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# Accountant

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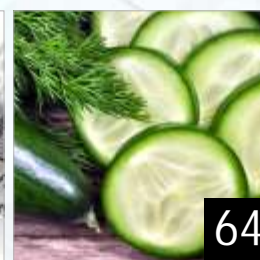
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# EDITOR'S NOTE

The Institute at its 49th Annual Accountants' Conference gathered professionals from various walks of life to discuss how to strengthen institutional framework to support the anti-corruption drive of the government.

The havoc corruption had wreaked on Nigeria in the past made this discussion so imperative to forge ahead in the fight against the monster in our society.

The theme of the conference, "Building Nigeria for Sustainable Growth and Development" and other workshop and plenary session presentations provided the necessary lead to what the government requires to win its war against corruption.

The renowned Kenya anti-corruption czar, Professor Patrick Lumumba in his lead paper entitled "Strengthening Institutional Framework to Support Anti-Corruption Drive," posited that reforms enhancing transparency and accountability in state and economic institutions are indispensable ingredients of the anti-corruption strategy.

Declaring the Conference open, President Muhammadu Buhari GCFR who was represented by the Secretary to the Government of the Federation, Mr. Boss Mustapha, lauded ICAN's Accountability index and the Institute's contributions to the socio-economic development of the country.

He advised that governments at all levels should place high premium on accountability by fully embracing the ICAN Accountability Index (ICAN-AI) programme.



Bunmi Owolabi

There were several other presentations at the conference such as: "Path to Overcoming Security and Infrastructural Challenges in Nigeria"; "Disruptive Innovations: Challenges and Opportunities in the Accounting Profession"; "The FIRS Power of Substitution: Critical Review and Matters Arising"; Public Accountability: A Driver of Transparent Leadership and Governance as well as "Integrity and Meritocracy: The Imperative for Political Leadership; Sustainability: Global Developments and Opportunities for Nigeria and Chartered Accountants".

The proceedings of the conference and other interesting articles as well as news items are presented in this edition for your reading pleasure.

Our health page focuses on the various health benefits of cucumber, which you might not be aware of. This is to remind us to give the necessary attention to our health.

Your comments on the various articles, news and other items published in this edition are welcome. Please send them to: [corporateaffairs@ican.org.ng](mailto:corporateaffairs@ican.org.ng) or [editor@ican.org.ng](mailto:editor@ican.org.ng)

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## Accounting And Ethics Series 2

### Accounting And Ethics

In the last edition of The Nigerian Accountant, I dealt with introductions and fundamentals of the subject. In this edition, I will deal with how the fundamental principles will

the fundamental principles of ethics. He/she shall not knowingly engage in any business, occupation, or activity that impairs or might impair integrity, objectivity or the good reputation of the profession.

or is asked to perform supplementary or additional work, the existing accountant is bound by confidentiality and will need to obtain the client's permission. You shall determine whether there are any reasons, professional or otherwise, for not accepting the engagement, such as circumstances that create threats to compliance with the fundamental principles and cannot be eliminated or reduced to an acceptable level by the application of appropriate safeguards.



*John I. Evbodaghe, MBA, FCA  
Registrar/Chief Executive*

### 2.6.1 PROFESSIONAL APPOINTMENT

#### 2.6.1.1 Client Acceptance

Before accepting a new client relationship, a professional accountant in public practice shall determine whether acceptance would create any threats to compliance with the fundamental principles as a result of any questionable issues with such client. The Code recommends that a professional accountant in public practice periodically reviews acceptance decisions for recurring client engagements.

#### 2.6.1.2 Engagement Acceptance

The fundamental principle of professional competence and due care imposes an obligation to provide only those services that you are competent to perform. However, where one intends to rely on the advice or work of an expert, one must determine whether such reliance is warranted.

#### 2.6.1.3 Changes in a Professional Appointment

Where an accountant in public practice is replacing another accountant also in public practice,

### 2.6.2 CONFLICTS OF INTEREST

Where you provide a professional service related to a particular subject matter for two or more clients whose interests with respect to that matter are in conflict; or where your interests with respect to a particular subject matter and the interests of the client for you provide a professional service related to that matter are in conflict, you may face a conflict of interest which could create a threat to objectivity and confidentiality and this should be disclosed to the client.

### 2.6.3 SECOND OPINIONS

When asked to provide a second opinion on the application of accounting, auditing, reporting or other standards or principles to specific circumstances or transactions by or on behalf of a company or an entity that is not an existing client, you must exercise

impact on the Professional accountants in Public Practice (those that run firms of chartered accountants) and the professional accountants in business (those that work in organizations as finance officers).

### 2.6 PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

Professional accountants in public service should be alert to circumstances and relationships that would be incompatible with

professional competence and due care. This may range from seeking client permission to contact the existing accountant.

## 2.6.4 FEES AND OTHER TYPES OF REMUNERATION

As a Professional accountant in public practice, you may quote whatever fee is deemed appropriate to you, once you intimate the client on the terms of engagement and the basis of the fees. Also, you must assign appropriate time and qualified staff to the engagement.

## 2.6.5 MARKETING PROFESSIONAL SERVICES

When marketing to solicit for new clients or new assignments through advertising, you must make honest and truthful claims, not exaggerated claims for services offered, qualifications possessed or experience gained. You should beware of making disparaging references or unsubstantiated comparisons to the work of another accountant.

## 2.6.6 GIFTS AND HOSPITALITY

Where a gift or undue hospitality is offered by a client to an accountant or an immediate or close family member of an accountant, this may create a threat to the fundamental principles of ethics. In such a situation, such gifts/offers should be rejected.

## 2.6.7 CUSTODY OF CLIENT ASSETS

Normally, you shall not assume custody of client monies or other assets unless permitted to do so by law. In an engagement which involves holding of client assets, you should make appropriate

inquiries about the source of such assets and consider legal and regulatory obligations before taking action.

## 2.6.8 OBJECTIVITY

When providing assurance services, you should be independent in appearance and in mind, and sever any interests in, or relationships with, the client or its directors, officers or employees. A professional accountant in public practice shall determine when providing any professional service whether there are threats to compliance with the fundamental principle of objectivity. For example, a familiarity threat to objectivity may be created from a family or close personal or business relationship.

## 2.6.9 INDEPENDENCE

In the interest of the public, accountants as members of audit teams, firms and network firms shall be independent of their audit clients. You should be independent in mind (i.e you should express your conclusion without being affected by influences that compromise professional judgment, you should act with integrity, exercise objectivity and professional skepticism) and in appearance (i.e you should avoid facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that your integrity, objectivity or professional skepticism has been compromised)

## 2.7 PROFESSIONAL ACCOUNTANTS IN BUSINESS

A professional accountant in

business shall not knowingly engage in any business, occupation, or activity that impairs or might impair integrity, objectivity or the good reputation of the profession and as a result would be incompatible with the fundamental principles of the ethical code. Compliance with the fundamental principles, as explained in preceding paragraphs, may potentially be threatened by a broad range of circumstances and relationships. These threats could be any one of Self-interest; Self-review; Advocacy; Familiarity; or Intimidation threats as previously discussed.

## 2.7.1 CONFLICTS OF INTEREST

As a professional accountant in business, you may be faced with a conflict of interest when undertaking a professional activity. You shall not allow a conflict of interest to compromise your professional or business judgment. A conflict of interest creates a threat to objectivity and may create threats to the other fundamental principles. Therefore, you shall apply safeguards to eliminate the threats to compliance with the fundamental principles, reduce them to an acceptable level and disclose the nature of the conflict to the relevant parties.

## 2.7.2 PREPARATION AND REPORTING OF INFORMATION

As a professional accountant in business, you will have the responsibility for the preparation or approval of general purpose financial statements of an employing organization. You shall satisfy yourself that those financial statements are presented in accordance with the applicable

financial reporting standards, after preparing and reporting such information fairly, honestly and in accordance with relevant professional standards so that the information will be understood in its context.

## 2.7.3 ACTING WITH SUFFICIENT EXPERTISE

The fundamental principle of professional competence and due care requires that professional accountants in business only undertake significant tasks for which he/she has, or can obtain, sufficient specific training or experience. You shall not intentionally mislead your employer as to the level of expertise or experience possessed, nor fail to seek appropriate expert advice and assistance when required. Where there is insufficient time, information and resources to perform the assigned duties, the ethical threat must be communicated and reduced to an acceptable level.

## 2.7.4 FINANCIAL INTERESTS, COMPENSATION, AND INCENTIVES LINKED TO FINANCIAL REPORTING AND DECISION MAKING

As a professional accountant in business, where you have a financial interest, including those arising from compensation or incentive arrangement, or you may know of a financial interest of an immediate or close family member; this, in certain circumstances, may create threats to compliance with the fundamental principles. You must not manipulate information or use confidential information for

personal gain or for the financial gain of others. You must obtain up-to-date education on ethical issues, on the legal restrictions and other regulations around potential insider trading.

## 2.7.5 INDUCEMENTS

Inducements may be in the form of either; receiving offers or making offers depending on the nature, value and intent behind the offer.

### 2.7.5.1 Receiving Offers

In the course offering your services as a professional accountant in business, you or an immediate or close family member may be offered an inducement in the form of gifts, hospitality, preferential treatment, and inappropriate appeals to friendship or loyalty. These inducements may create threats to compliance with the fundamental principles of ethics. Inducements generally create self-interest threats to objectivity or confidentiality.

### 2.7.5.2 Making Offers

In a situation where you are expected, or under other pressure, to offer inducements to influence the judgment or decision-making process of any individual or organization, or obtain confidential information, you shall follow the principles and guidance regarding ethical conflict resolution. The principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior should be followed as a general guide.

## CONCLUSION

As I said in the last edition, adherence to the Professional

Code of Ethics is a critical factor to the success of the practice of every professional accountant and so must be in the front burner at all times when discharging our functions.

I hope this piece has been worthwhile to those in public practice and business who seek quick reference on the provisions of the code.

*John I. Evbodaghe, MBA, FCA*  
Registrar/Chief Executive  
November 2019



# Effectiveness of Regulations in Building Effective Institutions in Nigeria

- 'Boniface Ossai, ACA



Nigeria encompasses the economic promise of the African continent as well as its challenges and problems which stem from weak institutions. A cursory look at the operations of most Nigerian institutions reveals systemic failures, which explains their poor performance.

