coming from the implementation of the AfCFTA even though it may not be significant (World Bank Group, 2020). According to the study by the World Bank Group, selected countries like Morocco, Namibia, and Senegal, will benefit substantially from improved market access in other AfCFTA markets and this will increase their welfare. The removal of administrative bottlenecks, NTBs and trade tariffs which initially is a constraint to trading among member states will boost the benefit realizable by states. Where only one of these constraints is removed, then there will not be any sufficient condition for real income gains to materialize (World Bank Group, 2020). These gains may not be equally distributed among the member states; nevertheless, Africa will be on the pedestal to competing with the World in the nearest future. As trade barriers and trade costs will be eliminated, with the improved operating model of the AfCFTA, countries will adequately benefit by trading with each other as Africa looks forward to a future of possibilities. AfCFTA will benefit those countries that are already relatively open to their own liberalization with more access to other markets. Excess protection may hinder some level of benefits.

c) IMPLICATIONS ON TAX REVENUE

The AfCFTA will impact the level of taxation in member states. Most of this will arise from the removal or the reduction of tariffs among member states. It should be noted that full trade liberalization could impact the level of revenue and may result in revenue losses in some cases; however, little evidence is available to prove this.

The World Bank Group (2020) report indicated that losses resulting from the impact of liberalization of full trade may be small

Here are key considerations as you reboot and rebalance your organization to realize transformation:

1. Embark on a future-back approach, using your corporate purpose to guide exploration and begin laying the strategic groundwork to build the capabilities necessary to ensure long-term relevance and resilience.

2. Adopt a mindset of impatience and dissatisfaction, seeking constant improvement in every aspect of your organization. Walk in the shoes of customers, employees, and ecosystem partners, getting direct feedback to inform decision-making across every aspect of the enterprise.

3. Drive a human-centered mindset into innovation processes, technology adoption and deployment as well as every aspect of your culture. Ground your decision-making in asking how it will impact your employees, customers, partners and community.

4. Reframe how you obtain, manage, use and scale data by embedding trust at the core to make the intelligence being delivered trusted by customers, employees, ecosystems and regulators.

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2021 Annual Dinner & Awards: Recognising Star Performers

The 2021 edition of the Annual Dinner and Awards of the Institute was held at Oriental Hotel, Victoria Island, Lagos, on Saturday, May 1, 2021.

During the event, some eminent Nigerians and a corporate organization who have contributed to the development of the Accountancy profession and Nigerian economy were honoured with the ICAN Merit Award.

The awards were presented to deserving individuals and corporate body in three categories namely: Members, Non-Members and Corporate Organisation.

In her speech, the 56th President of the Institute, Dame Onome Joy Adewuyi disclosed that apart from using the annual event to unwind, celebrate the Institute's successes and some achievers, it is also an avenue to discuss issues of professional and national interests.

She added that the event also provided

the opportunity to recognise and celebrate star performers who have distinguished themselves and demonstrated overtime, their commitment to the ideals and public interest mandate of the accountancy profession.

Earlier in his welcome address, the Chairman of Publications and Image Committee (PIC), which organised the event, Mallam Haruna Yahaya disclosed that the awardees were carefully and diligently selected by the Annual Dinner and Awards Sub-Committee of the PIC and were duly approved by the Council of the Institute.

In the members' category, five people who received the awards for their immense contributions to the accounting profession and the nation as a whole are: Major-Gen. Sebastian Owuama, FCA (Past President of ICAN 2009-2010); Alhaji Kabir Mohammed, FCA (Past President of ICAN 2012-2013); Mr. Fola Adeola FCA (Founder of GT-Bank); Otunba Olusola Adekanola, FCA (Chairman, Olusola Adekanola & Co)

and Mr Albert Folorunso, FCA (Managing Consultant, Pedabo Associates).

In the non-members category were the Secretary to the Government of the Federation, Mr. Boss Mustapha and Professor Emeritus Godwin Sogolo of the National Open University. They were honoured for their roles and contribution to the development of Nigeria's economy.

In the Corporate Body category, Presco Plc was honoured for its immense contributions to the economic and financial growth of the nation, especially for job creation and local content development.



Prof. Emeritus Godwin Sogolo receiving his award



Mr. Albert Folorunsho receiving his award from the ICAN President



Chief Olusola Adekanola, FCA receiving his award from ICAN President



ICAN President presenting the ICAN Award in Member's category to a Past President of the Institute, Major-General Sebastian Owuama (rtd)

50th Annual Accountants' Conference: ICAN Harps on 4th Industrial revolution as a panacea for pandemic

The Institute at its 50th Annual Accountants' Conference has described the 4th industrial revolution as a boom for accounting profession and a panacea for pandemic ravaging the world.

The Conference which was held from April 5-9, 2021 at the International Conference Centre, Abuja and Sheraton Abuja Hotel had **"The 4th Industrial Revolution: Boom for the Accounting Profession and Panacea for Pandemic"** as its theme.

Declaring the Conference open, the Special Guest of Honour, His Excellency, President Muhammadu Buhari, who was represented by the Minister for Finance, Budget and National Planning, Hajia Zainab Shamsuna Ahmed eulogized ICAN for rendering excellent services to the nation from time to time, especially on financial and economic matters, adding that the federal government will continue to collaborate with professional bodies like ICAN to foster good financial and economic policies.

Welcoming participants, the 56th ICAN President, Dame Onome Joy Adewuyi disclosed that the Annual Conference has come a long way with a modest participation of about 200 delegates during its first edition in 1971.

"Over the years, it has continued to beam well-deserved searchlight on economic, financial, ethical and corporate reporting issues with direct bearing on the accounting profession, national and global economy'.

"We rose from each edition with profound policy recommendations and novel initiatives which have positively impacted human and technical capacitybuilding, resource management and value creation in both the public and private sectors of the economy.

In his lead paper at the conference entitled **"Digital Revolution: The Accountancy Profession and the Future of Work"** the President of the

International Federation of Accountants (IFAC), Mr. Allan Johnson posited that the world was already in the era of 4th industrial revolution driven by rapidly changing digital technologies which has continued to transform societies, economies, professions and organizations.

According to him, the outcome of the revolution has been an overall increase in the productivity of economies, improved wellbeing of the populace and greater opportunities for inclusion and diversity among other benefits.

"Following the continuous advancements in digital technologies, the gap between the digital, physical and biological spheres of life is closing at a fast pace and the involvement of machines and technology in the performance of everyday activities is on the increase," he explained.

He declared that since the adoption of technology by Accountants, there has been an increase in the value added to economies and businesses as a result of leveraging technology at work and applying an appropriate level of interpersonal skills on their engagements.

Other papers delivered at the conference include: Redefining a New Model of Accountable Leadership in Nigeria in the 4th Industrial Revolution; Taxation in a Digital Economy: Prospects and Challenges; Entrepreneurship: The Bane for the Development of Emerging Economies Through Technological Advancements; The Internet of Things: The Role of Communications Companies among others.

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

There was also an open raffle draw where a member of the Institute, Mr. Ganiyu Abidemi Olanrewaju (MB No: 034992) won a brand new car.

Other prizes like LCD television, gas cookers, laptops, fridges, phones were also won during the Gala by members.

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

Declaring the conference close, Lagos State Commissioner for Finance, Dr. Rabiun Onaolapo Olowo expressed appreciation to those who took time out to attend the conference. He commended the Institute for choosing a theme that was highly instructive on the various challenges facing the country as far as technological development is concerned. He advised the Institute to forward the conference communiqué to the appropriate government quarters.

The conference was attended by a total number of 5,002 delegates including resource persons and invited guests. Participants from various countries were represented at the conference including Benin Republic, Cameroon, Canada, Gambia, Ghana, Niger Republic, Kenya, Togo, United Kingdom, United States of America, Malaysia and Nigeria, the host country.



Minister of Finance, Hajia Zainab Ahmed, President, Onome Joy Adewuyi and ICAN Vice President, Mrs. Comfort Eytayo



President with Council Members



President and her husband with King Sunny Ade



ICAN President with some dignitaries at the conference



Governor Udom Emmanuel of Akwa Ibom State and Seyi Makinde of Oyo State



56th ICAN President presenting the key of a brand new car to the winner.



Members of Portharcourt and District Society during Districts Competition at the Conference

ICAN commissions Onome Adewuyi ICAN Centre Warri to raise young Chartered Accountants

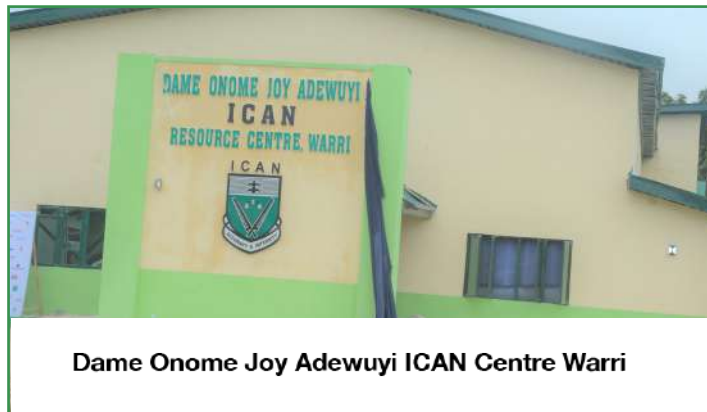
The Institute has commissioned a new resource centre in Warri, Delta State christened Dame Onome Adewuyi – ICAN Resource Centre named after the counterpart fund donor and 56th President of the Institute, Dame Onome Joy Adewuyi.

The centre according to her during the commissioning on Thursday, May 20, 2021 was built to raise young Chartered Accountants that would have an enduring profession in Warri and environ. She noted that the building aside from meeting the infrastructure need of the Institute and her members in the area, would also be a rallying point for District Societies in the Region”.

according the accounting profession its prime of place in Delta state and Warri community.

she declared.

She declared that as a profession that acts in the public interest, ICAN’s mandate was to continue to produce future ready Chartered Accountants that would be able to discharge their responsibilities to the society and their clients.



Dame Onome Joy Adewuyi ICAN Centre Warri

Speaking further, she posited that the ICAN Resource Centre was a way of according the accounting profession its prime of place in Delta state and Warri community.

Speaking further, she posited that the ICAN Resource Centre was a way of

“This event today is my humble way of giving back to both the profession and my community. My undying hope is that Warri town and its environs would soon become a major supplier of Chartered Accountants to the Nigerian economy and I particularly look forward to a time when we would have other indigenes of Delta State becoming ICAN Presidents’.

ICAN Epe and district society Inaugurated.

Epe & District Society of the Institute has been inaugurated. Performing the Inauguration on Saturday, May 15, 2021, the 56th President, Dame Onome Joy Adewuyi noted that the district was coming on board at a critical juncture in global history with so many challenges, but pointed out that the situation affords accountants the opportunity to prove their relevance in building a resilient economy for the country.

She implored members to abide by the motto of ICAN which is “Accuracy and Integrity” as these are the yardsticks for assessing the way they discharge their public interest mandate. The creation of this District Society comes with great responsibility particularly in the areas of compliance with the Code of Ethics of the profession and the Rules of Professional Conduct for Members she noted.

“I advise you all to continue to discharge your various professional engagements with integrity, accuracy, objectivity, due

She advised the pioneer chairman of the district Mr. Charles Keshinro FCA and his executive to embrace team work and to stay within the dictates of the Bye Laws governing the District Societies as these would help ensure that the objectives of setting up the district is achieved.



ICAN's 56th President, Dame Onome Joy Adewuyi decorating the pioneer Chairman of Epe District Society, Mr. Charles Keshinro with insignia of office

care, confidentiality, professionalism and strong ethical ideals bearing in mind that if these virtues are compromised by any member, the entire accounting profession would not only be brought into disrepute but public trust in the profession would be betrayed”, she charged.

ICAN accredits 142 Tertiary Institutions in Nigeria

The Institute has accredited over 90 universities, 52 polytechnics and several tuition centres across all the States of the Federation including the Federal Capital Territory (FCT) to assist in the training of would-be Chartered Accountants. The 56th President, Dame Onome Adewuyi disclosed this during the 2020 Accreditation ceremony held in Lagos on April 22.

She explained that the Institute accredits and recognizes tertiary institutions and tuition houses essentially to ensure that students receive the quality of accounting education that meets global best standards as spelled out by the International Federation of Accountants (IFAC) which ICAN examinations are structured after.

Certificates of accreditation were awarded to a total of 63 tertiary Institutions and tuition centres, made up of 23 universities, 14 polytechnics and 26 Tuition Centres at the ceremony.

EFCC partners ICAN on Anti-Money Laundering

The Economic and Financial Crimes Commission (EFCC) has indicated its readiness to collaborate with the Institute on its anti-money laundering policies.

This was disclosed in Lagos on Thursday, May 6, 2021 by the Director, Special Control Unit Against Money Laundering (SCUML) of EFCC, Mr. Daniel Isei during a courtesy visit to the Institute.

Speaking on his team's mission, Mr. Isei explained that having realized the crucial roles ICAN is playing in the financial sector, it became expedient

for EFCC to partner with ICAN against money laundering in the country.

He said: "ICAN is a stakeholder, gate keeper and great player in the financial sector of the economy while EFCC is a government agency that fights corruption and graft, hence the need for EFCC to collaborate with ICAN to help prevent money laundering rather than looking for solutions after the deed has been done".

He stressed further that the EFCC financial well-being of the country, leadership has given directive that all adding that EFCC could not be an exemption.



ICAN President, Dame Onome Joy Adewuyi presenting souvenir to the Director of Special Control Unit Against Money Laundering at EFCC, Mr. Daniel Isei, during his courtesy visit to ICAN

stakeholders in the nation's economy such as Accountants, Auditors, Lawyers and host of others should be contacted for collaboration to win the war against money laundering.

Responding, the 56th ICAN President, Dame Onome Adewuyi disclosed that the Institute has always been partnering with government agencies and institutions to contribute its quota to the

"I agree with you that ICAN must be part of that team to prevent money laundering. It is a good idea and we are support it. For the assignment to be successful, collaboration must take place. This will enhance the country's image and encourage foreign direct investment," she stated.

Accountants should focus on building a resilient economy - ICAN President

Accountants and other financial experts in Nigeria have been charged to focus on building a resilient economy that can withstand the hydra-headed challenges facing the country at the moment and beyond, especially, in the face of the shocks the global economy had to deal with in the wake of the COVID-19 pandemic.

The 56th President of the Institute, Dame Onome Adewuyi, gave this charge in Bonny Island, Rivers State during the inauguration ceremony of Bonny Kingdom and District Society of ICAN on Saturday, May 15, 2021.

“Though the challenges are many, this period affords Chartered Accountants the opportunity to prove their relevance in building a resilient economy for our country.” Adewuyi advised.

She urged members of ICAN to continue to entrench the principles of professionalism, ethical conduct and integrity in line with the ICAN motto: “Accuracy and Integrity”, asserting that ICAN maintains zero tolerance for any form of professional misconduct amongst its members. She noted that this was the basis for the legendary respect society confers on the profession and the

Institute.

“As an Institute of international repute, we have zero tolerance for any form of professional misconduct amongst our members. This is the tradition that has singled us out and earned us great respect amongst other professional bodies in the country.”