The term "Regulation" generally refers to a set of binding rules issued by a private or public body with the necessary authority to supervise compliance with them and apply sanctions in response to violation to them.

For regulations to be effective, the regulatory agency saddled with the responsibility of enforcing such regulation must adequately satisfy the following four tasks;

- i. Define the objectives
- ii. Obtain information from the

regulated business

- iii. Assess the risk that the regulated business faces and poses
- iv. Take action in response to the risk assessment

*"Regulatory policy may receive more attention as government use the tool of regulation as the key instrument of public policy"*

Regulation is one of the primary tools of government for managing the economy, influencing behaviour and implementing policy. In the current political and economic environment with major constraints on government expenditure coupled with social resistance to higher taxes especially where the citizens are not seeing the effect of paying taxes. Regulatory policy may

receive more attention as government use the tool of regulation as the key instrument of public policy.

Irrespective of how regulation is being enforced, institutions cannot effectively perform their regulatory function without the cooperation of organisations and individual actors.

Effectiveness of Regulation as a tool for strengthening institutions. The public sector is usually the locus in the assessment of institutional effectiveness, although the use of regulatory policy to inform and improve policy formulation and decision-making has a number of dimensions.

The organisation for Economic Co-operation and Development (OECD) model of regulatory policy is founded on the view that ensuring the quality of the "rules of

the games" is a dynamic and permanent role of government. Governments must be actively engaged in assuring the quality of regulation, not reactively responding to failures in regulation. In advanced countries, this concept is evolving into regulatory governance.

Regulatory governance is grounded in the principles of democratic governance and engages a wider domain of players including the legislature, the judiciary, sub-national and supra-national levels of government and standard setting activities of private sector. Effective regulatory governance maximises the influence of regulatory policy to deliver regulations which will strengthen institutions to impact positively on the economy and society, as well as meeting the underlying public policy objectives. It implies an integrated approach to the deployment of regulatory institutions, tools and process.

### Why regulations fail in Nigeria

Presently, despite few imperfections here and there, the Nigerian banking sector is the most regulated sector where a fairly high level of compliance has been recorded. Outside the banking sector, the level of compliance with regulations has been abysmally poor.

This failure by regulators was recently echoed by Mr Ahmed Kuru, the chief executive of the Asset management Corporation of Nigeria (AMCON), when he was addressing the short life span of airline companies in Nigeria. Mr Kuru placed emphasis on the need

for regulators to understand how crucial and important the role they play in enforcing compliance impacts on the economy and society as a whole.

Holding regulators to account for gross regulatory failures has not received so much attention in Nigeria, when comparing these failures vis-a-vis the statutory responsibilities of the regulators.

Poor regulation in Nigeria is usually the product of two critical factors which are;

- i. Inadequate regulation resulting in loopholes exploited by unpatriotic members of the public
- ii. Overlapping regulations which creates confusion that kills the motivation to comply.

Consequently, it is sufficient to say;

High level of compliance + Adequate regulation = Effective institution

However, high level of compliance should be the product of effective enforcement.

Unfortunately, in the case of Nigeria, unpatriotism (where the enforcer is compromised) and inadequate funding impact on the institutions' ability to enforce regulatory compliance.

It is also important to state that enforcement will not be effective when the enforcer is heavy handed, as well as lacks adequate understanding of their responsibility.

In most cases the heads of these institutions including federal ministries lack proper understanding of the roles assigned to the agency they

supervise. It has also been observed that the heads of most of these institutions and the ministers assigned to them approve skills development training for their agency employees but do not partake in these trainings. After training, employees find it difficult to put the newly acquired skills to use, because the institutional head who did not take part in the training will not appreciate these new skills and thus making it difficult for the training to be beneficial to the institution.

"At the federal level, the Nigerian institutional set-up consists of a comparatively wide range of checks and balances, which could potentially prevent the undermining of fiduciary systems and sound budget management. However, it has been ineffective in doing so to date. The effectiveness of checks and balances is constrained by the large number of oversight authorities with overlapping mandates as well as weak inter-agency corporation on fiscal management issues" (World Bank, 2018).

The above excerpt from the 2018 report by the World Bank on the effectiveness of Nigerian institutions emphasizes the need for effective regulation. The World Bank also berates the absence of a proper mechanism for data sharing and reconciliation between institutions in Nigeria.

Consequently, the effectiveness of an institution does not only depend on the regulations that exists but also with those regulations that does not exist.

Effective regulation as the key to strong institutions in Nigeria

There is an urgent need to streamline, strengthen and harmonise existing regulatory arrangements in Nigeria, in areas where there is an evidence of overlap of regulatory responsibilities between two or more institutions.

Regulation and investigation complements each other, obtaining information about the



regulated business by way of investigation makes regulation more effective, meaning "Regulation brings about investigation and the result of investigation brings about regulation."

Therefore, the Nigerian government should prioritize subjecting regulations to greater scrutiny than in the past, thereby enhancing the quality of public decision-making. Also, the concept of regulatory governance should be encouraged because it is grounded on the principles of democratic governance.

Regulation is now seen in a more positive light, as an instrument that can facilitate private sector development and pro-poor growth. But to do so, regulation must be "effective." The effectiveness of any regulation can only be determined by examining

the benefits and costs associated by a particular regulation.

Regulatory Impact Assessment (RIA) provides a method for assessing the positive and negative impacts (benefits and costs) of existing or potential regulatory measures. Regulatory impact assessment has been widely applied in OECD countries, but there is little evidence that it is actively in use in developing countries like Nigeria or in organisations involved in the design and formulation of development policy.

The government must make it compulsory for institutional heads, including federal ministers assigned to agencies of government to play active role when skills development trainings are being organised.

Finally, the joint implementation of activities by two or more institutions, where the needs arise should be encouraged.

### Conclusion

In broad terms the unintended consequences of ineffective regulation must be avoided at all cost. The total impact on long-term investment of all individual pieces of regulations plus how these pieces add up and affect one another must be understood, if our institutions must be strengthened.

Training programmes should be established to support the preparation of RIA programmes and to familiarise officials with their obligation during the process and the use of guidelines

The good practices identified by the OECD for an effective introduction of RIA can serve as a basis to build an initial framework for RIA introduction in countries where there is not yet an institutionalised procedure of systematic regulatory impact assessment.

In addition, rules should be appropriately tailored to adequately cover the different interest parties affected by any regulation, be it board, management, employees, government, investors, customers, suppliers or the general public.

However, it will be unjustified to conclude that all Nigeria institutions have been a failure, some of these institutions have made and enforce some landmark policies that have transformed certain aspects of the Nigerian polity.

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# Business Partnering Skills to Increase the Organization's Bottom Line

- Akindele Akinyemi M.A



**W**hat is REAL Business Partnering?

- Business partnering is the development of successful, long term, strategic relationships between customers and suppliers, based on achieving best practice and sustainable competitive advantage.
- The business partner model focuses on the issues that general managers need help with to deliver business results.

## THE COURAGE TO SPEAK UP AND CHALLENGE THE STATUS QUO

- This might involve identifying and raising issues such as an unexplained escalation in a cost or an unintended consequence of a performance metric.
- This requires a finance professional to be grounded in technical competencies as well as business skills, confidence, and credibility.

*"It's important to keep in mind the goals of the business and the needs and priorities of those you are collaborating with"*

- It is essential to have mastery over finance skills and best practices within the finance function before you can move beyond finance and into other business discussions with credibility and a valuable point of view.

## INFLUENCING, BUILDING RELATIONSHIPS, AND COMMUNICATION SKILLS.

- These are required to get the message across and get a discussion going.
- This doesn't simply mean having the ability to speak well or the "gift of gab"; it means being able to get

your message across and initiate a real discussion with those outside of finance.

- By leaving financial jargon behind and speaking in the context of the business, you'll be able to lay the foundation for strong business relationships.
- Once you've built those relationships and can communicate strong insights, you'll be in a better position to influence decision-making.

## PERSISTENCE

- Challenging decisions and assumptions may not be welcomed by others at first, and helping peers from other disciplines understand the wider and longer-term implications of an initiative or action may take some time.
- When being persistent, it's important to keep in mind the goals of the business and the needs and priorities of those you are collaborating with



### DEVELOP THE BUSINESS KNOWLEDGE TO CONTRIBUTE IN EFFECTIVE WAYS

- Business partners, of course, must understand the business.
- Remember that you're contributing strategic thought and valuable insights that are fueled from a strong financial background.
- However, this strategic thought needs to take into consideration the impact on all other parts of the business.
- Additional competencies, ranging from people skills to business and leadership skills, are vital for successful business partnering.
- You should also remember to

focus on causality, not correlation, when having discussions with other arms of the business.

### COMMAND THE ABILITY TO TRANSLATE NUMBERS INTO ACTIONABLE INSIGHTS

- Those you're partnering with don't speak the financial terminology you've spent years mastering.
- Effective business partners can translate the numbers into a business story with actionable insights that others can understand and execute.
- Businesses today need to address risks, respond to new opportunities, and make decisions faster than ever before, which

requires forward thinking and powerful insights driven by finance.

- By mastering your core skill set and taking a broader role in business management, you'll strengthen the finance function's relevance and influence while informing decisions and enabling swift action.

### ADDITIONAL KEY BUSINESS PARTNERING SKILLS

- There are several skills in order to influence relational networks in a corporate system.
- Deep listening: Listening beyond the words and without judgement
- Contracting: Holding clear contracting conversations
- Operating effective networks: Building and sustaining networks ahead of immediate need
- Business acumen: Having business insight relevant to my work areas and ensuring this is current and growing
- Self-Mastery

### WHAT DO BUSINESSES HAVE TO GAIN FROM EFFECTIVE BUSINESS PARTNERS?

- Masterful Business Partners have the ability to select and skillfully adopt the most effective aspects of the business partnering role(s) for any situation to contribute to creating long-term business value.