While congratulating the Executive and members of the District, she advised them to ensure the sustenance of the enduring legacy of ICAN in their various spheres of influence.

Be abreast of the new normal brought by COVID-19

A past President of the Institute, Mallam Isma'ila Zakari has appealed to the newly inducted members of the Institute to keep themselves abreast of the new normal brought by the covid-19 pandemic.

Zakari stated this in his keynote address at the 67th induction ceremony for new members of the Institute in May, challenging them to embrace the various opportunities in technological and digital accountancy.

He said, “Digital transformation is not new, but the COVID-19 pandemic has accelerated the timeline and heightened the urgency of embracing

digitization to support sustainable organizations and economies.” “The last one year showed us that disruption could happen at any time, but as a forward-thinking and innovative profession, it also showed us that we must be prepared to handle disruption.

While it is true that 2020 disrupted how accountants worked, it didn't change the importance of what we do,” he posited.

Meanwhile, the 56th President of the Institute, Dame Onome Joy Adewuyi, has disclosed that as part of the institute's contributions to capacity building in the country, arrangements have reached advanced stage in securing

the NUC's licence for the establishment of the ICAN University. “The University would start with postgraduate courses in the social and management sciences such as accounting, economics, business administration and finance.”

Adewuyi also charged the new inductees to aspire for both professional and academic relevance in the market, encouraging them to take advantage of the opportunity offered by the institute to add to their academic qualifications by enrolling for post graduate studies at the proposed university.

ICAN Launches e-learning Platform, Commits to Human Capital Development

The Institute has expressed its commitment to human capacity development in a fast changing business world.


The 56th ICAN President, Dame Onome Joy Adewuyi disclosed this on Monday, May 3, 2021 at the launching of the Institute's e-learning platform.

She said as a stakeholder in capacity development, the advent of COVID-19 forms.


had accelerated the need to make knowledge transfer available in more flexible forms. According to her, the step was to ensure that members and others who would demand its cutting-edge trainings were given as much easy

access as possible to learning plat-

forms. She concluded that "The launching of the e-learning platform would not only introduce further flexibility in our trainings but also encourage the expected desire for life-long learning by professionals".



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ICAN INTRODUCES AFFORDABLE MEDICARE FOR MEMBERS

The Institute has finalized arrangements with two Health Management Organizations to provide affordable Medicare services to members at a negotiated rate as part of membership benefits from January 1st, 2021.

BENEFITS TO MEMBERS

1. Reduced healthcare expenditure;
2. Provides access to emergency medical care;
3. Reduces administrative burden;
4. Flexibility in the payments of Premium
5. Access to quality health care and professionals nationwide 24/7.







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IFAC, CPA, Canada release report on professional Accountant's role in data

The International Federation of Accountants (IFAC) and Chartered Professional Accountants of Canada (CPA Canada) have released **The Professional Accountant's Role in Data**.

As economies digitize, the accountancy profession must adapt to contribute strategically. The Professional Accountant's Role in Data outlines a new model, the data management value chain, in which accountants can, by building upon key competencies, re-imagine their roles to meaningfully contribute to the digital economy.



IFAC says: "This is an urgent and opportune moment for the accountancy

profession to leverage the disruption of the expanding digital economy, embrace enhanced roles in the data management value chain, and guide business businesses and organizations of all kinds into a sustainable and prosperous future."

The Professional Accountant's Role in Data is featured on both the IFAC and CPA Canada's websites and available to download for free.

Five ethical challenges that will intensify as the pandemic wanes

A working group formed by the International Ethics Standards Board for Accountants (IESBA) and national ethics standard setters (NSS) from Australia, Canada, China, South Africa, the UK and the US has released **5 Ethical Challenges that Will Intensify as the Pandemic Wanes**, a look at the key ethical issues that lie ahead for professional accountants as the COVID-19 pandemic moves into the next phase.

This informative, deep-dive article revisits many of the topics the working group cited previously as ethical challenges brought on by the pandemic and provides updated context and insights to help the professional accountant navigate a continually evolving economic and societal recovery.

The IESBA COVID-19 Working Group, chaired by Mr. Richard Fleck, former IESBA Deputy Chair, has been developing implementation support resources to assist accountants in effectively applying the International Code of Ethics for Professional Accountants (including International



circumstances created by the COVID-19 pandemic. This publication also benefited from input from IESBA Staff.

IAAB issues updated framework for activities to guide selection and prioritization of actions

The International Auditing and Assurance Standards Board (IAASB) has published its new *Framework for Activities*. The Framework describes the IAASB's operating processes and procedures for advancing standard setting and other related activities.

The IAASB developed the Framework to support a more agile standard-setting

process. The Framework also provides additional public transparency around the IAASB's prioritization activities, beyond the formally approved due process. The Framework sets out the different components within the IAASB's due process for advancing topics onto and through the IAASB's work plan.



Webinar series on quality management July 29, August 5, August 18

The IAASB in collaboration with IFAC invite you to join our quality management webinar series on **June 24, July 29, and August 5 and 18** on Zoom with live streaming on the IAASB's YouTube channel. The webinars will take a deep dive into aspects of the IAASB's International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*.

ISQM 1 is part of the IAASB's suite of quality management standards, issued in late 2020. The standards strengthen and modernize how firms approach

quality management. They also mark an evolution from a traditional, more linear approach for quality control to an integrated quality management approach.



The webinars will be held in English and will be available on the IAASB's YouTube Channel following the session. Participants joining live via Zoom will be able to submit questions.

Valedictory Address by the 56th President of The Institute of Chartered Accountants of Nigeria, Dame Onome Joy Adewuyi, BSc, MSc, FCIB, FCA, at the Council Chamber of the Institute, Victoria Island, on Tuesday, June 1, 2021.



PREAMBLE

I wish to express my sincere appreciation to the Governing Council, revered Body of Past Presidents (BoPP), Management and the entire Members of The Institute of Chartered Accountants of Nigeria for the immeasurable support I have enjoyed from you all, especially in the last 12 months. On Tuesday, June 2, 2020, I had the privilege to deliver an acceptance speech as the 56th President of this great Institute. This was at the peak of the COVID-19 crisis and it was uncertain how the Institute would fare. Although it is supposed to be a valedictory address, I am at a loss on how to appropriately and correctly apportion the contributions of the individual members of this great Council to the various achievements in the Presidential Year. It would almost be a sacrilege on my part to ascribe a particular achievement to a member or group of members of this Council. This difficulty confirms that even when we had our differences, we have worked together in the overall interest of the Institute.

When we took over the mantle of leadership, we were very clear on our agenda to **Reposition ICAN for Greater Visibility**. In retrospect, I give the Almighty God all the glory for the modest success we recorded, in spite of the COVID-19 crisis. I also wish to thank my colleagues on the Governing Council for the cooperation that guaranteed the achievements of the agenda we set at the beginning of the year.

We were able to prove to the world that, with steely determination for success and impact, challenges only bring out the ingenuity in people. Though the pandemic challenged us, it did not impact negatively on our commitment to continue to provide world class services to the Institute's stakeholders and we were able to sustain the ICAN brand as a truly global professional body.

It is indeed apposite for me to briefly reiterate what we have all achieved together in the various Council Committees where we served as Chairmen and/or Deputy Chairmen. These achievements have seamlessly fed into the overall vision we had at the beginning of the Presidential year.

And on this note, I wish to present a report of the stewardship of the 2020/2021 Presidential year.

REGULATION OF THE ACCOUNTANCY PROFESSION

Review of Syllabus and Training Curriculum of the Institute

As you would recall, we reviewed the Institute's professional examinations syllabus to incorporate a body of knowledge in emerging technologies which are impacting the profession, such as Blockchain Technology, Artificial Intelligence, Machine Learning and Internet of Things. We also introduced into the new syllabus pieces of legislation that have significant implications for the Profession like the Finance Act, 2020, the Companies and Allied Matters Act (CAMA) 2020 as well as the Institute's Accountability Index (ICAN-AI).

We used the opportunity of our stakeholders' engagements to create the necessary awareness on the new syllabus and to notify the general public of its commencement in November 2021 diet of the Professional Examinations.

I am also pleased to inform you that there has been an impressive acceptance of the Institute's Training Curriculum for the year 2021. This is evident by the sustained increase in the number of participants attending the physical and virtual trainings. The participants' feedback confirms that the curriculum is meeting their expectations and the trainings are equipping them with skills required to be successful professionals in the New Normal.

Review of Syllabi of Tertiary Institutions and Examination Bodies

In continuation of our commitment to work with stakeholders at improving the quality of accounting education in the country, we met with the leadership of the National Universities Commission (NUC), National Board for Technical Education (NBTE), National Examinations Council (NECO), West African Examinations Council (WAEC) and the Joint Admissions and Matriculation Board to present our findings and recommendations on the review of the accounting syllabus of these regulatory and examination bodies. The bodies appreciated the Institute on its selfless service to capacity building in the country and more importantly for the proactive step in reviewing their accounting syllabus, pro bono.

Conduct of Examinations

We overcame the difficulty imposed by the COVID-19 pandemic to ensure that the examinations of the Institute took place, while observing all the necessary protocols. We conducted both Professional and ATSWA examinations in September 2020, November 2020, December 2020, March 2021 and in May 2021. I am also pleased that the number of candidates at these two examinations was highly impressive and the examinations took place in all the centres in the country. For the records all the Professional and ATSWA examinations for this Presidential year were held despite the COVID-19 pandemic.

In Defence of the ICAN Act

The Institute, in the period under review, battled the challenges from existing and prospecting professional organisations. The Institute responded to Bills in the National Assembly seeking to charter professional organisations and to threats to her Members from existing professional organisations.

Revised ICAN/CITN MOU

During the Presidential year we sought and received the support of the FIRS to review the mou between ICAN and CITN on the regulation and practice of Taxation in Nigeria. I am happy to inform you that a revised MOU was executed by ICAN, CITN and ANAN. This was witnessed by the Executive Chairman of the FIRS. Our members can now file tax returns unhindered. All the three Professional bodies have accepted the revised MOU. We are to bring out all our cases from the courts.

The MOU will be reviewed every five years.

Launching of the E-Learning Platform

The Institute's E-learning platform was launched on May 24, 2021. This facility, presently at the proof of concept stage, is expected to enhance the Institute's Members' Professional Development virtual engagement, making it more interactive and in compliance with global best practice. This will also afford our members in Diaspora with different time zones the opportunity to participate in our training programme to earn their MCPD credit hours as required by the IFAC Statement of Membership

Obligation (SMO).

2020 Membership Year Book

The Institute used to publish her membership year book on an annual basis not only to provide stakeholders with up-to-date information about Chartered Accountants but also, to show their geographical locations. The book used to provide the list of accredited firms of Chartered Accountants which significantly helped to separate members' firms from quacks. However, due to cost consideration, physical printing of year-book had to be discontinued. The Council, under my leadership, had to redress this situation and, on 14th of May, 2021 launched a comprehensively updated e-copy of membership yearbook as at March 31, 2021. This can be accessed on the Institute's website by stakeholders. I commend the Membership Affairs Committee and the Secretariat for this achievement.

INDUCTIONS AND FELLOWSHIP

Faculty Induction

On March 2, 2021, we conducted Faculties induction ceremony for 37 inductees who were successful in undergoing trainings in the specialized areas of accounting. We used the occasion to congratulate the inductees and admonished them to hold tight to Accuracy and Integrity as their guiding compass no matter the distractions and disruptions that might challenge the fundamental principles of the profession of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

b. Members' Induction

Within the period under review, the Council held induction ceremonies to admit students who successfully completed the qualifying examinations and satisfied the other requirements for membership of the Institute and the Accountancy Profession. A total of 2449 Chartered Accountants were admitted bringing the membership strength of the Institute to 53,947 as at May 2021, from a modest beginning of 250 in 1965. At the Accounting Technicians' Scheme level, a total of 629 new members were admitted into the AATWA family bringing its membership to 25,737 as at May 2021

Fellowship Conferment

I presided over the 19th Fellowship

conferment ceremony of the Institute held on April 26, 2021 at Amuwo Odo-fin. A total of 1628 members of the Institute were conferred with the prestigious Fellowship status.

At the occasion, we reiterated to the recipients of the Fellowship status that the award was in recognition of their commitment to high ethical conduct, professional excellence and for distinguishing themselves in both technical competence and managerial skills expected of a true professional accountant. I thereafter admonished them to be responsible ambassadors of the Institute and project ICAN as a truly global professional body in any professional capacity they find themselves.

CAPACITY BUILDING SUPPORT FOR THE SMALL AND MEDIUM-SIZED PRACTICES(SMPs)

As part of the strategies to enhance the quality of professional practices especially by small and medium-sized practices (SMPs) in the country, Council directed the SMP Committee to engage these practitioners with a view to addressing their challenges. We issued Guidance Notes to our members in SMPs to assist them in maneuvering this unique time in history. The special COVID-19 Resources hub on the website warehouses relevant materials for different sizes of firms. The Volume 2 Number 3 September 2020 edition of the Technical Bulletin of the Institute focused on Entrepreneurship and SMEs, discussing bookkeeping, taxation and relevant laws. The Bulletin provided the necessary guidance to practitioners in the SMPs on these traditional areas of accounting.

The Entrepreneurship and Employment Generation Committee (EEGC) held three free seminars in the period under review. The theme of the last of these well-attended webinar was **Employment Generation for Professional Accountants in a Digital Economy**. In my message at the webinar, I noted that the 4th Industrial Revolution and the digitization of most processes have expanded the job market, especially through e-commerce and virtual markets. However, gaining access to these non-traditional markets would depend on professionals' understanding of the technologies driving the operations and business dynamics in such markets. I then encouraged all professional Accountants to brace up to acquire the required skills in these new areas.

ICAN UNIVERSITY PROJECT

The idea to establish an ICAN University has been in the strategic plan of the Institute for quite some time. Although an Ad-hoc Committee was set up to midwife the initiative in 2017, Pursuant to this, Council set up a Planning and Implementation Committee (PIC) on the proposed University. The mandate of the Committee, which comprised respected Professors of Accounting, was to put in place strategies that would enable the Institute obtain the requisite NUC licence for the University and commence operations this year at an envisaged temporary site within the Federal Capital Territory (FCT), Abuja.

We have acquired a 108 hectares of land for the proposed university at KWALI, FCT ABUJA. The Council inspected the land on February 23, 2021 and agreed that the land and its location are well suited for the establishment of the university. On May 22, 2021, we had the groundbreaking ceremony of the proposed University

ICAN RESOURCE CENTRES AND DISTRICT SECRETARIAT

As part of the strategies to make accounting education accessible to potential members across the country, the Institute initiated the ICAN Resource Centre policy. This involves the provision of a counterpart fund by a donor while ICAN will provide similar amount to build and furnish the resource centre. I am delighted to report that this initiative received great fillip from prominent members of the Institute. In this Presidential year, we had three of such projects. Two were commissioned while the third one is almost completed. Alhaji Awa Ibraheem, FCA provided the counterpart fund for the building of Awa Ibraheem ICAN Resource Centre Offa. I performed the groundbreaking of this facility on July 7, 2020.. I wish to deeply appreciate Alhaji Awa Ibraheem, FCA for his unflinching support to the Institute in the delivery of the resource centre in the Offa environs.