*Akindele Akinyemi M.A, President and CEO Global African Business Association. He delivered the paper at the 2019 ICAN USA International Accountants' Conference.*



# The Regulatory Maze in the Finance Sector: Corporate Governance, Accounting, Auditing and Insolvency

- Prem Sikka



**B**ig business dominates all aspects of our lives. Its power affect quality of life, food, water, gas, electricity, seas, rivers, environment, schools, hospitals, medicine, news, entertainment, transport, communications and even the lives of unborn babies. People are concerned about the safety of products, automobiles, aeroplanes, pensions, savings, medicines, quality of audits and much more. In response the state, dependent on popular support for its legitimacy, has been obliged to create a variety of trust engendering mechanisms. These include a plethora of regulatory bodies.

The UK has nearly 700 overlapping regulatory bodies. This includes 41 regulators for the financial sector alone and at least 14 dealing with accounting, auditing, insolvency and some aspects of corporate

governance. Even then there is no central enforcer of company law. There is little coordination to deal with corporate scandals, auditing failures, looting of pension schemes, insolvency abuses, tax

*"People are concerned about the safety of products, automobiles, aeroplanes, pensions, savings, medicines, quality of audits and much more"*

avoidance, money laundering and general abuse of consumers and citizens.

The Finance Industry

In the finance industry, the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) are the leading

regulators. They operate under the umbrella of the Bank of England and simultaneously promote the finance industry and also seek to protect citizens from malpractices. This has paralysed the regulatory apparatus. The financial sector has been a serial offender for decades and continues to mis-sell financial products fleecing people of millions of pounds. The 2007-08 banking crash exposed reckless risk-taking and corrupt practices and government bailed out banks. This should have encouraged rigorous enforcement.

Vietnam has convicted 46 former bankers and businessmen of corrupt practices. 43 bankers received prison sentences. Icelandic regulators secured 96 years in prison for 36 bankers, for malpractices and abuses which crashed the industry and the economy. The US has secured 324 convictions, and 222 of these were



sentenced to prison. UK, despite having one of the largest financial markets, only secured five convictions of bankers, often on the back of US investigations, for their role in the crash.

There is little urgency. Amidst evidence of fraud and money laundering the Bank of Credit and Commerce International (BCCI) was forcibly shut-down in 1991, but to date there has been no independent investigation. In 2012, US regulators fined HSBC \$1.9 billion for violation of the sanctions regime and for permitting money laundering. The UK response – the then Chancellor wrote to the US authorities urging them to go easy on the bank. The UK did not mount any investigations.

A weak regulatory system is unable to stem the tide of dirty money and the UK. The 41 financial sector regulators include 22 accountancy and law professional bodies acting as Anti-Money Laundering (AML) supervisors. This list includes the Association of Accounting Technicians (AAT); Association of Chartered Certified Accountants (ACCA); Association of International Accountants (AIA); Association of Taxation Technicians (ATT); Chartered Institute of Management Accountants (CIMA); Chartered Institute of Taxation (CIOT); Financial Reporting Council (FRC); Institute of Certified Bookkeepers (ICB); Institute of Chartered Accountants in England and Wales

(ICAEW); Institute of Chartered Accountants in Ireland (ICAI); Institute of Chartered Accountants of Scotland (ICAS); Institute of Financial Accountants (IFA); International Association of Bookkeepers (IAB) and the Insolvency Practitioners Association (IPA). Statutory regulatory roles are always public



but as a result of extensive lobbying the accountancy bodies acting as AML supervisors are exempt from the UK freedom of information laws and not answerable to the people.

*"The financial sector has been a serial offender for decades and continues to mis-sell financial products fleecing people of millions of pounds"*

Corporate Governance, Accounting, Auditing and Insolvency

The 14 corporate governance regulators include five bodies responsible for regulating company auditors. These are the

FRC, ACCA, CAI, ICAEW and ICAS. None have any independence from the auditing industry and all are excluded from the freedom of information laws. The feather-duster approach to regulation has emboldened profit-seeking auditing firms. This is typified by revelations from the collapse of BHS, a major UK clothing retailer.

The company had long been audited by PwC and always received a clean bill of health. Following investigation by parliamentary committees, the FRC reported that the audit partner spent just two hours on the job and the audit team was led by an individual with only one year of post-qualification experience. Auditors failed

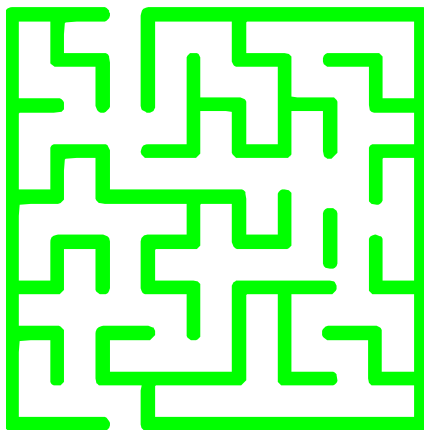
to perform adequate tests to verify assets, investments, loans, income, costs and much more.

The FRC and it takes years to publish reports on major audit failures. Despite recurring failures, no firm is shut-down. Financial sanctions are puny and the fines are not used to compensate the victims of audit failures. They fill the coffers of the professional accountancy bodies who licensed the negligent auditor. During 2016, the FRC passed £6.55 million of fines to the ICAEW.

The 1,300 insolvency practitioners, mostly accountants, are regulated by five professional bodies - ACCA, CAI, IPA, ICAEW and ICAS and subject to oversight by the Insolvency Service, a government body. The professional bodies have no independence from the industry and are outside the freedom of



information laws. Accountancy firm partners are known to charge more than £1,500 hours for their services. Some liquidations continue for five/ten years and even longer. There is evidence of strategic bankruptcies that leave pension schemes unfunded, but



the regulators have rarely mounted any investigations.

## Redesigning Regulatory Architecture

The UK regulatory architecture is full of conflicts and needs to be redesigned. The regulatory

apparatus must be concerned solely with protection and empowerment of citizens i.e. it must not be a defender and promoter of the industry. As multiplicity of regulators results in waste and obfuscation, their numbers need to be consolidated, wherever possible. The regulators need to be independent of the industry and that means no statutory powers for any professional body. To prevent ministers from obstructing investigations, the regulatory system needs to be independent of government departments and must report directly to parliament. All regulators are prone to capture by industries and elites and they are not directly accountable to the people. This must be checked by the creation of a Supervisory Board, consisting of societal stakeholders, to oversee and direct the regulators. This needs to be accompanied by open meetings of the regulatory bodies and their board minutes and background policy papers need to be publicly available.

The above proposals are not a magical cure for social problems, but are the first necessary steps towards aligning the regulatory system with the concerns of the people to ensure that it serves their interests.

This article is based upon a report titled "Regulatory Architecture to Enhance Democracy and Business Accountability", commissioned by the UK Labour Party and is available at <http://visar.csustan.edu/aaba/LabourPolicy-making-RegulatoryArchitectureReportJan2019.pdf>

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# Integrity and Meritocracy: The Imperative For Political Leadership

- Senator Ibikunle Amosun, CON, FCA



*As a "Professional in Politics", I take it as a huge honour to be invited to share my thoughts and experiences on the topic Integrity and Meritocracy: The Imperative for Political Leadership.*

## INTRODUCTION

**A**s a developing nation, our nascent democracy has gone through a myriad of twists and turns over the last 59 years, since gaining independence from the British on the 1st of October, 1960. We started our democratic experiment on a sound footing with visionary leaders who were driven by a sense of patriotism, nationalism and a drive for rapid socioeconomic development, such that Nigeria quickly became a pioneer among the comity of nations. Unfortunately, during the mid-1960s, things took a turn for the worse through ethnic

misunderstandings which fueled mistrust that led us to a military interregnum, a civil war and several aborted attempts on the path of our country's quest to return to democracy.

One of the downsides of the political turmoil and instability of the last four decades is that several political leaders attained power for less than honourable reasons or had power thrust upon them by the circumstances of the hour. Due to the enormity of power of our political leaders, there is an inherent temptation for one to use it for personal gain. It is imperative that our leaders should operate

with utmost integrity in order to maximize the delivery of the dividends of democracy to our



Senator Ibikunle Amosun, CON, FCA

people. We are all witnesses to the fact that as a nation, we are not where we should be 59 years after independence.

3. This brings us back to the theme for this year's conference: Building



As a developing nation, some of

1. Security of lives and properties
2. Social security and basic sense of justice
3. Economic growth, human capital development and food security
4. Infrastructural development

With the challenge of the various ethnic groups, religions, varying levels of education and orientation in Nigeria, the trust earned by

*"It is imperative that our leaders should operate with utmost integrity in order to maximize the delivery of the dividends of democracy"*

understood by all despite the fact that it is a critical element that accounts for government's success or failure. Most leadership commentators mention that effective leaders have vision and share that vision with members of the organization. Vision can be defined as the ability to see and plan the future with imagination and wisdom. Leaders are more effective when they inspire others to believe in their vision. Leadership can be aided and uplifted by effective lieutenants; conversely ineffective lieutenants can drag leaders downward.

9. Integrity is the quality of being guided by strong ethical principles. A person with integrity behaves in a manner that is consistent in the application of settled rational principles and standards. Leadership is always about doing the right thing, therefore, the place of integrity in leadership cannot be over – emphasized. My years of experience in both private and public sectors have taught me that if leaders do not have integrity, then nothing else matters. The best leaders accord integrity the highest consideration.

In my opinion, integrity in the field of public leadership has a number of connotations: the first is honesty or truth-telling, the second is trustworthiness, the third is fairness, and the fourth is conscientiousness or concern for doing the utmost. We should note at this juncture, that the essence of

integrity is to foster a reduced risk of corruption and other unethical behaviours, while improving transparency and accountability. Political leaders with personal as well as professional integrity and high ethical standards are crucial to good governance within the framework of democracy and the rule of law.

The term 'meritocracy' itself is a historical and philosophical description of what a true and democratic leadership connotes. The term was first used in 1958 by a British Politician and sociologist Michael Young. By the term rulership or leadership on 'merit', Young conceptualized 'merit' in terms of tested 'competence' and abilities for 'optimal results' of an individual, which can be seen and proven within or in a related administrative system.