On December 3, 2020, I did the groundbreaking ceremony of the Dame Onome Joy Adewuyi ICAN Resource Centre, Warri in my home State of Delta. I provided the required counterpart fund and it is with a sense of humility and joy, that the Dame Onome Joy Adewuyi ICAN Resourc

Centre was commissioned on May 20th, 2021.

It is my earnest hope that the edifice would be put to good use and will birth new chartered accountants in that jurisdiction.

CONTRIBUTIONS TO THE NATION

ICAN BOPP Economic Discourse

As great stakeholders in the national economy, the BOPP organized an Economic Discourse christened, "Nigeria's 60th Independent Anniversary: The Way Forward", as part of its contribution to the ongoing discussion on how to overcome the nation's economic recession and rejig it for accelerated development. Held on October 17, 2020, the session beamed its searchlight on the challenges facing the nation with a view to evolving solutions. While commending the BOPP for this commitment to national development and common good, I am delighted to report that the resultant communique was sent under confidential cover to the leadership of the National Assembly and the Executive Arm through the Secretary to the Government of the Federation, Mr Boss Mustapha. I commend the BOPP most heartily for this unwavering predisposition to the course of the Accountancy Profession and the nation. Through this well publicized maiden discourse, I dare say that the BOPP constructively stirred the hornet's nest and made a statement that the survival of the nation is a collective responsibility. The communique was also widely circulated to our members through our social media channels.

Publication of the 2019 ICAN-AI Report

As a key merchant of trust, the Council of the Institute reinforced its commitment to the ideals of integrity and accountability as bedrock for economic growth and development by publishing the 2019 Report of the ICAN Accountability Index. During the virtual and physical public presentation of the Report, the Institute received goodwill messages from the World Bank, IFAC, PAFA, ABWA, the Public Expenditure and Financial Accountability (PEFA), Budget and Socio-Economic Right and Accountability Project (SERAP). In their various messages, these bodies commended the initiative and also pledged to continue to

work with ICAN to fulfil its public interest mandate as well as ensure that the Index is widely adopted across the African continent. It is noteworthy that some State government have adopted the Index as benchmark for measuring the performances of their MDAs.

2021 Budget Symposium/Economic Discourse

The virtual 2021 Budget Symposium/Economic Discourse of the Institute was held on Monday, February 22, 2021 with the theme **2021 Budget: Roadmap for Economic Recovery**. A total of 2459 participants attended the Symposium. The Chairman of the Session was our revered Past President, Dr Emmanuel Itoya Ijewere, FCA. I wish to place on record that Dr Ijewere's moderation of the session was not only highly professional but he masterly carried the virtual audience along in the programme that lasted for about three hours. Sir, the Institute owes you a debt of gratitude.

The Keynote Speaker at the Budget Symposium/Economic Discourse was Dr Biodun Adedipe, Chief Consultant, B. Adedipe Associated Limited while the Panelists were Mr Ben Akabueze, FCA, Director-General, Budget Office of the Federation; Mr Taiwo Oyedele, FCA, Fiscal Policy Partner & Africa Tax Leader, PwC; Mr Yomi Olugbenro, FCA, Partner & West Africa Tax Leader, Deloitte; Dr Dikko Umaru Radda, Director General/Chief Executive Officer of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN); Chief Solomon Vongfa, President, Nigerian Association of Small Scale Industrialist (NAS-SI). The Communique of the symposium was published in the Punch Newspaper

ADVOCACY VISITS

Council Members' Engagement with their representatives in the National Assembly

In a bid to deepen our relationship with members of the National Assembly, I led members of Council to the National Assembly on February 23, 2021 to meet with members of the Federal House of Representatives in order to solicit support for the Institute and its cause. The visit was a follow-up to the previous visits made in November 2020 to ensure more visibility of ICAN brand at the Federal level and also to apprise members

of the National Assembly on the impact of ICAN and its members to growth and development of the nation.

Visits to Financial Institutions

In continuation of our engagements with banks and other financial institutions in the country, we visited the MD/CEO of Zenith Bank Mr Ebenezer Onyeagwu FCA; the MD/CEO First Bank, Dr Adesola Adeduntan FCA, the MD/CEO of Globus Bank, Mr Igbinkenzua and the MD/CEO of Wema Bank, Mr Adebise. Permit me to mention that our visits to the banks yielded positive results

The Big 4 Accounting Firms

During the period, we held virtual meetings with the Big 4 Accounting Firms of Deloitte, PwC, KPMG Professional Services, and Ernst & Young, during which we apprised them of the Council's programme for the Presidential Year and the need for them to continually support their Institute through technical and human capacity building in the Secretariat, provision of Audit quality support to the SMPs and strong IT capacity support to the Secretariat. They all promised to support the Council to raise the quality of professional practice in the country. The Big 4 have participated actively in the Institute's syllabus review being a major stakeholder in the quality of Chartered Accountants produced by ICAN.

Governors and Ministers Courtesy Visits

For the Presidential year we paid courtesy visits to Lagos State, Oyo State, Ogun State, Ondo State, Abia State, Edo State and Delta State Governors. We also visited the Minister of Education, FCT Minister and Minister of State of FCT. We used the opportunities of the visit to discuss the public finance management performance of the states in the Institute's ICAN-AI Report and also advocate for the better placement of Chartered Accountants in the various States Civil Services, among other things. It is instructive to note that our visit to the SGF on November 3, 2020 was very productive.

During the visit, Mr Boss Mustapha advised ICAN to. Revisit and suggest ways of addressing the multiple charges which Deposit Money Banks impose on their customers. He also commended the Institute for its desire to

set up a university and assured that its request for allocation of 30 hectares of land in Abuja for the ICAN International Convention Centre will be treated with priority.

We visited the leadership of the National Assembly, Ministers, the Director National Youth Service Corps, World Bank, and the Nigerian Police Academy, Wudil in Kano. We encouraged the District Societies to similarly engage public office holders at their circles of influence in the State and Local Government levels.

We also had an opportunity to participate virtually at the May 2021 Federal Accounts Allocation Committee (FAAC) meeting chaired by the Minister of Finance. We were to present a report on the ICAN Accountability Index to the body on that day. However, this could not hold and another date is being proposed for us to go back and make the presentation. But for the Covid Pandemic, we would have taken our Advocacy drive to more state Governors.

ENFORCEMENT OF PROFESSIONAL ETHICS

In fulfilment of our promise to entrench high level of professional ethics among our Members, on March 22, 2021 and April 27, 2021, I chaired the Tribunal sessions at the Council Chambers while some other Members of the Tribunal joined the proceedings virtually via zoom video conferencing to hear complaints of professional misconduct against some members of the Institute. To date we held 8 Tribunal sessions this Presidential year.

RELATIONSHIP WITH THE MEDIA

Over the years, the Institute had maintained very cordial relationship with members of the Fourth Estate of the Realm, the Press. Since my assumption of office, I have held several press conferences, had interactive sessions with Gentlemen of the Press both in the electric and print media, to espouse the Institute's position on topical national issues such as on corruption, taxation, poverty alleviation, economic growth, and so on. We sustained our relationship with the media as all our major activities were well-covered. The interviews were avenue to further project the Institute's sterling image and contributions to both local and international stakeholders.

EXTERNAL/INTERNATIONAL RELATIONS

a. Assumption of Leadership of ABWA
As a foundation and active member of the Association of Accountancy Bodies in West Africa (ABWA), the Institute has continued to make its mark in the sub-region. In appreciation of this, the Institute was elected as the President of ABWA in December 2019. I am delighted to report that at the 87th ABWA Council Meeting held virtually on August 7, 2020, the Institute formally took over from ICAG as President. In other words, ICAN will be in the saddle between August 2020 and July 2022.

b. PAF& IFAC MEETING

As one of the foundation members of PAF&, the Institute has remained very active in the continental body. I led a delegation of the Institute to attend its Council meeting at Nairobi Kenya during which the decision to revisit the date for the 6th ACOA Congress to be hosted by Mozambique was taken. Again, in view of the COVID-19 pandemic, the ACOA event earlier scheduled for June/July 2021 was postponed to November 24 – 26, 2021. In view of the November Congress, the Council created the Local Organising Committee. The LOC is to market the programme to ensure effective participation by chartered accountants in the Congress. The theme of the Congress is, "Embracing the 4th Industrial Revolution".
IFAC - I also attended all IFAC Programmes online during this period.

c. Mentoring of Gambia Institute of Chartered Accountants

As part of its contributions to capacity building of PAOs in the sub-region, the Institute has been mentoring the Gambia Institute of Chartered Accountants (GICA). With the initiative which ended December 2020, it is hoped that GICA will be able to apply to become a member of IFAC under our sponsorship. We also expect that she will continue to participate in ATSWA harmonization processes.

INAUGURATION AND VISITS TO DISTRICT SOCIETIES

In the period under review, seven (7) new District Societies were inaugurated. These are Eket, Akoko, Nyanya-Maraba

and Ilupeju/Gbagada, Afikpo, Epe and Bonny District Societies. With these, the Institute now has a total of sixty-seven (67) District Societies. We also visited 23 District Societies in the course of the Presidential Year including Abraka, Amuwo, Akoko, Akure, Abeokuta, Asaba, Benin, Calabar, Eket, Ibadan, Ilupeju-Gbagada, Ikeja, Ikorodu, Kaduna, Kano, Lagos, Lagos Mainland, Maraba, Mowe, Nyanya, and Warri District Societies. We used the opportunity of these visits to create more awareness on the impact of the Institute on the economy and communities we operate in.

ICAN CONFERENCES

The following conferences were held in the period under review:

50th Annual Accountants' Conference

The 50th Annual Accountants' Conference of the Institute was held between April 5 – 9, 2021 due to the COVID-19 pandemic that made the initial scheduled date (October 12 – 16, 2020) for the conference unachievable. The Conference was declared open by His Excellency, President Muhammadu Buhari who was represented by the Minister of Finance, Budget and National Planning, Dr Zainab Shamsuna Ahmed on Tuesday April 6, 2021. The conference had in attendance five thousand and two (5,002) delegates. The turnout and participation at the conference was remarkable given the circumstances. The delegates, virtual and physical participated from 9 countries: Benin Republic, Cote D'Ivoire, Ghana, Liberia, Sierra Leone, Togo, United Kingdom, USA and the host country, Nigeria.

The theme of the Conference was ***The 4th Industrial Revolution: Boom for the Accounting Profession and Panacea for Pandemic.***

Among the dignitaries at the Conference were the IFAC President Mr Alan Johnson, Presidents of other Professional Accountancy Organizations (PAOs) in Africa, Governors, government representatives as well as members of the Diplomatic Community. The programme afforded participants the opportunity to examine the 4th Industrial Revolution and its impact on the accounting profession and global economy. The Conference technical sessions

featured five plenaries that were richly facilitated by twenty eminent scholars, professionals and technocrats from within and outside Nigeria:

ICAN-UK Conference

The 8th UK & District Society's Conference was held virtually between March 4 – 5, 2021. The theme of the Conference was ***"The Global Economy in the PostPandemic and Digitally Transformed World"***. In my message at the Conference, I reiterated the fact that the post pandemic economy would significantly differ from past experiences and stakeholders in global economic value chain would have to make some tough decisions. The virtual conference also featured induction ceremony for a member and fellowship conferment for five (5) members.

ICAN Malaysia Conference

The 3rd Malaysian & District Society's Conference was held virtually between March 24 – 25, 2021. I attended the Conference remotely with some members of the Governing Council. The Conference, with the theme "Economy and Business-Resilience in the Pandemic Era: A Drive for Digital Transformation", had in attendance practitioners and academics. In my message at the Conference, I noted that the global dynamics necessitate regular and continuous discussions on business resilience and digital transformation.

The 15th Eastern Zonal Conference

The 15th Eastern Zonal Conference took place in Aba, Abia State between February March 8 -11, 2021. The conference was well attended and we used the opportunity to pay courtesy visits to His Royal Majesty Prof. S. I. Owuala, Obasi 1 of Umuobasi.

The 15th Western Zonal Conference

The 15th Western Zonal Conference took place in Mowe, Ogun State between March 8 -11, 2021. The conference was well attended and we used the occasion to also celebrate female Chartered Accountants on the occasion of the 2021 International Women's Day. We also paid courtesy visit to His Royal Highness, Oba (Dr) Festus Oluwole Makinde, the Olu of Igbein Land during the Conference.

The 6th Annual International Academic Conference on Accounting and Finance

The 6th Annual International Academic Conference on Accounting and Finance was held between April 20 – 21, 2021 in collaboration with the University of Ilorin. It was a hybrid Conference with both local/international and physical/virtual participants. The Conference was declared open by His Excellency, Abdulrahmon Abdulrazak, the Governor of Kwara State represented by the Secretary to the State Government, Prof. Mamman Saba Jibril. In attendance at the Opening Ceremony were Prof. Sulyman Age Abdulkareem, the Vice Chancellor, University of Ilorin represented by the university Bursar, Mr Olalekan Hakeem Sonde, FCA and some members of ICAN Council. Over 350 people participated at the Opening Ceremony including undergraduate students, post-graduate students, staff of the University of Ilorin Accounting Department, delegates, members of the Local Organising Committee and some members of the 6th Academic Conference sub-committee. The conference featured a keynote paper and two workshop sessions, and Ph.D Colloquium. Over seventy (70) papers were presented at the Conference. I also used the opportunity of my visit to Ilorin to pay a courtesy call on the Executive Chairman, Kwara State Internal Revenue Service (KW-IRS), Mrs Shade Omoniyi. The call was part of the activities lined up for the Conference and to intimate the Executive Chairman with the role of ICAN in the tax ecosystem in the country, especially through its Taxation and Fiscal Policy Faculty

The ICAN Canada Conference

I led a delegation of the Council to virtually attend the two-day 5th Canada & District International Accountants' Conference held between December 10 – 11, 2021. The theme of the conference was "The Evolving Roles of Accountants in Governance, Risk and Compliance" afforded the members the opportunity to critically re-appraise their continued relevance in the social, economic and political management of both government and private entities.

The ICAN-USA Conference

I also led a delegation of the Institute to virtually attend the 7th ICAN-USA

District. International Accountants' Conference organized by the USA & District Society. I seized the opportunity in my keynote address to urge participants to use the opportunity of the conference to interrogate not only the future of the accounting profession but also, individual Chartered Accountant's position in the New Normal. The Induction and Conferment of Fellowship ceremonies also held during the two-day programme.

The Northern Zonal Conference Kano

The 15th Northern Zonal Conference was held in Kano between December 16 – 17, 2021 with the theme "Imperatives of Accounting Profession for the Sustainable Development of the Post COVID-19 Nigerian Economy". The conference, which was well attended physically and virtually, afforded participants the opportunity to interact and discuss COVID-19 induced challenges as well as develop solutions to facilitate post-pandemic economic recovery.