Meritocracy is the philosophy of governance via a system of holding power by people selected, appointed or elected into public offices according to their individual merits (Collins Online Dictionary). According to the Google Dictionary of English words, 'meritocracy' connotes rulership by an educated and influential class of capable people who are not selected or voted into power because of their race, colour, tribe, political class, gender or strength of their material possession or economic achievements of any kind. ([www.google.com/online/dictionary](http://www.google.com/online/dictionary))

British and American societies are among some of the most obvious contemporary examples of

meritocratic states. The sustainable economic, social and political growth witnessed by the G8 (now G7) nations, cannot be separated from the obvious dominance of the leadership of those countries by people with the right skills, competencies and



capacity for innovative socio – economic and political transformation. The philosophy guiding meritocracy and good governance suggests that only people who can make impact should be allowed to hold office. Leaders elected or appointed into offices through the principle of meritocracy must bring with them innovative thinking and an inspirational mindset that can be cascaded down to their followers and teams, which would ensure the implementation of policies into developmental strides across all facets of a nation's social, economic and political sectors. Therefore, meritocracy should and will exclude all persons that would potentially shy away from real issues affecting the growth and development of a nation.

Singapore offers a contemporary model of a nation's

conceptualization of both integrity and meritocracy in political leadership. The country's founding father and first Prime Minister, Lee Kuan Yew, argued: "If you want Singapore to succeed...you must have a system that enables the best man and the most suitable to go

into the job that needs them..." In 1965, the city-state was a small trading port with an unemployment rate of 14 percent. Fifty years later, its unemployment rate had dropped to 1.9%. In 1959 Singapore's GDP per capita was \$510. Fifty years later it is more than 100 times that number. Singapore's per capita income is now almost 50% higher than its former colonial master, Great Britain. Whatever else Lee Kuan Yew may have got wrong, on integrity and meritocracy, he was spot on.

He said, "it has taken me some time to see the obvious, that talent is a country's most precious asset... it is the defining factor. After several years in government, I realized that the more talented people I had as ministers, administrators and professionals, the more effective my policies were, and the better

the results”.

The United Kingdom’s political candidate selection process offers a shining example of meritocracy. The Conservative party has a tried and tested candidate selection process which looks specifically at competencies, skills and abilities which are most prevalent in successful candidates and effective Members of Parliament (MPs). Candidates are tested vigorously by a Parliamentary Assessment Board (PAB) for their communication skills, intellect, interpersonal skills, leadership & motivational abilities, resilience, drive and conviction. It is only the candidates who pass the PAB test that can then go onto the approved list of candidates for the constituencies that are electing candidates.

With our youths accounting for 65% of our population, and not enough white-collar jobs for most of them, investment in human capital development should therefore be our most significant priority as a nation. However, the return on this investment may be very low if we do not have meritocracy within which they will be developed.

### TESTIMONIAL

During my tenure as Governor of Ogun State (May, 2011 – May, 2019), my aides, were mostly talented, professionally qualified men and women, majority of whom were not personally known to me previously, but who were headhunted based solely on competence and capability. As a

team, under our vision tagged “Mission to Rebuild Ogun State”, we were able to introduce various reforms, innovations and restructure the economic architecture of the State, which led us to become one of the most economically viable states in the country. Indeed, Ogun state became the industrial hub of Nigeria and the investor’s destination of choice amongst the

*“With our youths accounting for 65% of our population, and not enough white-collar jobs for most of them, investment in human capital development should therefore be our most significant priority as a nation”*

States in Nigeria.

This class of professional political leaders were also able to bring integrity, a strong work ethic and accountability into the various Ministries, Departments and Agencies that they led. Public Service reforms changed the face of governance in the state and created awareness of the benefits of a system driven environment, while blocking leakages and corruption.

As a result of these strategies, our administration was able to increase Ogun state’s monthly Internally Generated Revenue (IGR) from a paltry N730 million monthly to about N7 billion monthly by the end of our tenure. In terms of fiscal sustainability, we

moved the State from the 29th position to the 1st position in the country, with our IGR at 65% of our total foreign and domestic debt. In addition, the latest Budget report ranked Ogun State as second in Per Capita Income to IGR, and we were consistently in the top 4 in the World Bank Ease of Doing Business ranking, after starting at the 35th position when we came into office.

At the national level, we are all witnesses to the rot in our national life before the administration of President Muhammadu Buhari in 2015. It was a government that was elected on the strength of the integrity of General Muhammadu Buhari. Before then, corruption had virtually become a way of life and the trust that the citizenry had in the political leadership had waned considerably. The integrity of President Mohammadu Buhari has given the country a new lease of life. In spite of numerous challenges in our nation, the integrity of the President remains a major source of hope that we can surmount all our problems as a nation.

Looking to the future, what we need to do as a nation is to attract more people of proven integrity to enter the political space and occupy positions of leadership based on merit. For instance, Chartered Accountants by their professional training are naturally geared towards being people of integrity, indeed the motto of the Institute is Accuracy & Integrity. We should develop models of headhunting for political leadership with emphasis on



Character, Capacity and Capability. These must be established in the political spheres at all levels within our polity.

In order to enhance integrity and meritocracy, political leaders who

avenue for personal aggrandizement, then the closer we will get to having a leadership that is based on Integrity and Meritocracy that will move this country forward to sustainable development.



exhibit these values must be encouraged, appreciated and separated from the bad eggs. The current wholesome condemnation of the entire political class, will continue to produce negative consequences.

It is my belief and particularly building on my own personal experience, that the more professionals that we have in Politics or as I often say "people with second address", who see political leadership positions as more of a call to serve than an

Integrity and Meritocracy exist in the professional bodies such as ICAN and others. These institutions are self-regulated within the context of Integrity and Meritocracy. It is said "..... that a stream cannot rise above its source...". Thus members of ICAN and other professional bodies should get involved in active politics to contribute their quota to the quality of political leadership in Nigeria. The framers of our Constitution (CFRN 1999 as amended), never envisaged that non politicians would be policy

drivers. Indeed Section 147 (5) of the Constitution states inter alia " No person shall be appointed as a Minister of the Government of the Federation unless he is qualified for election as a Member of the House of Representatives." In order to qualify as a Member of the House of Representatives, you must belong to a political party (Section 65 (2) (b)). Similarly at the State level, Section 192 (4) requires a State Commissioner to have the same qualification as a Member of the State House of Assembly.

At this juncture I would call upon my fellow Chartered Accountants to consider, just as I and many of our colleagues have done, to step out of their comfort zone into the public service space. Indeed all professionals should get involved to promote, nurture, provide Integrity and Meritocracy in the political space. It is only when men and women of high integrity who have proven themselves in various professions and fields of human endeavour involve themselves at all levels of governance that we can truly engage in the task of moving this great nation forward and take its rightful place among the comity of nations.

*Senator Ibikunle Amosun, CON, FCA presented the paper at the 49th Annual Accountants' Conference of the Institute.*

## 49th Annual Conference: Experts Identify Transparency, Accountability As Indispensable Anti-Corruption Strategy



Professor Patrick Lumumba and EFCC Chairman, Ibrahim Magun at the Conference

The Kenya anti-corruption czar, Professor Patrick Lumumba has declared that reforms enhancing transparency and accountability in state and economic institutions are indispensable parts of the anti-corruption strategy.

Lumumba made the declaration recently while delivering the lead paper entitled “Strengthening Institutional Framework to Support Anti-corruption Drive” at the 49th Annual Accountants’ Conference in Abuja.

According to him, anti-corruption policies should cut across different sectors of the country’s governance system and should not only strengthen the legal basis of the Institutions to prevent corruption, but also improve or broaden their criminal codes to be able to prosecute different types of

corrupt practices.

He charged Accountants to be up and doing in supporting government in tackling corruption by being honest to expose all financial crimes they come across in the course of delivering their duties as financial experts.

His words: “Economic and financial crimes are corruption. Therefore,

Institutions alone are not enough to fight corruption. Individuals must be involved and the fighting must not be selective. Corruption within government institutions must be fought headlong. It is the primary responsibility of everyone to abhor corruption and fight it”.

He recommended that education should be given a pride of place as



Auditor-General for the Federation, Mr. Anthony Ayine, FCA and ICAN President at the conference.





ICAN President with some eminent personalities at the conference

it creates awareness that enables citizens to easily identify where corruption exists.

He called for training and retraining of staffers of institutions such as the revenue-collecting agencies, the three arms of government, law enforcement agencies, regulatory entities, political parties and electoral bodies, to further strengthen them.

Professor Lumumba advised government to create the necessary environment to prevent "crimes of opportunity" by ensuring that individuals and organizations operate within the

shared fundamental traits that are grounded in Law.

He also appealed to government to always ensure appropriate and prompt payments of remunerations so as to prevent corrupt tendencies.

The Conference held between the 9th and 13th of September 2019 at the International Conference Centre, Abuja and Sheraton Abuja Hotel had "Building Nigeria for Sustainable Growth and Development" as its theme.

Declaring the Conference open, the Special Guest of Honour, His

Excellency, President Muhammadu Buhari, who was represented by the Secretary to the Government of the Federation, Mr. Boss Mustapha, lauded ICAN's Accountability Index and the Institute's contributions to the socio-economic growth of the nation.

He advised that governments at all levels should place high premium on accountability by fully embracing the ICAN Accountability Index (ICAN-AI) programme.

In his paper "Path to Overcoming Security and Infrastructural Challenges in Nigeria", the Chief Executive Officer, Transmission Company of Nigeria, Mr. Muhammed Gur posited that Nigeria was endowed with abundant natural and human resources, but the numerous challenges posed by the twin issues of insecurity and inadequacy of infrastructure have grossly retarded national development.

He called on government to create employment opportunities as a



Secretary to Government of the Federation, Mr Boss Mustapha cutting the tape to declare the conference open



means of curbing insurgency and to develop sustainable strategies, to manage the impact of climate change in the state and any other

Other papers delivered at the conference include: "The FIRS Power of Substitution: Critical Review and Matters Arising", by

choosing a theme that was highly instructive on the various challenges facing the country.



ICAN President Mazi Nnamdi Okwuadigbo receives a trophy from Vice President Mrs. Onome Adewuyi for his team's performance at the sporting event.

part of the nation facing similar problems.