The 3rd Southern Zonal Conference

The 3rd Southern Zonal Conference took place in Calabar, Cross River State between October 9 – 10, 2020 and was well attended by several participants despite the COVID-19 pandemic. Before the commencement of the conference, I led a delegation of the Council to pay courtesy visits to the Obong of Calabar, Edidem Ekpo Okon Abasi V and the Acting Vice Chancellor of Cross River University of Technology, Prof Augustine OkoAngba.

Preparation for the 2021 African Congress of Accountants (ACOA)

The Pan-African Federation of Accountants (PAFA) has tentatively scheduled its sixth Conference (ACOA 2021) for November 24 - 26, 2021 at Mozambique with the theme: "Embracing the 4th Industrial Revolution" and ICAN as a founding member of PAFA, was saddled with the responsibility of inviting its members in the continent to participate at the programme.

SERVICE TO MEMBERS

Survey on Service Delivery

To fully understand members' expectations and improve the Institute's responsiveness to their needs, the Council conducted a service delivery survey at the beginning of the Presidential Year. The responses were analysed and the findings and proposed recommendations have been incorporated into the overall strategic intent of the Presidential Year and beyond. Many of the suggestions, which Council is already implementing.

In the spirit of COVID-19 Palliative, the Council approved a 10% discount on 2021 membership subscription as a relief towards their dues. This has been well received by members.

Members' Salary Survey

During the Period, the Institute also conducted a Members' Salary Survey across sectors of the economy. This initiative was informed by complaints from members that they were not well remunerated by employers and clients. The outcome of the maiden report was presented at the last Council meeting and when published, will apprise and equip members with salary information as they make career moves either within or across sectors. The interim report would be circulated to members and also uploaded on the Institute's website. The Council plans to incorporate a dashboard where members can supply real-time information on changes on their salaries.

Medicare for Members

The COVID-19 pandemic significantly impacted the disposable income and healthcare expenditure of members adversely. To mitigate this challenge, the Institute, in addition to its life assurance scheme for members, has negotiated health insurance scheme which would hopefully reduce members' healthcare expenditure, provide access to emergency medical care 24/7 and allow flexibility in the payment of the premium. The Council has finalized the arrangement with two Health Management Organisations (HMOs) to facilitate Medicare services to members at a negotiated rate as part of Members' benefits. Interested members are to register individually with any of the HMOs and pay premiums at the negotiated rates to enjoy the agreed benefits.

Award of ICAN Scholarship, PhD and Commissioned Research Grants

A total of seventy-four (74) students have benefitted from the Institute's scholarship scheme in this Presidential Year. These are scholarships designed to enable beneficiaries to sit for ICAN Examinations at various levels. Within this period also, we have awarded three (3) Ph.D grants and two (2) Commissioned Research grants to deserving researchers who are all our members.

Donation to NUASA/ NAPAS of Accredited Tertiary Institutions

The Institute extended financial support of one hundred thousand Naira (N100,000.00) each to three (3) tertiary institutions' accounting/accountancy associations – the National Universities Accounting Students Association (NUASA) and National Association of Polytechnic Accountancy Students (NAPAS).

Inauguration of Young Accountants Networking Committee

In an effort to realise the theme of the Presidential Year – Repositioning ICAN for Greater Visibility – we inaugurated the Young Accountants Networking Committee. The objective of the Committee is to facilitate networking of young Chartered Accountants to guaranty synergy and achieve the Institute's desire to produce future-ready Chartered Accountants poised to learn, unlearn and relearn.

COLLABORATION WITH TERTIARY INSTITUTIONS AND TUITION CENTRES

Signing of Mutual Cooperation Agreement with Tertiary Institutions

As part of the resolve to improve the quality of accounting education in the country, we successfully increased the number of tertiary institutions under the Mutual Cooperation Agreement with Tertiary Institutions (MCATI) to twenty-seven (27) after signing on six (6) additional tertiary institutions in the period under review. The six new institutions are Adeleke University, Ede, Osun State; Federal Polytechnic Nekede, Imo State; Delta State University, Abraka; Delta State Polytechnic, Utefe-Oghara;

Delta State Polytechnic, Ozoro; and Rufus Giwa Polytechnic, Owo, Ondo State. I thank the MCATI Committee for a job well done.

Accreditation and Recognition Awards to Tertiary Institutions and Tuition Centres

I led Council members to a well-attended award of Certificates of Accreditation and Recognition ceremony held at the National Secretariat Annex, Ebute-Metta on April 22, 2021. A total of 63 tertiary institutions and tuition centres made up of 23 Universities, 14 Polytechnics and 26 Tuition Centres were presented with the awards/certificates.

CELEBRATION OF INTERNATIONAL WOMEN'S DAY

As my major constituency, I joined the global community on March 8, 2021 to celebrate the great impact of female Chartered Accountants on global economy and our unique contributions to the country's growth and development. I sent a goodwill message to all female members of the Institute where I enumerated their invaluable contributions to the profession and the economy.

ACCOUNTING TECHNOLOGY CONFERENCE (ACCOUNTTEKS)

The Information Technology and Consulting Faculty held a well-attended virtual Accounting Technology (Accountteks) Conference on May 25 - 26, 2021. The objective was to keep members at the cutting-edge of technology to ensure the services they provide meet global best standards. It afforded participants the opportunity to hone their knowledge on relevant accounting technology skills and place them on the frontlines of knowledge in these areas.

WELFARE AND CAPACITY BUILDING FOR SECRETARIATSTAFF

As part of our commitment to building a nimble Secretariat, we continued our discussion for knowledge transfer with renowned organizations to assist the Institute in the area of more capacity building initiatives for the staff. Some of the organizations we approached have fulfilled their promises.

Let me also mention that we recognized and awarded thirty-one (31) staff of the

Institute during the long service awards and celebrated three former staff who retired from the services of the Institute after putting in several years of service. This is in appreciation of the fact that the Staff are our most valuable asset.

2021 ANNUAL DINNER AND AWARDS

The 2021 Annual Dinner and Awards of the Institute took place on May 1, 2021. The dinner was well attended and I say thank you to all who were in attendance. Among the awardees were two distinguished members of the Body of revered Past Presidents (BOPP) - Major General (Rtd) Sebastian AchulikeOwuama, FCA and Alhaji Kabir Mohammed, mni, FCA. I wish to congratulate you Sirs, once again, for the recognition of your impact on our noble profession and the economy at large. Other awardees in the members' category are Mr Fola Adeola, Otunba Olusola Adekanola and Mr Albert Folorunsho. For the non-members' category, the awardees were Mr Boss Mustapha, Secretary to the Government of Federation and Emeritus Prof. Godwin Sogolo. While the Corporate Category was awarded to Presco Plc.

THE PASSAGE OF A COUNCIL MEMBER, MR TOLA OGUNDIPE, FCA

I am ending this address on a rather sad note. On Monday September 7, 2020, the Institute and Governing Council lost one of its finest members, in the person of Mr Olutola Ogundipe, B. Eng, FCA. He was the Deputy Managing Partner PwC. Our hearts will always be with the family he left behind and we pray that the Almighty God would continue to console them on this irreplaceable loss.

THE PASSING OF THE DIRECTOR, STUDENT AFFAIRS DEPARTMENT, MRS FOLAKE OLAWUYI

My revered Past Presidents, its saddening that in the course of the year we did not only lose Mr Tola Ogundipe, but the cold hands of death also snatched one of the Institute's longest serving staff and Director, Students Affairs Department, Mrs Folake Olawuyi. The sad event took place on February 21, 2021. We want to use this opportunity to also commiserate with the families of other members of the Institute who lost their loved ones in the course of the Presidential Year. Our hearts are always with the families they left behind and we pray that the

Almighty God would continue to console them on these irreplaceable losses.

CONCLUSION AND APPRECIATION:

In concluding I want to say that despite the negative impact that the Corona Virus Covid 19 had on businesses all over the world, I am happy that the Institute was able to carry out all its Statutory activities and write all the Professional and ATS Examination in this Presidential year and also grow the assets of the body under my watch. Indeed the Covid-19 Pandemic slowed down a lot of self financing programmes

but I am happy to inform you that your Institute recorded a profit as at 31st December 2020.

Distinguished Ladies and Gentlemen, let me end this stewardship report by expressing once again my deep gratitude to all of you for the support, words of wisdom, professional guidance and words of encouragement I received throughout my tenure as the 56th President. I want to place on record the Team Spirit demonstrated by my Council Members throughout this trying period. So many members bent over backwards and made huge sacrifices to ensure we achieved the goals we set out for ourselves at the beginning of the Presidential year.

The CEO Imperative: How Can Today's Leaders Realise Tomorrow's Opportunities

By: Ernest & Young



The pandemic demands a new DNA for business success. By embracing three interconnected value drivers, CEOs can reorient for transformation.

In brief

- The global pandemic has accelerated long-standing trends, bringing the nature and characteristics of the future successful enterprise into finer resolution.
- Evolving the DNA of the future enterprise will require CEOs to close key capability and execution gaps as well as embrace a mindset of continuous transformation.

- To realize sustainable competitive advantage CEOs must embrace three interconnected value drivers: humans at the center, technology at speed and innovation at scale.

The full-force arrival of long-standing trends in the wake of the global pandemic demands a new enterprise DNA for business success. Leaders have no choice but to quicken the pace of organizational change, seizing this moment to not only become market leaders but market makers, creating exponential long-term value for all stakeholders.

Our CEO Imperative study, a survey of 305 chief executives of Forbes Global 2000 companies, reveals while leaders intend to transform their organizations, they face key capability and execution gaps. These range from incomplete digital transformation efforts to actions not meeting intentions when it comes to generating long-term value, data and data trust shortfalls threatening

transformation objectives and investments, culture and organizational structures inhibiting agility, and sluggish investment in ecosystems hampering agility and resilience.

What Kind of CEO Are You

Closing these gaps and achieving their growth ambitions requires CEOs to fundamentally shift. They must reorient their organizations for continuous transformation in order to generate sustainable growth and deliver long-term value for all stakeholders from customers to employees, society and investors. We believe market makers can realize exponential value and competitive advantage through three **interconnected value drivers**:

- **Humans at the center:** Radical customer-centricity – as well as a purposeful, nurturing company culture – embeds the agility to move at the speed of market and customer changes.

- **Technology at speed:** Advanced technologies are increasingly impacting how companies advance business models, and customer and employee experiences. Leveraging technology for creativity and deploying it faster are critical.

- **Innovation at scale:** Companies must cultivate an agile innovation competency and collaborate with an ever-evolving ecosystem, commercialize, and move quickly into new markets.

Embracing these three value drivers, along with an agile organizational culture, can help enterprises deliver superior long-term stakeholder value,

maximize their growth potential and position themselves to capitalize on emerging opportunities.

We are keenly aware that the challenge confronting CEOs is monumental and a stern test of leadership mettle. That's why our CEO Imperative Series is designed to help leaders reframe the future of their organizations by equipping them with insights that will help them arrive at critical answers and define tangible actions.

Where have you traditionally focused your transformation initiatives? Most companies target isolated areas of the business, aiming for efficiency, optimization or remaking a specific function. Yet the transformation being demanded now is different, and of greater urgency, compelling leaders to shift gears and effect meaningful change for the opportunities that lie ahead.

Our **CEO Imperative Study** suggests best-in-class CEOs are already pivoting toward new investments and poised to extend the lead over their peers. We also found enterprise transformation is poised to accelerate as we exit the pandemic, with businesses becoming more confident as they're buoyed by greater economic tailwinds. If history is a guide, investments in growth now will pay outsized returns in the post-pandemic recovery.

But the starting point is different for each company. Some, "thrivers," entered the pandemic with stronger growth and are poised to extend their lead over their peers. Others, "survivors," were already on a weaker footing and lost ground as the pandemic unfolded.

Where thrivers are accelerating transformation and investing in new growth initiatives, survivors have tended to slow the pace of organizational change and focus more on cost reduction.

Now, as the thrivers look to extend their lead and others look to improve their position, they must adopt a continuous transformation mindset, constantly evolving new capabilities that will underpin the DNA of the future enterprise. So, how can CEOs steward their organizations through the wave of converging forces reshaping the business landscape and build the capabilities to deliver long-term stakeholder value?

The purpose, structure and role of the enterprise has been coming into focus over the last decade. From the need to self-disrupt and reimagine business models to digitalization and changing customer expectations, companies are being compelled to evolve how they operate and deliver value. These forces have now arrived in full force, bringing the nature and characteristics of the future successful enterprise into finer resolution.

The following five attributes stand out as essential elements of the new DNA for business success.

Data as strategic and operational enabler

The role of data as a competitive advantage and strategic enabler in customer engagement, innovation and agility has surged to prominence. Indeed, data-powered, intelligent technology-enabled products and services are creating new ways of living and working, reshaping markets and connecting growing ecosystems.

Business leaders are becoming keenly aware of the role data-centricity will play in the future successful enterprise. However, only 34% of the study's respondents say customers trust them with their data, illustrating the trust gaps appearing between what intelligent technologies and data can do and what people are willing to let it do. If left unaddressed, this trust gap will limit growth, slow innovation and stall transformation efforts.

The vast majority (88%) of respondents said it is likely using data science to anticipate and fulfill individual customer needs will be a key differentiator in the next five years.

Additionally, 87% of respondents say it is likely the most competitive companies in the next five years will be defined by delivering data-driven experiences.

CEOs and C-suite executives need to not only understand the importance of data, but also reframe how they obtain, manage, use and scale it. Taking a value-first approach and **embedding trust** into data, business models and advanced technologies will power the intelligence running through the enterprise and ultimately provide targeted, sustainable value creation.

New talent models and structures for continuous transformation

Embracing and operationalizing an ethos of continuous transformation hinges on instilling a culture of agility, innovation and diversity. Attracting diverse talent, while also upskilling and reskilling existing talent, requires new metrics and organizational structures. Galvanizing and inspiring the workforce while enabling employees to be nimble in the face of relentless change will be essential to delivering growth.

Three-fourths (75%) of CEOs see empathy and soft skills coming to the fore as key management capabilities in the next five years. Additionally, 76% believe it is likely new performance metrics and rewards will be needed for onboarding, promotion, succession planning and leadership. And 70% say small, autonomous teams working in a flat organization structure will deliver the best outcomes.

The way we work is changing dramatically, and CEOs as well as chief human resource officers will need to **refresh their talent strategy** to earn the loyalty and commitment of employees, ultimately delivering the agility and continuous transformation being demanded.

A focus on ecosystems

Integrating into ecosystems will be a defining feature of the future successful enterprise. Over the past several years, we have seen industry boundaries erode and threats emerge from non-traditional competitors. Increasingly companies are shifting to "coopetition," cooperation between competing companies, as well as adopting ecosystem business models in an effort to deliver superior customer value and achieve market leadership. One of the ways we'll see value created is by being able to go over the

boundaries of the firm to work really fluidly and co-create with an ecosystem of partners.

Nathan Furr, Professor at INSEAD, observes: "One of the ways we'll see value created is by being able to go over the boundaries of the firm to work really fluidly and co-create with an ecosystem of partners and sometimes even with uncommon partners. These are the kind of firms you never even think about working with, they might actually have best-in-class solutions for you and are likely the most innovative organizations."

The CEO respondents in our survey largely affirm the growing importance of ecosystems, with 88% agreeing the ability to lead and manage ecosystems will define successful leadership teams. And being embedded in ecosystems emerged as the second most important characteristic of the successful future enterprise.

To fully integrate with and realize the value from ecosystems, companies will need to make it an essential part of their enterprise strategy, build the skills to orchestrate within ecosystems and perhaps even name a chief ecosystem officer to take ownership and drive the desired outcomes.

A Focus on Long-term Stakeholder Value

We have seen growing demand for organizations to take greater responsibility and operate in the best interest of employees, customers, suppliers and society at large. The views of the CEOs in the study indicate the shift to long-term stakeholder value creation is gaining momentum and importance. Long-term value surfaced as a cross-cutting priority across the study and emerged as the most important characteristic of the future successful enterprise.

Ninety-one percent of respondents expect business models will increasingly incorporate circular economy dimensions over the next five years, while 87% agree long-term value creation across stakeholders will be rewarded by the market. And 80% agree there is likely to be a global standard for measuring and reporting long-term value creation. Still, as we explored in our first article, a pronounced gap exists between intent and action around long-term value. This gap may indicate a lack of clarity around the definition of long-term stakeholder value and how to progress this objective.

At EY, we view long-term stakeholder value across four pillars or dimensions: financial, customer, people and societal. Creating, measuring and communicating enterprise value across these dimensions is becoming a strategic and management priority. CEOs need to embrace this new governance model, using the fundamentals of long-term stakeholder value to vault their companies toward growth and resilience.

Falling further behind brings the risk of deteriorating stakeholder trust. To catch up, CEOs must embed purpose objectives into all aspects of their business, from finance and operations to sales and marketing, to drive value creation for all. They should embrace stronger governance supporting stakeholder objectives, including better aligning incentives by tying remuneration packages to a wider range of metrics beyond the share price, such as Paris Agreement targets and measures of employee satisfaction.

Identifying and responding to stakeholder needs requires new capabilities alongside mechanisms to deepen engagement, strengthening feedback loops between stakeholders and management.

Leadership anchored in the human imperative

The challenge of delivering value to a widening range of stakeholders requires strong, decisive, empathetic and human-centered leadership, with a focus on innovation, fostering trust and modeling desired traits. Increasing digitalization, the prominence of data and analytics in decision-making and the ongoing shift to remote work are making the human qualities of leadership rise to the forefront.

Leading with compassion, setting an example of experimentation and risk-taking, and driving a transformative mindset across the company emerged as the top three characteristics of the most effective CEOs to manage the challenges and opportunities over the next five years and beyond. In addition, 89% of respondents agree the CEO must lead disruptive innovation and business re-imagination, while 80% agree establishing stakeholder trust will become an increasingly important part of the CEO's job.

Although CEOs show willingness to

transform for these new imperatives, gaps remain in their organizations' capabilities, focus areas and translating intent into action. From the long-term value "say-do" gap to the continuing challenge of digital transformation, and from underinvestment in ecosystems, the data trust chasm and the climate blind spot, leaders face significant barriers to evolving and acquiring the characteristics of the future successful enterprise.

So, how CEOs and C-suite leaders formulate, orchestrate and reframe their organizations for the future? We recommend CEOs and their teams work backward and plan their future strategy by embedding three core interconnected value drivers: putting humans at the center, leveraging technology at speed, and driving innovation at scale. Embracing these value drivers, while building agility into the ethos of organizational culture, allows companies to create exponential value, equipping them to pivot and respond quickly to future existential risks and drive long-term stakeholder value. "By grounding in these critical value drivers, organizations can ensure that transformation efforts connect across the enterprise, which is what thrivers always do," said **EY Global Consulting Transformation Leader Bill Kanarick**.

Human centrality

At its core, successful transformation must be driven by the desire to improve the human experience. The best laid strategies can come to nothing without the right talent and mindset to execute on it. The most advanced innovations or cutting-edge technologies can fail if they lose sight of human values. As leaders advance their strategies, they must view every decision, every technology implementation, and every product or service innovation through the human lens.

It makes an incredible difference when you have a very fast feedback loop that doesn't come through layers internally, but actually comes directly from the market. The speed and agility within the organization takes on a very different pace.

Companies need to focus on how they make or deliver the products and services to delight customers and offer them compelling value propositions. Inherent in this is the understanding personalized experiences have now become far bigger drivers of consumption,

requiring a different approach to innovation customer engagement.

Jon McNeill, CEO and Co-Founder at DVx Ventures says "Future creators are impatient. They're dissatisfied, not in a negative way but always looking to make it better. The C-suites that are very engaged with the front lines, very engaged with their product, actually walked the customer journey frequently with their own product, they are very dialed in. And it makes an incredible difference when you have a very fast feedback loop that doesn't come through layers internally, but actually comes directly from the market. The speed and agility within the organization takes on a very different pace."

Driving this type of human-centered personalized innovation requires diversity at all levels of the organization. It has been proven more **diverse teams drive better innovation**. This includes diversity not just in age, gender and ethnicity but also background and skills. Companies need to acquire talent beyond their industry boundaries, reaching to adjacent markets and competencies to bring fresh thinking and new ideas into the organization.

Yet diversity remains elusive. Only 28% of respondents to the study said they create diverse and inclusive teams at all levels. The gap is more pronounced at the very top: when asked about the most important changes that could be made to the C-suite, only 8% cited greater diversity and 7% said talent from outside the company.

As companies race to adopt cutting-edge technologies and drive breakthrough innovations, they must carefully consider the human impact to mitigate risks and create trusted relationships with customers, employees and ecosystem partners. Consistently and persistently putting humans at the center of every decision helped CEOs galvanize and motivate employees as well as attract customers, giving them a competitive edge and ultimately leading to growth and a stronger market position.

Responsibly accelerate technology adoption

The pandemic has catapulted us into the digital-first era literally overnight. Unsurprisingly, the results of the study bear out the conclusion that technology

acceleration has become one of the most significant drivers of transformation. A majority of respondents (68%) anticipate significant investment in data and technology over the next year, while 63% said accelerating technology and digital innovation is having the greatest impact on their company.

With new technologies emerging and maturing more quickly, companies that can leverage them as instruments of creativity will inherently perform better. Apart from leveraging these technologies, companies will need to deploy technology faster as well in order to serve the ever-evolving needs of customers, employees and ecosystem partners. Perhaps unsurprisingly, digital driven business transformation (56%) and AI/data science (41%) emerged as top competencies requiring new or increased C-suite attention.

However, companies need to carefully consider the human impact of every technology before widescale deployment, as public awareness of the security, privacy and ethical risks grows. CEOs need pay particular attention to building trust with stakeholders to reap the full benefit afforded by AI and data science.

Successfully leveraging and implementing technology at speed requires upskilling and reskilling employees as well as diffusing a transformative mindset across the entire organization at all levels. Forward-looking risk management practices and strong cybersecurity capabilities will be linchpins in fully realizing the value of technology to improve the human experience in our increasingly virtual world.

Thoughtfully scaling innovation

The pandemic is forcing companies to reimagine every aspect of their business – product and service design, business models, operating model and more – re-engineering each for innovation and agility. While all companies need to protect and reinforce their core business, they also need to get into the habit of continuous and rapid innovation.

Leaders must begin with a “future-back” approach. Start by asking whether your company will be relevant in 5, 10 or 15 years and how you might expand your competitive advantage through bold risk-taking. With this in mind, you

can then explore the future and potential scenarios to adapt your innovation agenda and enterprise strategy.

Companies must also look outside themselves to enrich their innovation potential. Collaboration with ecosystem partners and cultivating a deep understanding of pain points can help unearth ideas that will be embraced by customers, employees, markets and societies. They must also leverage data, cutting edge intelligent technologies and cloud infrastructure to scale innovation more rapidly.

But perhaps most important of all is ensuring the engine of innovation – human talent – is front and center. The study shows 38% of respondents expect to implement change in their innovation processes over the next three years. These respondents are focused on faster idea generation and trialing as well as reorienting their organizations toward greater risk taking. Humans are intrinsic to these objectives, and achieving them requires embedding innovation as part of the transformative mindset and equipping employees with the tools and permission to appropriately take risk.

Moreover, as companies look to leverage large volumes of data and cutting-edge technologies as part of their innovation engines, they must ensure they safeguard human privacy and security. To truly unlock the value of innovative products, services and solutions, stakeholders must trust them. Demonstrating a commitment to improving the human condition through innovation will be critical for success.

Interweaving and embedding these three value drivers into every aspect of the cross-functional, continuous transformation being demanded enhances your company’s ability to adapt. That makes your operating model more agile which, married to the fundamentals of long-term stakeholder value creation, ultimately maximizes growth potential.

The COVID-19 pandemic has compounded and magnified forces already reshaping business and operating models, in the process recasting the very purpose of organizations. What lies beyond the pandemic is a more dynamic future requiring companies to continuously innovate, mobilize and scale new business models, operating models and capabilities. Organizations will need to embody agility in all aspects of their enterprise, while adopting a continuous

transformation mindset rooted in and motivated by the desire to improve the human experience.

If that sounds ambitious, it is. CEOs must boldly and decisively take steps to rewire, retool and reorient their organizations for this new working world. They must tolerate ambiguity, become nimble, increase their appetite for risk-taking and cultivate agility to pivot quickly toward new opportunities. Embracing the three interconnected value drivers of humans at the center, technology at speed and innovation at scale allows companies acquire the DNA of the future successful enterprise, helping them realize their growth potential and driving the creation of long-term stakeholder value. Here are key considerations as you reboot and rebalance your organization to realize transformation:

1. Embark on a future-back approach, using your corporate purpose to guide exploration and begin laying the strategic groundwork to build the capabilities necessary to ensure long-term relevance and resilience.
2. Adopt a mindset of impatience and dissatisfaction, seeking constant improvement in every aspect of your organization. Walk in the shoes of customers, employees, and ecosystem partners, getting direct feedback to inform decision-making across every aspect of the enterprise.
3. Drive a human-centered mindset into innovation processes, technology adoption and deployment as well as every aspect of your culture. Ground your decision-making in asking how it will impact your employees, customers, partners and community.
4. Reframe how you obtain, manage, use and scale data by embedding trust at the core to make the intelligence being delivered trusted by customers, employees, ecosystems and regulators.

What the Tax Authorities Are Up To: Key Audit Trends Globally

By: Deloitte



Public and political pressure has seen tax authorities play closer attention to transfer pricing. Deloitte's Tony Anderson, Alex Evans, Mariusz Kazuch, Rafal Sadowski and Lian Tang He explore changes in Canada, China and Poland.

Tax authorities around the world are increasingly focusing on transfer pricing (TP) matters, partly due to a combination of public and political pressure, and the transparency afforded by country-by-country reporting (CbCR). This article explores what is happening in Canada, China and Poland in the area of tax audits.

Given the close working relationship between global revenue administrations, it is likely that similar trends will spread more broadly.

Canada

The Canadian government continues to make improved tax compliance a high priority, as seen by the proposal to invest C\$91 million (\$69 million) to this area in 2018's federal budget. This brings total investment towards improved compliance to almost C\$1.1 billion since the 2016 federal budget.

In its approach, the Canada Revenue Agency (CRA) recently implemented a risk-based, integrated system to international and large business audits. They have created multidisciplinary teams of specialists to address complex and emerging tax issues, with clear targets to combat aggressive tax avoidance and TP abuses. The CRA's newly developed IT solutions enable them to assess the compliance risk of the entire large business population annually.

The CRA estimates that during the 2016-17 fiscal year, these initiatives identified a total impact of C\$8 billion. This came from the tax assessed, tax refunds reduced, interest and penalties, and the present value of future federal tax assessable arising from compliance actions. Recent statistics confirm the CRA's TP compliance activity. A total of 160 mutual agreement procedure (MAP) cases were closed in 2016, and C\$194 million in TP penalties were imposed for the period ending March 31 2017. Furthermore, the number of completed advance pricing agreements (APAs) has been increasing, with 36 completed in 2017, compared to 26 in 2016 and 21 in 2015.

Key focus areas

CRA auditors continue to emphasise substance, real economic activity and the ability of parties to control and manage pertinent risks, while downplaying the significance of contractual risk-bearing and legal ownership of capital and assets. Some specific examples include their focus on low-risk distributors and contract manufacturers.

Auditors are very attentive regarding joint decision-making, local value-adding contributions to intangibles, and similar factors that justify higher returns to Canadian taxpayers. There is a tendency to reject one-sided methods that limit the Canadian taxpayer to a low routine profit. The disposition of intangible property between international related parties and hybrid financing structures is also a priority area.

Interactions with tax authorities and recent audit and APA trends.

A trend observed in recent CRA audits is the auditors' diligent and detailed fact gathering, as demonstrated by multiple rounds of written queries and increase of in-person interviews with taxpayer personnel. Communication with the CRA is reasonably unrestricted, and most auditors are quite receptive to keeping lines of communication open.

At the audit stage, time frames are very case and audit team-specific, but may range from one to three years in most situations. According to the CRA's Advance Pricing Arrangement Program Report (2017), the average completion time for bilateral APAs during 2017 increased to 48.5 months, up from 47.3 months in 2016. This increase in completion time is troubling, given that one of the goals of BEPS Action 14 is to improve international dispute resolution.

Transfer pricing adjustments proposed by the CRA can first be disputed at the audit level. If the dispute is not resolved at the audit stage, a notice of objection can be filed with the CRA Appeals Directorate (appeals process), fast tracking to the Tax Court of Canada, or through the MAP article of Canada's bilateral tax treaties (MAP process).

As a caveat, the appeals process does not resolve double taxation unless the CRA overturns the adjustment in full. For this reason, most TP cases are resolved through the MAP process, which provides a high success rate in alleviating double taxation. In 2016, 72% of closed MAP cases resulted in full double tax relief, according to the 2017 APA programme report.

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If relieving double taxation is not the primary concern, taxpayers may prefer the appeals process. This may be relevant in cases in which a (non-resident) corporation is at a loss, or is located in a low-tax/no-tax jurisdiction. The preferred way to resolve audit disputes will depend on a number of factors. There were 160 MAP cases closed in 2016, compared to one tax court judgment in 2018. At the time of this writing, there have been less than 10 TP tax court cases in Canada's history.

Poland

The attitude of Polish policymakers and tax authorities towards transfer pricing and aggressive tax planning has changed significantly in recent years.

Key focus areas

Some of those changes have been legislative, and include the introduction of all internationally recognised standards regarding the exchange of information, anti-abuse and compliance into domestic law (that usually go further than the OECD's BEPS recommendations), the implementation of foreign corporation rules, a general anti-abuse rule (as of 2016), as well as new reporting obligations for tax audit selection purposes or mandatory disclosure rules (ahead of the deadline in the EU directive).

Organisationally, a large number of officials have been re-directed from VAT fraud audits to investigating corporate income tax (CIT) and TP cases. Changes have been implemented across local tax offices, right up to the Ministry

of Finance, with the creation of a dedicated transfer pricing department to increase tax officials' TP proficiency. In outlook, the focus of audits has shifted to concentrate on specific, previously identified risk areas.