Speaking on Disruptive Innovations: Challenges and Opportunities in the Accounting Profession, the Technical Manager, Institute of Chartered Accountants in England and Wales (ICAEW), Mr. David Lyford-Smith, stated that innovative technologies, such as robotics, artificial intelligence, cloud computing, machine learning, block-chain, data analytics, etc remain the greatest disruptor of the accounting profession in this age.

He explained that technology is changing the structure of the world economy and the role of the Accountant within the global economy, faster than ever before. He however advised that Accountants should adapt growing impetus in order to minimize the disruptive effects of technology.

the Chairman, Federal Inland Revenue Service, Mr. Babatunde Fowler, Governor of Kaduna State, Mallam Nasir El-Rufai who spoke

"Public Accountability: A Driver of Transparent Leadership and Governance",

Senator Ibikunle Amosun spoke on, "Integrity and Meritocracy: The Imperative for Political Leadership" while the Deputy Secretary-General, United Nations, Ms Amina Mohammed spoke on "Sustainability: Global Developments and Opportunities for Nigeria and Chartered Accountants.

The wife of President Muhammadu Buhari, Aisha, represented by the wife of Nassarawa State Governor, Hajia Mero Al-Makura expressed appreciation to those who took time out to attend the conference. She commended the Institute for

The conference was attended by a total number of 5,653 delegates including resource persons and invited guests, compared to last year's figure of 4,225. The conference was attended by participants from various countries including Benin Republic, Cameroon, Canada, Gambia, Ghana, Niger Republic, Kenya, Togo, United Kingdom, United States of America, Malaysia and Nigeria, the host country.

Apart from paper presentations, workshops and plenary sessions, there was a gala nite on Thursday. There was also an open raffle draw where a member of the Institute, Mrs. Nnochiri Okwuchi (MB No: 27862) won a brand new car. Other prizes like LCD television, gas cookers, laptops, fridges, phones were also won during the Gala.

Aside this, the Institute also organised a National Essay Competition for undergraduates of tertiary institutions in the country. Awards and recognitions were given to the best three winners at the conference. The three winners are: Evansibe Savictor Sobechi, University of Nigeria Nsukka (1st); Godwin Divine Chinecherem, University of Nigeria Nsukka (2nd); Olapeju Alice Ajala, Obafemi Awolowo University, Ile-Ife (3rd).

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.

# 49th ICAN Annual Accountants' Conference Photo Splash



ICAN President with dignitaries at the conference



ICAN President, Mazi Nnamdi Okwuadigbo presenting conference materials to Secretary to the Government of the Federation, Mr. Boss Mustapha who represented President Muhammadu Buhari at the conference.



Honourary Treasurer of ICAN, Chief Oye Akinsulire; 2nd Deputy Vice President, Mallam Tijjani Musa Isa; Vice President, Mrs Onome Joy Adewuyi; Wife of Nasarawa State Governor, Hajia Mero Al-Makura; ICAN President, Mazi Nnamdi Okwuadigbo; 1st Deputy Vice President, Mrs. Comfort Olu Eytayo; Chairman of Conference Committee, Hajia Queensley Seghosime.



Cross section of Participants at the Conference



Cross section of some dignitaries at the conference



Cross section of some foreigners at the conference



ICAN Registrar, Mr. John Eybodaghe presenting the key of a brand new car to the winner, Mrs. Nnochiri Okwuchi.



Cross section of Past Presidents at the conference.



## Communique Issued at the End of the 49th Annual Accountants' Conference



The 49th Annual Accountants' Conference of The Institute of Chartered Accountants of Nigeria (ICAN) was held between the 9th and 13th of September 2019 at the International Conference Centre, Abuja and Sheraton Abuja Hotel, Nigeria. The conference witnessed a record attendance of 5,653 participants from 14 countries. The theme of the conference was: *"Building Nigeria for Sustainable Growth and Development"*. The choice of the theme was influenced by the need to re-assess efforts at building Nigeria for sustainable growth and development and to proffer practical solutions to the challenges facing the nation and the accounting profession.

The Conference was declared open on Tuesday, 10th September 2019 by the Special Guest of Honour, His Excellency, President

Muhammadu Buhari, GCFR, who was represented by Mr. Boss Gida Mustapha, Secretary to the Government of the Federation. The opening ceremony featured President Muhammadu Buhari's

*"Government should adopt a three-way approach to the fight against corruption namely: education, prevention and sanctions"*

keynote address, a welcome address by the President and Chairman of the ICAN Governing Council, Mazi Nnamdi Anthony Okwuadigbo and goodwill messages from His Excellency, Dr. Okezie Ikpeazu, Governor, Abia State represented by the Deputy Governor, His Excellency, Rt. Hon.

Sir Ude Oko-Chukwu; the West African Economic and Monetary Union; and the Association of Accountancy Bodies of West Africa.

The conference featured six technical sessions consisting of four plenary and two workshops. Fifteen eminent scholars, professionals, technocrats and legislators within and outside Nigeria addressed the conference including, the Governor of Kaduna State, His Excellency Mallam Nasir El Rufai; Senator Ibikunle Amosun, FCA, former Governor of Ogun State and Chairman, Senate Committee on Capital Market; Senator Solomon Olamilekan Adeola, FCA, Chairman, Senate Committee on Finance; Hon. Ibrahim Babaginda, Chairman, House Committee on Capital Markets; Senator Omotayo Alasoadura, FCA, Minister of State for Labour and Employment; Prof. Patrick LO Lumumba, former



Director of Kenya Anti-Corruption Commission and Founder/Chairman, The PLO Foundation & Advocate of High Courts of Kenya and Tanganyika; Mr. Tunde Fowler, Chairman, Federal Inland Revenue Service; Mr. Ibrahim Magu, Ag. Chairman, Economic & Financial Crimes Commission (EFCC), Mr. Anthony Ayine, FCA, the Auditor-General for the Federation; UG Mohammed, PhD, FCA, the Managing Director of Transmission Company of Nigeria; His Excellency, Professor Babagana Umara Zulum, Governor of Borno State, represented by Dr. Babagana Wakil, Chief of Staff to the governor, Borno State; and sister local and continental professional bodies; many heads of Government Agencies and captains of industries.

### 2. Recommendations

At the end of deliberations, the conference reached conclusions and made the following recommendations:

#### 2.1 Anti-Corruption Drive

I. As the economy is being diversified away from oil and gas, it is important that corruption is reduced to the barest minimum so that the economy will be positioned to grow in a sustainable manner. Therefore, Government should adopt a three-way approach to the fight against corruption namely: education, prevention and sanctions.

II. Education should be given a pride of place as it creates awareness that enables citizens to easily identify where corruption exists. Institutions such as the

revenue-collecting agencies, the three arms of government, law enforcement agencies, regulatory entities, political parties and electoral bodies should be further strengthened by regular training and retraining of staff.

III. Government should create the necessary environment to prevent "Crimes of Opportunity" by ensuring that individuals and organizations operate within the shared fundamental traits that are grounded in Law. It should ensure that appropriate and prompt payments of remunerations are made.

IV. Some of the agencies created to fight corruption appear to be overwhelmed by the enormity of the problem and have in certain instances adopted strategies that seem to infringe on the rights of citizens. The sanctions to be meted out on corrupt citizens must be fair and not selective. It should not be seen to infringe on the rights of citizens. These institutions and agencies should demonstrate independence from government interference.

V. Corruption is a global scourge that must be fought in a sustained and pragmatic manner. The fight against corruption in Nigeria is a collective responsibility of all citizens.

#### 2.2 Public Accountability

I. Government institutions are accountable to their people and should use their resources judiciously and not mismanage them. Transparent leadership and governance will allow citizens to identify indicators of under-

performance on the part of political leadership and exert well-targeted pressure to put them back on track.

II. Government should hasten the full implementation of International Public Sector Accounting Standards (IPSAS) to enhance transparency in public financial management and reporting.

III. Government is urged to address the issue of unemployment and poverty by creating start-up entrepreneurship programmes for youths and supporting them with enabling environment and funding.

IV. Governments at all levels are advised to place high premium on Accountability by fully embracing the ICAN Accountability Index (ICAN-AI) programme. The Conference commended the Kaduna State government for coming first in the 2018 ICAN Accountability Index (ICAN-AI) Report which assessed the 2017 Fiscal Year.

V. As watchdogs in organizations, accountants should continue to enable practices that ensure the judicious use of resources and demonstrate honesty in the discharge of their professional duties. Accountants are enjoined to embrace the Non Compliance with Laws and Regulations (NOCLAR).

VI. There is the need to attract more people of proven integrity into the political space to occupy positions of leadership based on merit. Persons who are under investigation should not be given political appointments until they are cleared by the appropriate

authorities of any wrongdoing.

VII. In line with the ICAN motto – Accuracy and Integrity – Chartered Accountants are encouraged to get involved in active politics so as to contribute their quota to the quality of political leadership in Nigeria.

### 2.3 Infrastructure

I. Nigeria is endowed with abundant natural and human resources, but the challenges posed by inadequate infrastructure have grossly retarded national development. The state of the power sector, transportation, processing and storage facilities and public utilities portray a very weak infrastructural base which hampers sustainable growth and development. The Conference focussed more on the Power sector as it is a critical infrastructure for development.

The conference recommends huge investment in power lines and substations through the rehabilitation of abandoned equipment; dealing with under-performing contracts; re-conductoring of 132KV lines; vigorous pursuit of Public-Private Partnership (PPP) initiative on hydro and other sources of power; accessing and re-assessing donor-funded programmes and their management; and in general adopt a disciplined application of market rules.

### 2.4 Insecurity

I. Security is evidently the pillar upon which every meaningful development could be achieved and sustained. Many had hoped that the return to democratic

governance in Nigeria would address insurgency and restiveness. Instead, insecurity remains one of the major obstacles to development. The Conference considered the case of Borno State where insurgency and climate change had destroyed over 75% of developmental infrastructure and forced about 80% of livestock farmers and pastoralists to migrate from the Lake Chad Basin to the Middle Belt and other parts of the country. These have caused unfortunate clashes between herdsman and farmers.

The conference therefore called on government to create employment opportunities as a means of curbing insurgency and to develop sustainable strategies to manage the impact of climate change in the State and any other part of the nation facing similar problems.