The resulting impact is that the overall value of TP/aggressive tax planning assessments in Poland increased exponentially from PLN 10.7 million in 2015 (\$2.8 million), to PLN 650 million in 2016, and PLN 2.3 billion in 2017. The focus areas are consistent with those observed in other EU/OECD countries: restructuring, financial transactions, and intragroup dealings (primary business activities, intangibles and management fees).

Interactions with tax authorities and recent audit and APA trends The level of professional discussion with auditors has improved, while significant central support from the Ministry of Finance is provided to auditors to properly address issues.

The administrative course of TP proceedings is different in practice (although not formally) to CIT cases. In 'usual' cases, taxpayers appeal the initial assessment (undertaken at the local tax authorities level) to the tax courts, which is followed by a court proceeding.

The outcome of appeals at the tax court level appears quite random in TP cases. Like most other countries, Poland's tax administrator takes the position that the court's decision (irrespective of its conclusion) is binding on the treaty partner's authorities, effectively denying taxpayers the ability to file an MAP request. Therefore, an unfavourable court decision may result in double taxation.

In TP cases, it is highly recommended that taxpayers actively manage the audit process. Once a decision is issued, MAP proceedings are more effective and predictable than the ordinary controversy route. Furthermore, Polish domestic law since 2006 has allowed the use of APAs to manage TP risk, seeing a rise in the popularity of APAs.

This increase in TP risk has been accompanied by the imposition of severe personal penalties on management personnel, and broadened compliance obligations. For example, from January 2019, a Polish company's

management board will be obliged to file a statement (under personal penal responsibility) that the company's TP documentation is complete, and the TP charged by the company are at arm's length.

Disputes with tax authorities may arise surrounding the functional profile of parties, rising costs, or the validity of the comparables data used. Even a small change in the parameters of a transaction can translate into a high assessment and become the personal responsibility of the board of directors.

This increased risk has been enhanced by a new tax law, introduced January 2018, which denies the deduction (for CIT purposes) of any payments for intangible services or property in excess of PLN 3 million, plus 5% of earnings before interest, tax, depreciation and amortisation (EBITDA). The CIT Act provides only two exceptions to this rule:

- The taxpayer is able to prove that the intangible service/intangible property is "directly connected" to the manufacturing of products or to services provided; or
- The transaction is covered by an APA. Given the second exception, taxpayer interest in APAs may rise, which may potentially lead to an increase in the average completion time for APAs, unless the Polish tax authorities expand the capacity of the APA team.

China

Historically, TP investigations were the core function of Chinese tax authorities and the primary method to enforce tax administration. However, there has been a gradual shift: China's State Administration of Taxation (SAT) now encourages local tax authorities to assist taxpayers in improving their TP compliance in advance, rather than focus on conducting investigations.

In order to identify potential TP risks, the Chinese tax authorities have actively explored the use of computer analytic tools. In 2018, the tax bureau of Jiangsu province launched a risk profiling pilot programme, distributing upstream and downstream financial information request forms to 150 multinational companies. This represented unprecedented access to global information, and enables the local tax authorities

to perform an assessment on the allocation of profits within the multinational group.

Based on that assessment, each taxpayer is categorised according to a particular risk profile. Taxpayers assigned a higher-risk profile are identified, and cautioned to revise their related-party transaction pricing policy. This initiative is expected to be rolled out shortly in 10 other Chinese cities, and nationwide within the next three years.

According to China's Advance Pricing Arrangement Annual Report for 2016 (issued December 2017), the Chinese tax authorities signed 14 APAs in 2016. Eight of those agreements took less than a year to complete, and six took three. The number of completed APAs has steadily increased each year, and is expected to continue to rise. As of December 2016, 301 APA applications were being evaluated concurrently, and 139 cases were at the signing phase.

Key focus areas

In recent years, the Chinese tax authorities have focused on issues such as location specific advantages (LSAs), the local economic ownership of intangibles, and restructuring transactions. China's tax authorities have particularly emphasised value chain analysis, which advocates function and risk review of all entities involved in related-party transactions, and then assesses the profit allocation among those entities. This may sometimes result in the utilisation of the profit split method for transfer pricing adjustments to account for local non-routine contributions.

The increased focus on intangibles applies not only to technology but also to marketing intangibles. By examining the economic substance of a transaction (primarily the location of people, functions, associated assets, and actual control over risk) the Chinese tax authorities have attempted to scrutinise the potential creation of local intangibles by taxpayers. If the Chinese tax authorities determine that local intangibles have been developed, an appropriately determined portion of the residual profit would be demanded as an allocation to China.

Chinese entities that are compensated with routine returns while creating non-routine value (from the Chinese tax authorities' perspective) in the form of certain R&D, brand building or

market-penetrating activities, have been in the spotlight.

In those cases, compensation based on the cost plus method would not be satisfactory to Chinese tax authorities.

Interactions with tax authorities and recent audit and APA trends

The Chinese tax system can be depicted as a triangular system:

- District and municipal-level tax authorities deal with day-to-day TP management and investigations;
- Provincial-level tax authorities are responsible for reviews and approvals on local enforcement; and
- The SAT's anti-avoidance division is responsible for the formulation of legislation, national audits and negotiations with competent authorities.

According to recent observations, many local tax authorities have shown a more open-minded attitude when communicating with taxpayers, and encourage taxpayers to make voluntary 'self-adjustments' before the authorities initiate formal investigations and adjustments.

Once a TP audit is formally initiated, the time frame for conclusion is difficult to predict and depends on a number of factors. For crossborder related-party transactions between entities in China and a treaty country, TP adjustments are allowed through MAPs to avoid double taxation. Chinese tax authorities are actively involved in more MAPs, and have not only increased the number of competent authority (CA) meetings, but also the efficiency and effectiveness of the negotiations.

A trend observed recently is the accelerated speed with which TP negotiations have been conducted. According to the APA annual report for 2016, successful APAs in 2016 were mostly concluded within two years of the filing of an application. Unlike other jurisdictions, China does not allow Chinese companies involved in a TP audit to apply for an APA for the years under investigation.

If a taxpayer disagrees with a TP adjustment, disputes may be resolved through an administrative appeal or litigation.

In reality, there is limited chance of success in an administrative appeal for TP audit cases, not to mention litigation. Nonetheless, in case of a TP adjustment, a corresponding adjustment is allowed through the MAP process to avoid double taxation.

Looking ahead Based on the issues discussed in this article, tax authorities are taking a more proactive approach regarding the management of transfer pricing risk. Increasingly, tax authorities are placing importance on the economic substance of related-party transactions, as opposed to the contractual and legal obligations of those transactions.

As tax authorities become more sophisticated in their identification of TP risk through further investment in technology, the importance of ensuring appropriate TP outcomes will become even more prominent. APAs have become an important tool in assisting taxpayers to obtain certainty on future related-party transactions, and the MAP process can be useful to eliminate double taxation.

Culled from <https://www2.deloitte.com>

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Robotics and its role on the future of work

By: Ernest and Young (EY)

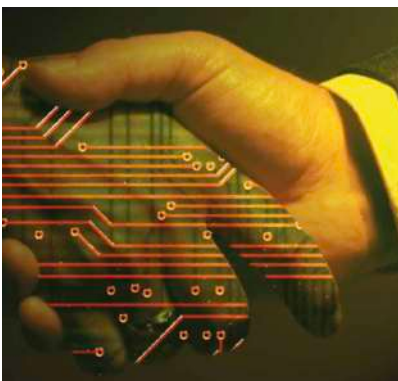


What is software robotics, and why does it matter?

Software robotics has received a lot of attention in the last year. That includes from both popular press speculation about the impact on jobs¹ and the analyst press discussing the potential impact on offshoring and outsourcing.

The promise of software robotics is to deliver a solution that can rapidly automate manual back-office and customer-facing processes, making them faster, significantly more cost effective, and improving consistency and regulatory compliance, all with a return on investment (ROI) typically in less than one year.

Many leading banks and insurers have successfully piloted robotics solutions, but to date relatively few have succeeded in industrializing the benefits. However, the size of the prize on offer from doing so, both in terms of cost savings and service transformation, places accelerating and industrializing software robotics firmly on the agenda for the C-suite of most financial services groups.



A complementary workforce

Rather than representing a threat to the workforce, EY's extensive experience suggests that robots are best thought of as a complementary workforce working hand-in-hand with people to help them improve their performance and focus their time on other, higher priority tasks, strategy and innovation. Robots can enable people to work better, smarter and more creatively, expanding the art of the possible.

As one of the largest consultancies dealing with robotics, EY's practical experience and knowledge comes from delivering over 100 projects globally. This is one in a series of papers based on our practical hands-on experience with robotics, and the lessons we have learned. In this paper, we explain what robotics is and explore its potential. The first paper in the series examines the common issues that we see clients facing as they move forward with robotics projects and the third in the series will cover advanced robotics.

What exactly is RPA?

Robotic process automation (RPA), also known as software robotics, is the use of a new class of software to automate business processes at a fraction of the cost of traditional solutions, without the need to change current IT systems.

RPA works by replicating the activities that people currently undertake, using existing core systems, legacy applications, accessing websites, and manipulating spreadsheets, documents and email to complete tasks. Using RPA software involves mapping out current or new processes, linking it to existing

applications, and then scheduling them to run on one or more robots whenever required.

There are now many vendors in the market and more arriving all the time. As well as the more well-known vendors, there is a constant stream of new entrants and the addition of RPA features to traditional BPM solutions.



The individual elements of RPA software are not new. However, it's the combination of all the features into a single, mature package that works with existing systems which, in many cases, creates a compelling alternative to core-platform integration or replacement. And not only can RPA reduce manual operations costs by 25% to 40% or more, it does this while improving service and compliance, and typically provides a return on investment in less than a year.

Because the software replicates human activity, it can be thought of as a set of software "robots," forming a virtual workforce available 24 hours per day, with full audit and 100% accuracy.

In fact, the concept of a "virtual workforce" has proven to be a useful perspective from which to approach software robotics, as it emphasizes

business rather than IT control, and provides for rapid adoption through existing compliance and risk management frameworks.

In addition to “standard robotics,” there is also an increasing interest in “intelligent robotics” — the use of machine learning and artificial intelligence approaches to allow automated processes to self-adjust and improve, and to tackle subjective decisions as well as following simple rules. This extension offers both improved, data-driven decision-making at speed, and increases the scope of manual work that can be automated. We see two different approaches to intelligent robotics. First, use case specific solutions (such as intelligent document scanning for handling paper, or speech-recognition systems for call centers), and second, the combination of analytics and machine learning platforms with RPA software. In the latter case, the analytics platform is the “brain,” with the RPA software providing the “body” of the robot, able to collect the information required and take the resulting action.

RPA software distinguishing features:

1. Purpose

Designed to carry out business processes, replacing manual activity

2. Approach

Usual or “code free” interface to define automated process, linking to one or more systems through user interfaces. No (or limited) technical integration required.

3. Usability

Suitable for IT-literate business users and operations teams, rather than IT development or integration teams

4. Scalability

Runs in a data-center, and can support high-volume, 24x7 operation, with scheduling, monitoring and reporting

5. Compliance

Full audit of both process definitions and individual tasks executed, and full

security model supporting segregation of duties

Digital and robotics: a powerful combination

As outlined above, the gains from automation can be considerable. But much more is possible when robotics and digital are brought together. RPA needs to work with content that is available within a system. So, for example, it can only automate a claims process once the initial information has been dealt with by one or more agents. That might involve a number of conversations and the manual input of information from supporting documentation. But if those preliminary stages are delivered via digital channels that maximize the extent of customer self-service, robots can get to work faster and across an entire end-to-end process. In other words, digital and robotic automation can deliver an overall solution that is far greater than the sum of its parts.

The return on investment that the combination can deliver will significantly outstrip those available from robotics alone — in fact by as much as two-and-a-half times. As robotics take on greater responsibility for an end-to-end process and minimize or even eliminate altogether the amount of human intervention required, potential ROI rises sharply.

Connecting digital with robotics addresses some of the largest inefficiencies in current processes.

It can achieve this in a number of ways, working with any legacy system and, with a digital adapter sitting on top of the robotics, can in fact digitize whole new areas of business process. And this is where

EY sees the next big wave of opportunity. Digitizing the entire estate is far too costly a prospect for most businesses to even contemplate. For example, insurers are likely to be able to digitize support for only in the region of just 25% of their current products and services. But the combination of robotics with digital expands the scope across a far wider range — and therefore the available savings too. And even where it’s not possible to digitize certain elements of a process, using intelligent OCR technology can achieve comparable results.

As an illustration, EY created a proof of concept for a leading insurer that showed how the combination

of digital and robotics could shrink an existing claims process that took 10 days on average to complete down to a single day. And it’s also an application that EY is introducing to its own business, using robotics and digital in a pioneering new way to manage work within our back-office, shared-service functions.

However, while combining digital and robotics is an essentially simple concept, it requires care in realization to confirm that appropriate digital service levels, cyber controls and volumetric requirements are met, without compromising the agility of the core robotic capability being created within the business.

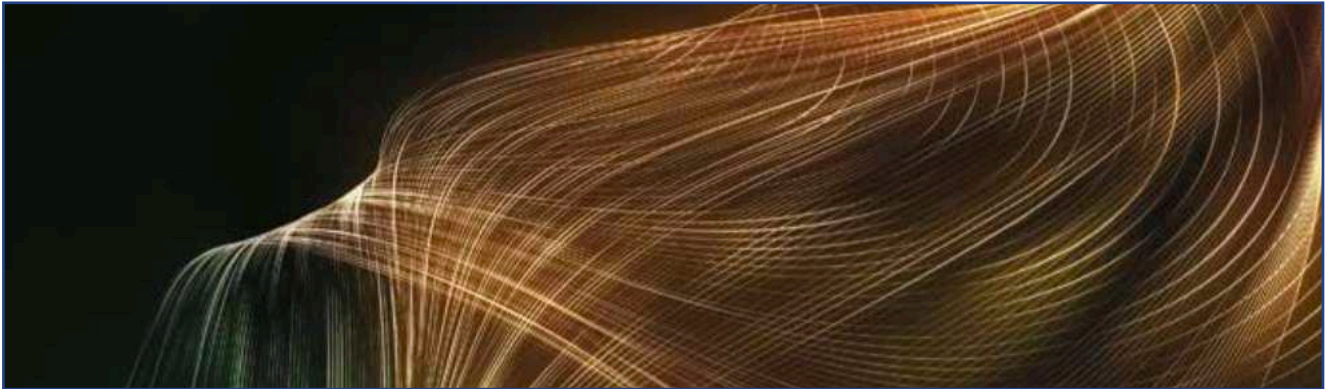
What about cognitive robotics?

There is also a lot of focus at global tech conferences on the potential of cognitive robotics, with companies putting what were high-concept ideas, like driverless cars and self-navigating drones, into production. While the progress being made in these projects is very impressive, the costs are significant and they expose some interesting challenges.

Relating this back to financial services, the equivalent would be self-optimizing customer service, loan pricing, financial advice, or claims or complaint handling. Designing a statistical optimization or machine-learning approach to get the best outcome is relatively straightforward. But designing and monitoring one that aligns to legal, regulatory and ethical conduct requirements can be more challenging. While natural language interfaces and sentiment analysis can understand human emotion, the ability to naturally converse and empathize with perfect accuracy is still a work in progress.