### 2.5 FIRS Power of Substitution

I. The Federal Inland Revenue Service (FIRS) recently issued Letters of Substitution to commercial banks in Nigeria ("the Substitution Banks" or "SBs"), appointing them as tax collecting agents for certain listed customers ("affected companies") maintaining bank accounts with the banks. FIRS, by the Letters of Substitution, intended to improve government's tax revenues by increasing the base of tax-paying entities in Nigeria and thereby limiting the high incidence of tax evasion in the country.

The Conference condemned tax evasion but whilst acknowledging the powers of the FIRS to recover taxes payable, advised FIRS to follow due process and respect the rights of taxpayers in its strategic

drive at increasing revenue.

### 2.6 Disruptive Innovations

The conference agreed that innovative technologies, such as Robotics, Artificial Intelligence, Cloud Computing, Machine Learning, Blockchain and Data Analytics, remain the major disruptors of the accounting profession today. Technology is changing the structure of the World economy and therefore the roles of the accountant faster than ever before. It is projected that the future profile of the profession will include cloud-based accounting; harnessing the power of big data; integrating non-financial information; more efficiency and mobility.

I. Accountants are advised to skill up and adapt quickly to the new changes. The accounting profession's response to cyber risk should include focusing on business-critical data, new controls around detection, response, resilience and a dynamic externally focused approach.

II. The Conference agreed that there are opportunities for accountants to also provide advisory services in the technology arena. Accountants are urged to take advantage of the opportunities.

III. Government should take advantage of the Nation's young and growing population of professionals to be leaders in the area of disruptive technologies. This would require upgrading the curriculum of the entire educational system.

## CONFERENCES

### 3. Conclusion

The Conference had robust discussions on the imperative of reducing corruption to its barest minimum, improving security, investing in basic infrastructure as well as the roles of Chartered Accountants in sustainable growth, development and leadership.

The Conference was able to re-assess the efforts aimed at promoting sustainable growth and development, identify the challenges facing the accounting profession and proffer practical solutions to those challenges. Government at all levels are encouraged to adopt the recommendations from the

Conference as part of its efforts towards achieving sustainable growth and development while Chartered Accountants are enjoined to embrace new technologies to continue to be relevant in the competitive business space and the emerging world.

*Queensley S. Seghosime, mni, FCA  
Chairman, Conference Planning  
Committee*

*Mazi Nnamdi A. Okwuadigbo, FCA,  
President and Chairman of Council*



ICAN team with the CPA Australia representatives during a courtesy visit to the Institute's Secretariat.  
L-R: Dr. Ben Ukaegbu, ICAN Deputy Registrar; Mr John Evbodaghe, ICAN Registrar; Mr Shawn Tan, CPA delegate;  
Mr Mark Chau, CPA delegate and Prof. Ahmed Kumshe, ICAN Registrar Designate.



# Leveraging Information Technology for Tax Administration. Can Nigeria Do it?

- Edidiong Bassey, ACA



For any country serious about e-government, the tax administration must be its first point of call. One of the areas in which e-government practices has been successful, widespread and which is felt in all areas of social life is in taxation.

Nigeria is Africa's largest economy (both in GDP and population) and market for information and communication technologies, but continues to rank very lowly on e-government development. However, this is not for lack of trying; a range of initiatives have been carried out by various governments over the years. To understand the problem, the authors use the UN e-government survey to identify three things that are essential to a successful application of information technology in tax administration in the Nigerian context.

## Online Services

What responsibilities do a government, or any form of political leadership owe its citizens is an age-old question?

In countries such as Nigeria, where trust in government is low and

*"Nigeria is Africa's largest economy (both in GDP and population) and market for information and communication technologies, but continues to rank very lowly on e-government development"*

information is often shrouded in secrecy, e-government through the provision of online services, particularly when they reach the networked phase, the final phase

of e-government development can be a game changer in not only building public trust, but stimulating engagement.

The online services index on the UN e-government survey does show promise, particularly with considerable improvements in the first two phases of online service provision, but the picture on ground does paint a much rather grim view of things.

It all starts with the National Information Technology Development Agency set up in 2001 which is tasked with developing the e-government capabilities of the country. Sadly, it has no real teeth, it often clashes with other departments who want to run their own online services autonomously and it has no real formal powers to monitor or penalise within the law.

A ground-breaking assessment of

the state of online services among government agencies in the country show that there has been a considerable amount of international effort to help boost Nigeria's online service capability, although it remains poor. According to the assessment, many government parastatals have dysfunctional websites and some others, none at all. Indeed, only 16.6% of government ministries have their budgets online, 12.5% have a functioning website, 25% provide frequently asked questions and only 8.33% have functional feedback sections. Although Nigerian governments often say the right things, they are only paying lip service to the issue and will continue to drag their feet. Many public officials are corrupt and will not surrender secrecy without a fight.

**Telecommunication Infrastructure**  
The Nigerian economy has the fastest and the most lucrative telecommunications sector and continues to be an attraction for technology investors but as any citizen knows, it is plagued by weak infrastructure, made worse in the rural areas. Indeed, what use is developing a government's online capabilities, if the citizens do not have the right facilities to assess and adopt it?

According to the UN survey, Nigeria made significant progress on the Telecomm Infrastructure index up to 2014 and then flat lined.

Some of the infrastructural initiatives that saw it improve till 2014 are.

- The launch of a Nigerian Communication Satellite into space and the establishment of a series of contracts to put in place

another one.

- The installation of optical fibre network lines across all major cities in the country. A second fibre optical connection linking Portugal, Ghana and Nigeria, funded by the African Development Bank was particularly notable.

- The establishment of a Nigerian Broadband plan

- The establishment of mobile internet units (MIU) which aim to go from town to town to create public awareness about e-

*"What use is developing a government's online capabilities, if the citizens do not have the right facilities to assess and adopt it?"*

government initiatives.

- The deregulation of the telecom industry and the licensing of several mobile operators and wireless access.

- The Computers for All Nigerians Initiative (CANI) which aims to increase access to computer hardware by creating a mechanism through which civil servants may take out loans to purchase computers at very low rate of interest.

This all seems laudable, but several reasons have been proffered for why progress has stagnated; such as the Nigerian national broadband plan, which has been criticized as fantasy, distinct from reality. Also, internet penetration continues to grow at a snail pace and computers and internet access continues to remain inaccessible

to a vast majority of Nigerians.

A good example is the percentage of internet users in the population which having grown to 32.9% of the population in 2012, placing them 128th has crashed to a paltry 25.7%, placing them a whopping 153rd. This is not a very good sign for a country which wants to be a pioneer of technological development in Africa.

Even among internet users, there is still the issue of intermittent power supply in Nigeria, which makes e-government very ineffective and out of reach of low-income earners who cannot afford generators or to pay for internet cafes; rural areas are most affected as they must combine poor power supply with poor internet connection.

The telecommunication projects sanctioned by the governments are not left out, being plagued with cost overruns, waste and inefficiencies. The use of telecentres to boost e-government development in rural areas is recommended.

### Human Capital

There is sometimes the misconception that the 'core' part of e-government is the technology, this cannot be further from the truth. E-government is 80% people, 20% technology. Without the people's input, any e-government facility is bound to fail.

The human capital index is particularly interesting; a significant number of countries are lower than a historical higher position. Without any available information, one might summate, that it may be related to the aftermath of the financial crisis.

In any case, Nigeria does poorly, falling astronomically between

2010 and 2014, although there have been some slight improvements in 2018.

The Nigerian government is not blind to this and some of the work it has done include the DigiNet program which aims to boost the low computer literacy among Nigerian secondary school students. Another initiative is the University Net which aims at boosting the informational technology (IT) capabilities in universities. The staff of around 46 universities are enrolled in the scheme. Nigeria was selected as

three ethnic groups in Nigeria, Yoruba, Igbo and Hausa, elucidates this best.

According to the study, personal or community's relationship was essential, with members of all three ethnic groups more likely to get involved in e-government training initiatives if facilitated by someone they were familiar with. There was also high-power distance, so members of all three tribes had high regard for the opinions of spiritual and traditional leaders and they were often obeyed without question. A



one of the World Bank's Education for all (EFA) "fast track countries" where it is hoped that World Bank's assistance will help in curbing Nigeria's high adult illiteracy population.

While these are some interesting developments, the bulk of Nigerian schools are yet to avail themselves of e-learning facilities, and many teachers are not yet acquainted with it.

While illiteracy is a major problem, the broader human capital context cannot be understood without considering gender, culture and political instability. A ground-breaking study on how e-government interrelates with culture and gender among the

with men. Nevertheless, upper class and educated women of all three tribes were most likely women to develop IT expertise.

In addition to cultural differences, political instability remains a recurring problem affecting e-government. This includes but not limited to the issue of Boko Haram, an Islamist terror organisation active in the north east of the country, farmer/herder clashes occurring in the middle belt and limited sectarian clashes in the south east and south-south of the country. This has led to a diversion of significant public funds to security which could be spent elsewhere and limited access to education and infrastructure in

such areas.

In conclusion, if the Nigerian government is serious about improving its technological capabilities in tax administration and public administration more generally, it should invest in its telecom infrastructure, seek measures to better utilize human capital and improve its online service provision.

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# The Use of Tax Strategies by Global Economies to Drive Growth

- Ayodele Subair, FCA



Every Economy is dependent on interplay of 2 (two) primary policy directives/schemes. These are

- Fiscal Policy
- Monetary Policy
- Taxation/Tax Administration falls squarely within the purview of fiscal policy. Its (Tax) importance as a major fiscal policy tool derives from it being a major if not the most important source of revenue for almost all governments globally and also as a veritable tool for subtle/indirect wealth/resource redistribution in any economy. It is safe to assume that every individual has come across the word tax, either by way of academic discourse or as a taxable person. There is no doubt that over the years, the tax base of various jurisdictions have grown substantially which has impacted positively the global drive for good governance.

• Tax in recent literatures has become synonymous with revenue

*• "Tax strategies are critical to achieving economic growth as Tax rate cuts (for example) may encourage business entities and individuals to work, save, and invest"*

as exemplified by the Organization for Economic Cooperation and Development (OECD) definition of taxes as revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property and other taxes. The total Tax revenue as a percentage of Gross Domestic Product (GDP) which reflects the

share of a country's output that is collected by the government via taxes is also a principal index for policy formulation initiatives and comparative studies/research of respective national economies globally.

• It is important to note that Economic Growth is measured in terms of increase in GDP over time, sometimes monthly, quarterly or annually though quarterly is more of the norm. GDP is total value of final goods and services produced in a nation's economy over a defined period of time and calculated by the sum of consumption expenditures such as durable and non-durable goods, services and investments. The percentage change on periodical basis is tracked for analysis and decision-making.

• Whilst Economic Growth [EG] is a prerequisite for Economic

Development [ED], it is necessary to clarify that EG does not in all circumstances lead to ED. This is more so when the EG is acutely asymmetrical as experienced in Nigeria and some sub-Saharan countries between 2010 and 2014. For any nation to experience ED, the increase in GDP [EG] must be inclusive. It must reflect in the gross household income of most if not all strata of the population and sectors of the economy. Some form of symmetry is sufficient as complete symmetry is Nirvana and beyond the capability of any Nation State.

### RELATIONSHIP BETWEEN TAX AND ECONOMIC GROWTH

- Tax is a major source of government revenue all over the world. Governments have and still use tax proceeds to render their traditional functions, such as provisions of public goods, maintenance of law and order, defense against external aggression, regulation of trade, etcetera to ensure social and economic balance. The tax system of a country is a major determinant of other macroeconomic indices. Ariyo (1997) in his study stated that 'there are pointers to the fact that there is relationship between tax structure and the level of economic growth and infrastructural development. Government needs to raise money to fulfill its obligatory responsibility to the citizens and taxation is usually by far the most important source of government

revenue.'

- Tax strategies are critical to achieving economic growth as Tax rate cuts (for example) may encourage business entities and individuals to work, save, and invest. Such rate cuts must



however be complemented with efficiency on the part of government by spending cuts, to avoid increased budget deficit. Tax policies can also affect the supply of labor in the short run as a cut in payroll taxes could bring more workers out of the labor market or encourage those already working to put in more hours which invariably can translate to increased output.

- EG entails expansion of the supply side of the economy and ultimately the GDP. It is trite knowledge that well-articulated tax policies have the potential to catalyse EG. Increased tax revenue can lead to sustained EG if the taxes are efficiently spent on infrastructures that enable all entities to thrive.

### TAX POLICY & STRATEGIES

- Tax Policy expresses the intention of a government with respect to tax administration within its jurisdiction. It provides a

framework for deployment of appropriate tax strategies highlighting what taxes to levy, the amounts, and rates; and on whom. The policy initiators usually deliberate on the tax structure to be implemented and how they will affect individuals and businesses. It must be stated that every economic policy (tax policy inclusive) will have both microeconomic and macroeconomic aspects. The macroeconomic aspect affects the overall collection while the microeconomic will affect units that make up

the whole in terms of the tax payer.

- Some empirical examples on importance of interrelationships between Tax Policy and Tax Strategies are as under:

- OECD has a whole Division devoted to Tax Policy and Statistics called Centre for Tax Policy and Administration. It is an interdisciplinary team of economists, lawyers, statisticians and policy analysts focused on providing internationally comparable revenue statistics and delivering high quality economic analysis and tax policy advice. The OECD Tax Policy Review Report on Slovenia published 21 August 2018, show that there is need for a comprehensive tax reform that rebalances the tax mix away from employee social security contributions (SSCs) towards personal income tax (PIT) and less distortive taxes such as value-added tax (VAT) and recurrent taxes on immovable property.

- In the United States of America,

The Office of Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, negotiates tax treaties, provides economic and legal analysis for domestic and international tax policy decisions, and provides estimates for the President's budget, fiscal policy decisions, and cash management decisions.

- A revised National Tax Policy (NTP) was approved by the Federal Executive Council in Nigeria, on 1st February 2017. The NTP sets broad parameters for taxation and related matters in Nigeria. It recommends simplification of tax administration and revenue collection as it provides a set of guidelines, rules and modus operandi that would regulate taxation in Nigeria which all stakeholders in the tax system can relate with. One of the main objectives of the NTP is the need to increase Nigeria's non-oil tax revenue to GDP ratio. Another area addressed in the NTP is the need to focus more on indirect taxation, thereby widening the tax base.

### TAX STRATEGIES IMPLEMENTED BY GLOBAL ECONOMIES TO INCREASE TAX BASE & DRIVE GROWTH

- As can be deduced from the examples stated, Tax Strategies that are capable of stimulating EG are not limited to Rate Cuts only. These include but not limited to:
  - Adoption and Deployment of ICT facilities to Ease Compliance and Widen Taxpayer Base
  - Tax Amnesty Programmes in various forms
  - Sector-specific Tax Concession

### Scheme

- Creation of Free Trade Zones or Special Economic Areas
- Support for Fintech Companies with cutting edge products to facilitate Financial Inclusion which ultimately enables better profiling of taxable residents
- Investment in capacity development [human capital] to meet challenges of rapidly changing business and economic formats
- In view of the apparent relationship between tax revenue and economic growth, it is important for every nation to implement policies that will boost revenue collection without compromising economic activities. This is applicable to both the developing nations and the developed ones. Tax authorities of different countries must initiate policies that will encourage compliance to widen the tax base.
- Improving tax revenue collection is important for all economies globally as it has positive effect on Tax to GDP ratio and ultimately EG if spent judiciously.

This is however challenging for some developing countries due to lack of credible data on tax compliance and difficulty to find effective instruments for improving compliance given institutional constraints.

- Information, third-party reporting and crosschecks are central in improving tax compliance as systemic infrastructure to validate

information provided by tax payers are key in the ability of developed nations to collect revenue, optimally. However, many developing economies are far from having the technical capacity to implement such systems.

- Global trends have shown that tax administration needs to be simplified [common reporting standard - CRS] to engender wider networking between tax authorities for exchange of information. Tax Authorities have deployed digitized interactions, process automation, advanced analytics and human capital for this purpose. There is so much simplicity in our daily lives when we can order food, call for rides, perform banking transactions at the touch of a button on our smart phones.

- Consequently, there is pressing expectation from tax authorities to



render quality service to tax payers and also increase tax revenue. For tax authorities to achieve these, interactions with tax payers have to be digitized. Information extracted from tax payers will be useful for decision making by tax authorities in ensuring revenue growth plans. This will also be useful in monitoring tax payers as early warning signs can be triggered for possible tax revenue losses arising



from taxpayers that are at risk of insolvency. This will enable tax authorities take preemptive action to avoid increases in tax debt over time or reduce costs of debt collection efforts by focusing on debt with the best chance of recovery.

- Tax amnesty can also be considered a strategy which in the long run can help to expand the tax base as the information newly provided by tax payers will result in additional tax revenue. Though waivers might be given initially as incentives for disclosures made by the tax payer, there will be subsequent charge based on disclosed information in the future. Several nations have utilised this strategy in the past. Australia in 2014, in its first attempt offered thousands of rich Australians an opportunity to declare billions of dollars in untaxed assets and income stashed in bank accounts across the world. Canada has a tax amnesty under both the Income Tax Act for income tax related offences and under the Excise Tax Act, referred to as Voluntary Disclosure Program by the Canada Revenue Agency.

- Indonesia after several amnesties programs first in 1964, implemented another tax amnesty in 2016 with great success after realizing over Rp120trillion while asset declaration was Rp4,855trillion. Pakistan introduced tax amnesty scheme in 2018 which yielded \$1billion tax revenue from individuals. The Philippines introduced the Tax Amnesty Act of 2019 or the Republic Act No. 11213 signed into Law on 14 February 2019 with a Veto

Message of President Rodrigo R. Duterte, taking effect on 5 March 2019. Many States in the USA have implemented tax amnesty and the IRS Criminal Investigation Division has the practice of granting tax amnesty to taxpayers.

- Nigeria through Executive Orders No.004 and No.008 initiated the Voluntary Assets and Income Declaration Scheme (VAIDS) and Voluntary Offshore Assets Regularization Scheme (VOARS) respectively to encourage full disclosure by taxable Nigerians and regularize their tax status.

- In order to make tax administration seamless and tax transaction more convenient for the tax payers, it is ideal to establish an e-filing system as a strategy to increase revenue. This action will help with the turnaround time for the exchange of available information between the tax authority and tax payers.

- Most importantly, for all strategies initiated by tax authorities to have positive impact, there is a need to have well trained personnel that are very professional and committed to driving the vision of the policy makers.

### THE LAGOS EXPERIENCE

- Though Lagos State is a sub-national entity with the attendant possibility of occasional misalignment of its strategies with Federal Government's, its story since the advent of civilian political rule in 1999 truly demonstrates the link between adoption of appropriate tax strategies and economic growth.

- The State under the leadership of Asiwaju Bola Ahmed Tinubu initiated a pragmatic revenue

administration reform process aimed at:

- Putting in place a dynamic and proactive Revenue Administration.
- Ensuring effective and efficient collection of all tax revenues due to the Lagos State Government under the relevant Federal and State Laws.

- Vigorously pursuing programmes that will lead to widening the tax net and ensuring that all tax payers pay adequate tax as and when due.

- Ensuring sustainable IGR to meet the ever increasing expenditure profile of the State thereby making the State less reliant on allocations from the Federation Account.