But there are clearly areas where a degree of learning or “cognitive” technology offers a significant advantage, such as processing of paper documentation, understanding speech, detection of fraud, and so on.





Robotics in action: Zurich

EY has been working extensively with Zurich, the leading multi-line general insurance and life insurance provider, to implement robotic process automation as a key element of Zurich's goal to enhance service and achieve their commitments to more than \$1b of cost improvements by 2018.

Starting with a pilot proof of concept in Zurich UK life and pensions in December 2014, EY and Zurich worked together to deliver multiple projects across Zurich and create a federated robotics center of excellence for Zurich.

The initial pilot was designed to demonstrate the technology solution and create a business case for full implementation within life operations.

In just six weeks, EY was able to show that RPA could halve the cost of some existing processes, provide a significantly enhanced customer service and accelerate the delivery of change.

We helped Zurich use an agile approach to deliver the pilot into production within a further six weeks, and to continue to identify and implement new opportunities, releasing 25% capacity within the operational team. The success of this initial project has spread rapidly across the business, with deployments across their general and life insurance businesses, and further projects planned.

A key success has been the creation of a federated robotic center of excellence staffed primarily from released operational staff, integrated closely with IT and business change teams. The center of excellence is itself a model for agile delivery within Zurich, delivering new automated processes on a two- to four-week release cycle.

Jan-Feb 2015

Proof-of-concept

- Six-week engagement in corporate savings that proved the technology and created a case for full implementation

Key benefits:

- 51% reduction in cost for processes automated
- Identified opportunity to release up to 25% of operational team capacity
- Improved service
- Accelerated delivery of changes on existing platform development road maps

June 2015

Implementation within global life

- Creation of Zurich Life Center-of- Excellence, and realization of identified benefits within life corporate savings
- Continued expansion within UK life
- Successful pilot in other country life business leading to a business case assessment
- Dialogue with global general insurance representatives, global claims and group finance around robotics solution

January 2016

Expansion into general insurance

- General insurance implementation
- Group finance project

- Deployment within general insurance claims

December 2016

Further growth

Establishing regional virtual infrastructure to support enhanced efficiency

- Projects initiated, implemented or planned in other countries
- Zurich continues to explore further opportunities to extend benefits within existing and new markets, group functions, and through integration with additional technologies, including artificial intelligence and digital

How Employers and Employees are Envisioning the Reimagined Workplace employers

By: Liz Fealy



As lockdowns are lifting in many regions of the world, millions of employees deemed essential continue to work as usual while other segments are returning to the physical workplace for the first time after several months of either working from home or being furloughed.

Many companies have extended flexible working with regard to when and where employees work in order to maintain social distancing in workplaces as well as to provide alternatives given that not all schools and childcare have opened.

Companies also realize that now that many employees have experienced reduced commuting times and have maintained productivity, some prefer to continue working remotely. This has necessitated completely new methods of working, collaboration and effective leadership. It's been a massive challenge for employers and a big shift for employees.

The EY team surveyed over 4,000 employers and employees in June and July 2020 to see how these impacts are affecting the rollout of the future of work. The survey results showed strong alignments between the experiences and priorities of companies and their workforces, but also some key disconnects.

Both employees (84%) and employers (79%) identify the adoption of digital workplace tools as critical to the future work experience. They also agree that health and safety in the workplace are new priorities: employees rank this as a top five concern, and 86% of employers plan to enhance workplace safety.

Employees rank online or virtual learning as their top learning and development focus, and almost two-thirds (64%) of employers are looking to strengthen virtual learning.

However, the survey responses reveal that employers and employees are not aligned in all areas. Perhaps predictably, while almost 4 in 10 (38%) employees want to see bonuses for improved work efforts, 77% of employers think there will be moderate to extensive

reductions to workplace costs. In business travel, employers see yet another opportunity to cut costs, with 74% planning to limit most types of company travel, while 76% of employees would like to continue traveling for business.

	Employees	Employers
Areas of alignment	84% of employees are looking for better digital tools	79% of employers are looking to extensively/moderately change digital workforce tools
	Top 5 concern for all countries and generations is physical health	86% of employers plan to make extensive/moderate changes to workplace safety
	#1 ranked L&D focus is employees want employers to enhance online/virtual learning approaches	64% of employers are looking to enhance online/virtual learning approaches
Areas of disconnect	38% of employees want updated pay/bonus plans for enhanced work efforts	77% of employers believe there will be extensive/moderate change to workforce costs
	76% of employees would like to continue some form of business travel	74% of employers believe there will be extensive/moderate change to business travel with reductions across most types of travel

Despite the areas of disconnect, 86% of respondents to an EY 2021 Work Reimagined Employee Survey currently rate their job satisfaction as 6 or above on a scale of 1-10. 48% of employees also believe their company culture has improved during the pandemic.

Amid the data analysis, one finding stands out as a potential red flag to employers that they should not ignore. While 9 in 10 employers say they put humans at the center of long-term plans for value creation, fewer than 7 in 10 (69%) of employees believe them.

Employers must now consider that 90% of surveyed employees want flexibility in where and when they work.

The EY team has emphasized that the future of work, while enabled by transformative digital tools, must put humans at the center, including well-being, diversity and culture. Employers need to not only put talent at the core of their strategy but also to demonstrate that commitment to their workforce with authenticity — and reimagine what the new workplace will look like for their organization.

Summary

COVID-19 has impacted the global workforce extensively, and as organizations slowly begin to return to a physical workplace, there are notable differences in priorities between employers and employees. Importantly, employers must put employee well-being, diversity and culture at the center of a reimagined workplace.

Liz Fealy is EY Global People Advisory Services Deputy Leader and Workforce Advisory Leader



Impact of New Technologies on Audit and Assurance

By: KPMG



Today's Digital Footprint

From the 1990s and with the advent of innovation like the Web and digitized content, technology has changed the way we interact with the world – the way we work, shop, bank, travel, educate, govern, manage our health, and even relax.

The concept of digitalization is not necessarily new. From the early 2000s, we have seen organizations use technology to gain unprecedented levels of operational efficiency and thus, improve profitability. However, over the past few years, digitalization has gained steam. Organizations across sectors are being revolutionized by the digital transformation bug. Drivers for these transformations result from a combination of factors including:

- Changes Impacting products and how they are consumed
- Increased innovation in the technology space
- Availability of low cost devices and thus accessibility of technology to a wide range of individuals.
- Increased availability of data

This means that Companies have had to adopt a “sink or swim” approach to the adoption of varying digital business models to stay relevant.

What does this mean for the Assurance function

Change! The operating model for the assurance function has to continually evolve to meet the needs of the “digital organization”. This will require the leveraging of new technologies for optimized outcomes and equipping professionals with the requisite skills and knowledge to identify and manage emerging risks. Key digital trends such as cloud computing, APIs & ESBs, large data & analytics amongst other trends are areas that will require focus and knowledge acquisition for the assurance professionals.



Impact of New Technologies on Audit and Assurance

Today's Digital Footprint



Cloud Platform

The rise of cloud based software platforms is gradually eliminating the need for organizations to host applications within their local environment ('The On- Premise Model'). However, many of such platforms have lesser options for application controls when compared with traditional systems. This lack of control is partly deliberate, to foster an “agile” user experience, partly due to immaturity in the control domain – many of such software vendors have been existing for less than 10 years and simply focused on other strengths than control capabilities. The impact for auditors is that they need to rethink and re-evaluate their approach in providing assurance around cloud systems. This can be achieved by transforming audit approaches leveraging data analytics driven procedures in order to address the less preventive controls in the system.

In addition, the processing and storing of data in the cloud for cloud based systems introduces new challenges around third party management and **data security and confidentiality**. These therefore requires the auditors to integrate more **cyber security** capability in the audits.

Key questions auditors must ask on cloud platform

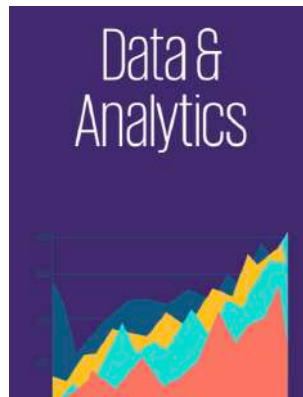
1. How much security is adequate? Is there a need to alter the present security model within the organization?
2. How critical are the applications being hosted? Potential impact of system failure?
3. How experienced is the outsourcer's with Service What are the applicable country/ 04 regional and industry regulations
4. What are the applicable country/ 04 regional and industry regulations (e.g., SOX*, IESBA**, GLBA*** and HIPAA****)?
5. What are the cloud vendor's policy on identity, access & vulnerability management?
6. Is there an independent auditor's report on the cloud environment? If so, what does it cover?



Open API/ESB

Application Programming Interfaces (APIs) and the Enterprise Service Bus (ESB) have significantly transformed the approach for system integration and innovative development of software applications, especially mobile applications.

The rapid growth and spread of these integration methods can be attributed to the desire for agility by reducing time to market for new initiatives - such as new services and capabilities - which will ultimately lead to new revenue streams. APIs and ESBs help achieve this objective by providing a simple, well defined, "Plug and Play" system that scales exponentially. However, with the ease of use and ubiquity presented by these technologies comes increased security risk. Although APIs are not of themselves a security threat, security becomes an issue as soon as end users begin to pull data through requests via these APIs. This is because developers often do not provide enough boundaries to limit security considerations from end users in an effort to encourage users and provide useful features and this can inadvertently compromise an organizations security.



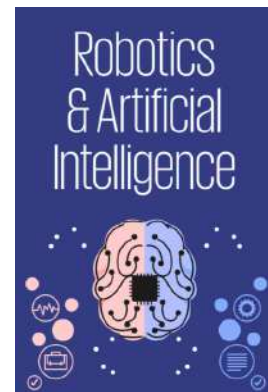
Date & Analytics

The need for efficiency in business operations is driving many organizations to implement more **standardized and centralized systems**, set up shared service centers, **outsource/offshore** non critical business processes and harmonize critical business processes. The increasing use of harmonized and standardized systems drives the increase of central or centrally accessible data volumes. This gives auditors an opportunity to achieve **a more efficient and higher quality audit**, by transforming the traditional sample based audit approach to centralized and data driven audit approach such as 100 percent.



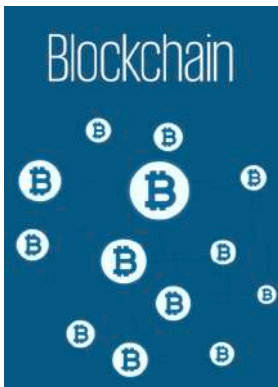
Mobile Application & USSD

Many organizations across the globe have adopted the use of **mobile applications** in putting information at the fingertips of employees making them operate more effectively, enhancing the way people live and work. Also, with the advent of mobile payments based on mobile telephony, the adoption of **USSD** (Unstructured Supplementary Service Data) technology and the range of services supported by this technology has increased significantly over years. Mobile money has done more to extend the reach of financial services in the last decade than traditional "bricks and mortar" banking has in the last century [State of the Industry Report on Mobile Money, GSMA, February 2016]. These advances are made possible by the remarkable progress made in telecommunications technology such as digital technology that integrates transmission, switching, processing, and retrieval of information. However, with new technology evolution comes associated risks - such as user authentication concerns, confidentiality and integrity of information both at rest, in transit and in use - that organizations need to stay on top of to optimize the impact of technology and **mitigate concerns** over its implementation.



Robotics and Artificial Intelligence (AI)

Robotics and Artificial Intelligence (AI) are changing business operations and these developments are also open up new opportunities for the audit process itself. A key question that arises is: to what extent (software) robots and artificial intelligence at the client side impact the audit approach?. In the case of clients using software robots in key processes, the auditors will have to gain a certain level of comfort over the reliability of the data processing carried out by the robot. This means that the auditors will need to boost their technology understanding in order to assess the reliability of *robot software*. The profession may be supported by the same digital trend, what if the programming code of the robot can be analyzed by an *“audit-bot”*? AI like *IBM Watson* are able to read, listen, learn and process billions of documents per minute. Such artificial intelligence can work with all relevant standards, including the learning of judgments and other audit considerations, and use this to advise auditors in certain audit questions or challenges.



Currently, businesses and consumers use trusted parties such as banks and telecommunication companies to consummate financial transactions. Blockchain allows customers and vendors to connect directly, removing the need for a third party. This concept is currently being adopted by financial institutions in order to drive efficiency in financial transactions, eliminating multiple parties and manual procedures. The risk of cyber-attack on a Blockchain is an apparent concern, in addition to the fact that not so many organizations (including regulators) have a full understanding of the underlying technology & model driving Blockchain. The question arises what does this mean for the assurance professional? Is there a further need for audit in a block chain supported transactional process? Such questions are yet unanswered and the audit profession will need to form a view and opinion in demystifying the Blockchain environment.



Digital Regulation

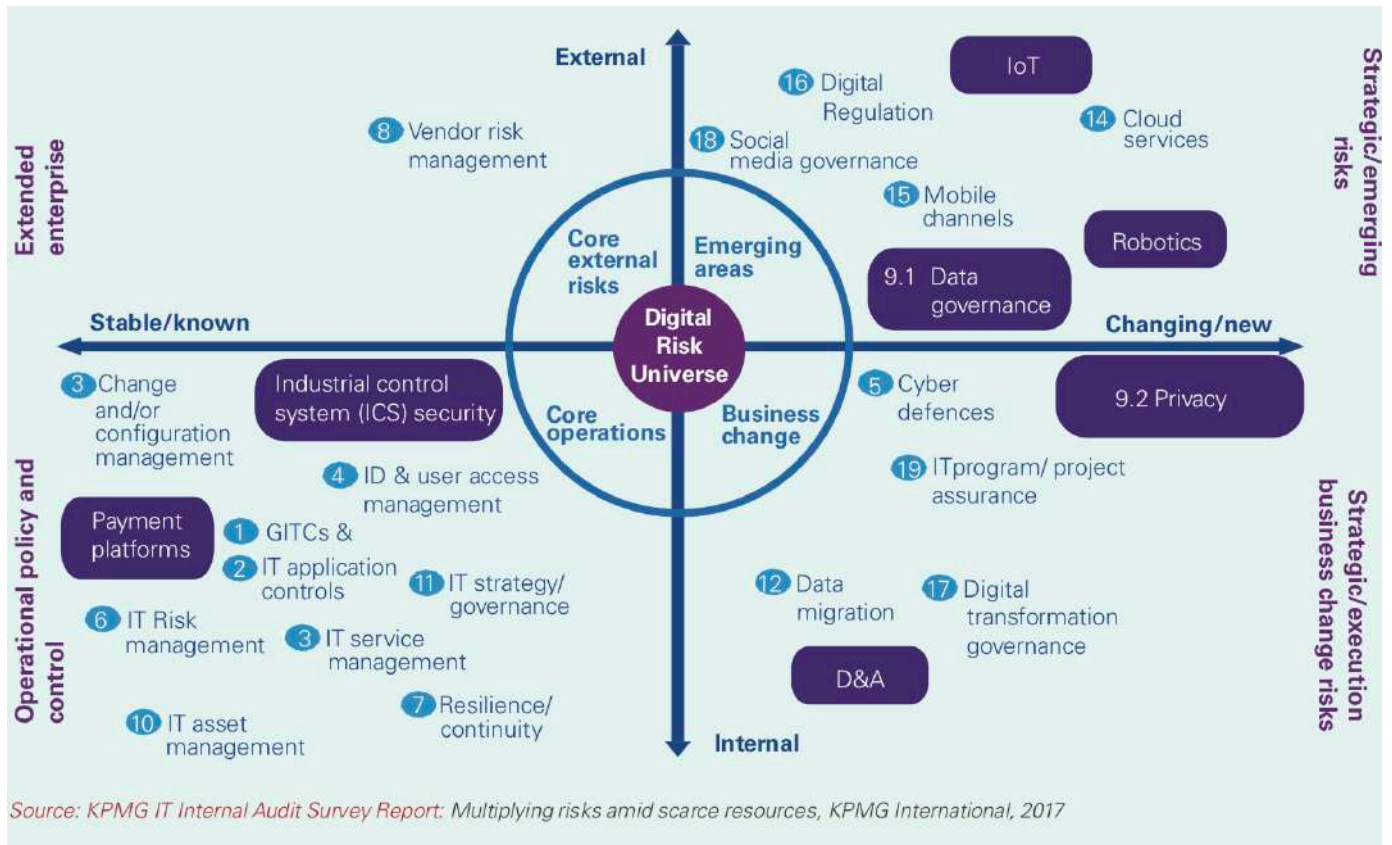
While regulators (such as MAS*, ASIC**

and UK's FCA***) appear to join investors in embracing the benefits of financial technology innovation, they also acknowledge the new dimensions of *risks* and *challenges* with the emergence of digital business models, especially as it relates to risks that may impact the customer and the overall stability of the financial system. In recognition of the potentially disruptive forces of Digital, regulators are actively pursuing appropriate oversight mechanisms to ensure *“responsible innovation is achieved”*. However, regulators globally understand that the approach to regulation and supervision for Digital has to be one that does not stifle innovation and therefore has to be light touch while ensuring that critical risks are appropriately mitigated or managed.

The rise of cloud based software platforms is gradually eliminating the need for organizations to host applications within their local environment ('The On- Premise Model'). However, many of such platforms have lesser options for application controls when compared with traditional systems. This lack of control is partly deliberate, to foster an "agile" user experience, partly due to immaturity in the control domain – many of such software vendors have been existing for less than 10 years and simply focused on other strengths than control capabilities. The impact for auditors is that they need to rethink and re-evaluate their approach in providing assurance around cloud systems. This can be achieved by transforming audit approaches leveraging data analytics driven procedures in order to address the less preventive controls in the system.

The Digital Risk Universe

Based on KPMG's experience from advising clients across sectors on managing technology & digital risk, key risk areas have been summarized in a Digital Risk Universe, displayed in the chart below. The horizontal axis depicts the pace of change, from static at the left to fast moving on the right. The vertical axis indicates whether the focus of control tends to be external (above the horizontal axis) or internal (below it).have to gain a certain level of comfort over the reliability of the data processing carried out by the robot. This means that the auditors will need to boost their technology understanding in order to assess the reliability of *robot software*. The profession may be supported by the same digital trend, what if the programming code of the robot can be analyzed by an *“audit-bot”*? AI like *IBM Watson* are able to read, listen, learn and process billions of documents per minute. Such artificial intelligence can work with all relevant standards, including the learning of judgments and other audit considerations, and use this to advise auditors in certain audit questions or challenges.

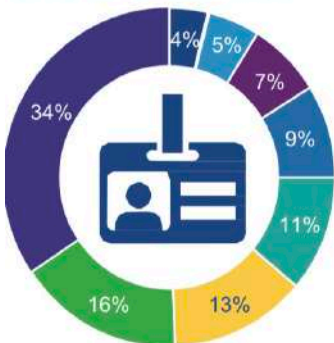


Excerpts from the KPMG IT Internal Audit Survey 2017

Technology risk is pervasive and continually changing. It is a critical time for technology assurance professionals and IT internal auditors (ITIA), who must build plans to provide assessments of, and insights into, the most important technology risks and how to mitigate them. IT Internal Auditors (ITIA) must keep abreast, and wherever possible anticipate, fast-moving developments in technology. In particular, ITIA must plan, deliver and, when necessary, flex its audit plan in such a way that it responds to these changes in the most appropriate, efficient and effective manner. To find out how ITIA is responding to these challenges, KPMG surveyed ITIA representatives of 250 organizations (see demographic breakdown below). Based on our analysis of the survey results, the some key findings are summarized below.

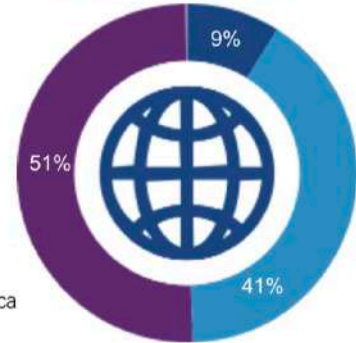


Operating in 8 sectors



- Business Services
 - Energy and Mining
 - Healthcare and Life Sciences
 - Public Services and Infrastructure
 - Industrial Manufacturing
 - TMT
 - Consumer Markets
 - Financial Services
- Asia Pacific
 - Americas
 - Europe, Middle East, Africa

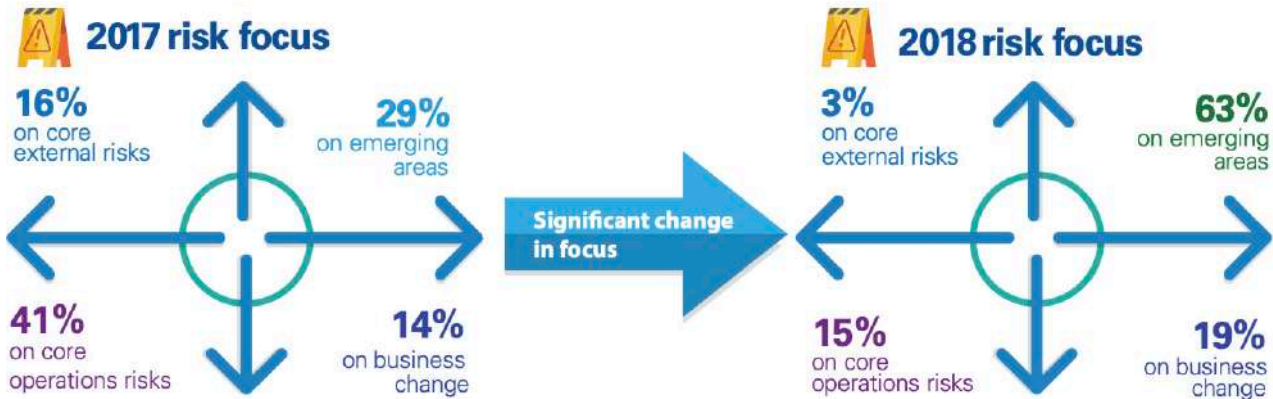
Located in 3 regions



Source: KPMG IT Internal Audit: Multiplying risks amid scarce resources, KPMG International, 2017

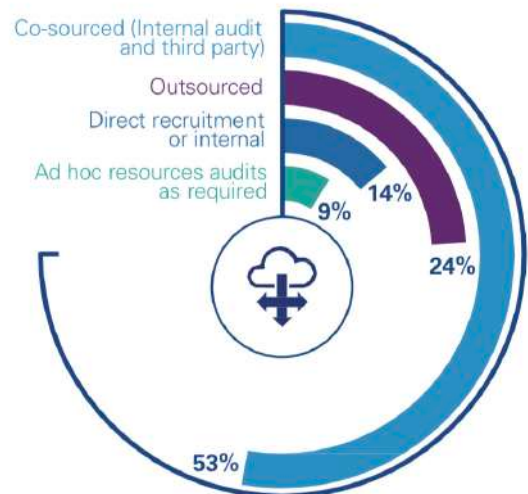
Focus shifts from core operations to emerging risks

The focus of technology assurance is expected to change significantly in 2018 with emerging risks receiving by far the most attention (63% compared to 29% in 2017), whereas core operations will fall to only 15% (compared to 41% in 2017), lower than business changes. The implication of these findings is that organizations will need to gain access to new skills and potentially invest to leverage new tools to tackle these emerging areas. In addition, companies will have to come up with alternative approaches to providing assurance that take place in real time, reflecting the pace of change of the risk environment.



Focus shifts from core operations to emerging risks

Almost no organization has all the IT assurance resources it needs because of the sheer breadth of skills required and the cost of maintaining, training and developing In-house resources to cover all the bases. According to the survey, the main reasons for outsourcing is a lack of people and a deficit of technical skills, the same reasons given in the 2009 and 2013 surveys. In view of the increasing range of risks and the lack of qualified staff, it is not surprising that IT internal audit turns to third parties to fill in the gaps. Although compliance with legal requirements is a highly technical skill for IT internal audit, the survey shows that it is one of the least important reasons for hiring third parties. Given the ever-growing level of regulations around the world, organizations should carefully assess whether they need to think again about regulatory risk.



The 4 Best Exercises to Help You Lose Weight, According to Experts

By: Rachel Link



Remember: Healthy, sustainable weight loss takes more than exercise—but these workouts can help you reach your goals.

When it comes to weight loss—the healthy, sustainable, not-gimmicky kind—it's tempting to want a quick fix with as few changes as possible. For many, that means turning to products (think: exercise programs, trendy how-to books, or commercialized foods and drinks), none of which offer safe, lasting results.

Real talk: The road to actual, sustainable weight loss is pretty unsexy and not-so-straightforward, Liz Davis, a clinical exercise physiologist in Columbus, Ohio, tells Health. “Weight loss is largely dependent on the balance between the calories you consume and the calories you expend,” she says.

What this means: Despite how buff your cycling instructor or the Instagram model peddling a **skinny tea** looks, trendy products alone won't contribute to weight loss. Rather, it depends on your ability to maintain a continuous **calorie deficit**—which basically means that you're ingesting fewer calories than

your body needs to maintain general body functions. Of course, that also means if you're consuming more calories than your body needs to function, you'll gain weight.

But it's not just a matter of calories-in, calories-out: A whole host of other factors also play a role in how your body loses weight. According to Harvard Medical School, a personal or family

family history of being overweight, along with hormonal disorders, environmental factors, psychological wellbeing, and even certain prescription medications can hinder attempts to lose weight

That said, a calorie deficit remains king when it comes to weight loss—and your diet is the largest contributing factor. “Think about it: To burn 100 calories, you might need to walk for 45 minutes” says Davis. “To consume 100 calories, all you need is a few spoons of ice cream.” But that doesn't mean exercise can't at least assist in helping you reach your weight loss goal, if you have one—as long as you're choosing the right kind. Here, experts weigh in on the best exercises to help you lose weight.



High-intensity interval training (HIIT)

Cardio interval training—aka high-intensity interval training (HIIT) is basically a one-two punch for exercise: short and mega-effective. The cardio-based workout alternates between short (but intense) bursts of energy, and less intense (or resting) breaks in between.

“High-intensity interval training, or cardio interval training, is the most scientifically sound way to burn more calories while exercising,” explains Davis. She notes that, in a short burst, your heart rate skyrockets and your temperature rises—two physiological variables that will temporarily boost your metabolism. “You're disturbing your body's homeostasis during interval training,” she explains. “In the hours after exercise, your body is working to get back there.” In fact, one 2017 study from the *European Journal of Applied Physiology* found that your calorie burn during high-intensity interval training will extend way past your final minute of working out longer than if you had maintained a steady pace throughout your exercise duration

The best part? You don't need to sign up for a boot camp class or flail around (and piss off your neighbors) in your apartment. This type of cardio training can be applied to walking, running, indoor cycling, walking, rowing, the elliptical—the list of mediums is virtually endless. The only important rule to HIIT training that you adhere to is that you move in intervals, says Davis.

“Although the optimal interval depends on the individual and their experience and comfort level with high-intensity cardio training, a good go-to is about one minute on and two minutes off to start,” she explains, noting that, as your endurance increases, you can move to a 1:1 or even 1:30 ratio.

Try it with the 1:1 ratio using a treadmill, for example: Walk or run at a moderately intense pace (say, 75 to 85 percent of your maximum effort breathing hard but

not out of breath) for approximately one minute. Then, retreat to a comfortable walking pace (your breathing returns to normal or attempts to get there) for another minute. Continue that pattern for 30 minutes, and, voila! A super-simple HIIT workout has been achieved.



Weight Training

While you won't burn the trove of calories you would in a cardio interval training session, with weight training, a more long-term (and maybe even more sustainable) burn is at play.

According to a 2019 review of studies published in the journal *Metabolism*, there's a strong connection between your muscle mass and resting metabolic rate, which is how many calories you are burning at rest (FYI: Resting calorie expenditure accounts for roughly three quarters of your daily caloric output—so it plays a major role in your ability to lose weight).

So in that sense, the more muscle mass you have (brought forth by resistance training), the easier you'll be able to control your weight. "With weight training, the more lean muscle you have, the more you'll be able to eat flexibly without seeing weight gain. Simply put: You're burning more calories at rest," Davis says.

And the heavier you lift, the better. A study in the *Journal of Translational Medicine* found that lifting heavier weights for six or fewer repetitions at a time resulted in an increased calorie burn for study participants—even once the workout session was over.

And the heavier you lift, the better. A [study](#) in the *Journal of Translational Medicine* found that lifting heavier weights for six or fewer repetitions at a time resulted in an increased calorie

burn for study participants—even once the workout session was over.

And according to [Norma Lowe](#), CPT, trainer and certified sports nutritionist, that slow burn is the true key to weight loss. "The magic happens in the recovery phase. In other words, if you put all your effort into calorie reduction, you'll end up hitting a plateau eventually. Your resting metabolic rate will slow to a crawl."



Yoga, pilates, and stretching

Full disclosure: Yoga, Pilates, and general stretching aren't going to help you burn like cardio interval and weight training can. But they can make you stronger and more limber to execute those exercises with precision and confidence, explains Davis.

"Any kind of strengthening and stretching is beneficial for weight loss because it will make your body stronger and more limber," she says. "This makes it possible to tackle your cardio and weight sessions with more intensity."

And while Davis notes that your caloric expenditure won't be particularly high during a yoga session, it's still a form of resistance training (you're just using your body and gravity to supplement a lack of weights).



And the most important workout for weight loss: the one you enjoy

While high-intensity training (whether it's cardio- or resistance-based) will definitely fuel any weight loss efforts in the short-term, if you aren't finding joy in the workout you're doing, chances are, you won't do it consistently. And that's the most predictable factor when it comes to weight loss, research shows.

A study found in the journal *Obesity* found that a stable, consistent exercise routine (paired with a regular healthy eating regimen) was the most substantial factor in long-term weight management.

"The workout you're going to stick to is the one you really love," Davis says. "When clients ask me what the best workout for weight loss is, I can tell them that certain workouts will burn more calories. But in the end, the best workout for losing weight is the one that makes you feel the best and you love to do."

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