- The strategic action plans deployed to implement the revenue administration reforms were:

- Enactment of the Lagos State Revenue Administration Law to provide an enduring legal framework for the reforms and grant autonomy to the State's Internal Revenue Service [LIRS]

- Advocacy, Enlightenment and Education of Taxpayers

- Engagement with key economic groups [NECA, MAN, LCCI, Market Associations, etc]

- Collaborations with major stakeholders [OPS, MDAs, JTB, CITN, ICAN, Tax Consultants/Professionals]

- Upgrade of Infrastructure [ICT, Utility Vehicles, Office Environment]

- Organisational Restructuring [Harmonisation of Operational Directorates, Human Capital Management Initiatives]

- Process Re-engineering [Transition from Cash and Manual Operations, Simplification and

Digitization of Forms, Direct Bank Lodgments and Automated Revenue Receipts]

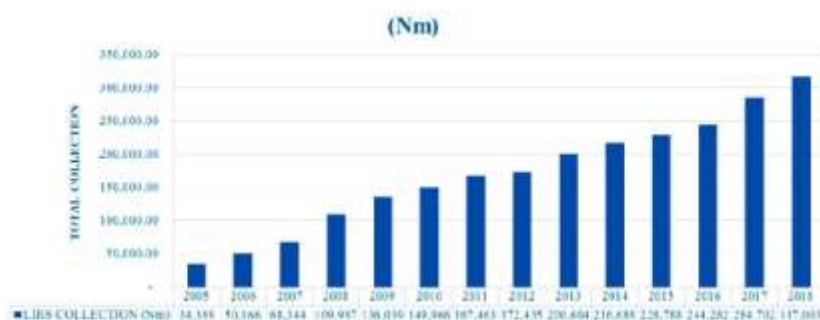
GDP GROWTH RATE (LAGOS VS NIGERIA)

### GDP Growth Rate (Lagos vs Nigeria)



It is instructive to note that despite occasional headwinds from obstructive turf challenges in our peculiar federal system, Lagos State was able to achieve commendable economic growth over the years and has consistently outperformed the nation (Nigeria) as depicted in the graph above.

### Total (LIRS) Annual Collections Trend (2005-2018)



The sustained economic growth underpinned by increase in Internally Generated Revenue (IGR) as depicted above is one of the byproducts of the State's tax strategies under its accelerated revenue reform programme.

### CONCLUSION

• Every Government relies on revenue to realise its vision and developmental agenda which will enable the proper assessment of the government's performance. A major source of revenue to most

nations apart from revenue generated from natural resources, is tax. Taxable income earned by individuals and profit from businesses are to be taxed according to rates created by the law of the land. As the needs of a

nation increases based on either population explosion or other reasons, it is necessary to initiate strategies that will assist in increasing the tax revenue of such nation.

• Therefore global economies

which comprise of both developed and developing nations will come up with strategies which can be operated easily and also replicated in other climes. It should be noted that the objective is similar in all the nations as increased tax revenue is important for growth.

• Whilst a number of principles guide the tax systems, governments, economists and other professionals sometimes disagree on the combination of tax policies that can achieve certain aims, whether that of raising revenue, redistribution of wealth or regulating behavioral patterns.

• As good as the adopted Strategies may look on paper there is apparent and present possibility of some being counterproductive especially if they are implemented inappropriately.

• Every nation must decide on what suits its economy best at any particular period of time and must be sufficiently nimble to adjust or revoke any strategic action plan if need be to engender sustainable EG. It is however necessary to always keep in focus the recommendations of the World Bank and International Monetary Fund on the need for a minimum Tax to GDP ratio of 15% for sustained Economic Development

• *Ayodele Subair is the Executive Chairman, Lagos Internal Revenue Service (LIRS). He delivered the paper at the 2019 ICAN USA International Accountants' Conference.*

## ICAN - USA District Holds 6th International Accountants' Conference



Participants at the 6th ICAN USA International Accountants conference held in Houston Texas, USA.

The need to prepare the modern Accountant for emerging global Affairs and challenges they may face in the workplace was the focus of the 6th ICAN USA and District Society International Accountants Conference held in Houston Texas from August 28 to 31st. The conference with the theme: The Accountant, Tax and IT Professionals Toolbox in a global Economy focused on the required skills and Expertise for the Accountant's effectiveness in the globaleconomy.

Experts from various fields critically examined the subject and useful recommendations were made to ensure that Chartered

Accountants are well prepared for these developments.

The Chairman of ICAN USA District Mrs Kemi Akosa-Ofili FCA set the ball rolling in her welcome remarks. She said "For far too long, accountants have had the reputation of always looking backwards, presenting Data at least a month old, imposing overbearing controls and not being seen to be a business partner to the team they support". To bridge the gap, she explained that the district decided to equip members with the skills necessary to succeed in a shrinking world due to



Mrs Kemi Akosa-Ofili USA Chairman being congratulated by the ICAN President after her inauguration.



technological advancement and a world that wants more collaboration out of Accounting, Tax and IT professionals.

Declaring the conference open, the President of the Institute Mazi Nnamdi Okwuadigbo FCA, posited that a deep knowledge of emerging technologies was required for accountants to adequately discharge their duties in this age. He said "while our knowledge on Taxation and other areas of Accounting are relevant, we must support this knowledge with appropriate technology skills that are being deployed in accounting such as big data, analytics, block chain technology, robotics and artificial intelligence". He therefore advised members to deliberately deepen their knowledge of disruptive technologies to avoid professional extinction.

Speaking on the topic "The Use of Tax Strategies by Global Economies to Drive Growth" Mr Ayodele Subair, Executive Chairman, Lagos State Internal Revenue Service (LIRS) said Tax Strategies that are capable of stimulating Economic Growth are not limited to Rate Cuts only. These include but not limited to: Adoption and Deployment of ICT facilities to Ease Compliance and Widen Taxpayer Base, Tax Amnesty Programmes in various forms, Sector-specific Tax Concession Scheme and Creation of Free Trade Zones or Special Economic Areas. Others according to him include support for Fintech Companies with cutting edge products to facilitate Financial Inclusion which ultimately enables

better profiling of taxable residents and Investment in capacity development [human capital] to meet challenges of rapidly changing business and economic formats.

He added that "in view of the apparent relationship between tax revenue and economic growth, it is important for every nation to implement policies that will boost revenue collection without compromising economic activities. This is applicable to both the developing nations and the developed ones. Tax authorities of different countries must initiate policies that will encourage compliance to widen the tax base."

Subair further posited that Improving tax revenue collection is important for all economies globally because of its positive effect on Tax to GDP ratio and ultimately economic growth if

*"Improving tax revenue collection is important for all economies globally because of its positive effect on Tax to GDP ratio and ultimately economic growth if spent judiciously".*

spent judiciously. He noted that this poses a challenge for some developing countries due to lack of credible data on tax compliance and difficulty to find effective instruments for improving compliance given institutional constraints.

Meg Britton, CPA who spoke on

"The Role of Accountants, IT and Tax Professionals in fostering Good Business Controls using the Three Lines of Defense in Effective Risk Management and Control" identified the first line of defense as Management and Internal Control measures, the second as Financial Control, Security, Risk Management, Quality, Inspection and Compliance while Internal Audit forms the third line.

Akindele Akinyemi, President and CEO of Global African Business Association also spoke on "Business Partnering Skills To Increase the Organization's Bottom Line". He described Business partnering as the development of successful, long term, strategic relationships between customers and suppliers, based on achieving best practice and sustainable competitive advantage. He added that the business partner model focuses on the issues that general managers need help with to deliver business results.

The Registrar/ Chief Executive of ICAN Mr. John Ebvodaye FCA spoke on Ethics In Accounting Business at the conference.

Also at the conference, some members of the USA district were elevated to the status of a fellow, while some new members were inducted into the membership of the Institute.

The President of the Institute in his address admonished the Fellowship award recipients to continue to be role models to other budding Accountants. He urged them to guide upcoming Accountants and to contribute to



President and USA Chairman with the newly decorated fellows during the 6th ICAN USA Conference.

*"The spate of change across all professions requires a regular update in knowledge, skills and competencies"*

the growth of the various organizations and clients they provide professional services for. He added that the spate of change across all professions requires a regular update in knowledge, skills and competencies. He therefore encouraged them to regularly participate in the Mandatory Continuing Professional Education (MCPE) which is a good platform for them to remain at the cutting-edge of knowledge in the highly

rewarding, albeit competitive, Accounting profession.

The new fellows are: Odetola Taiwo Elijah FCA, Bankole Abiodun Sina FCA, Ayansola Ademola Afis FCA, Okoye Godwin Maduka FCA, Gbolabo Moses FCA and Nwosu Aloysius Ezenwa FCA. The newly inducted members are: Akorede Adebukola Haleemat ACA and Alitoro Eniola ACA.



President with the new Associate members of the Institute after their induction during the ICAN USA conference held in Houston in August

## Accountant-General of The Federation commends ICAN Accountability Index



ICAN team with the Accountant-General of the Federation Alh. Ahmed Idris FCNA during a presentation on the ICAN Accountability Index to FAAC in October

The Accountant-General of the Federation Alhaji Ahmed Idris FCNA has commended the Institute for the laudable Accountability Index project. He said this when the Institute's team led by the President Mazi Nnamdi Okwuadigbo made a presentation on the second Accountability index (AI) to members of the Federation Accounts Allocation Committee (FAAC) recently in Abuja.

He advised ICAN to recognize the needs of the people in the second edition of the index. According to him, "governance is about the people and the common man should have a say in how he is governed, therefore their feelings about government Institutions

should be sort". He also advocated that the operating environment of the entities should be considered.

He challenged other professional bodies in Nigeria to emulate ICAN. He said "Time has come when we see the real contributions of professional bodies in Nigeria instead of the zeal to make money".

Speaking at the event, the President informed members of FAAC that ICAN as a major stakeholder in the economy, continues to engage with stakeholders across the three tiers of government in a bid to entrench transparency and accountability in the country, he described the index as one of the novel interventions of the Institute. He then solicited the

support of FAAC members for the Assessors and Coordinators who would be visiting relevant MDAs, both at the Federal and States Levels, for information needed for the next stage in the development of the second ICAN-AI report which would cover the 2018 Fiscal Year.

The Chairman of the ICAN Accountability Index steering Committee Alhaji Ismaila Zakari, FCA then made a technical presentation on the index to the audience.

The ICAN-AI is a tool for assessing Public Financial Management (PFM) and public governance practices across the three tiers of the Nigerian public sector.



## OKWUADIGBO ADVOCATES UNIVERSITIES' AND LABOUR COLLABORATION TO TACKLE ECONOMIC CHALLENGES



ICAN delegation with the Vice Chancellor of UNN Professor Charles Arinzechukwu

**I**CAN President Mazi Nnamdi Okwuadigbo has advocated for a seamless integration of the functions of universities with the needs of the labour market to address the social and economic challenges facing the country.

ICAN President Mazi Nnamdi Okwuadigbo said this when he paid a courtesy call on the Vice Chancellor, University of Nigeria, Nsukka (UNN), Professor Charles Arizechukwu Igwe recently. He explained that "the need to translate innovative research findings from the nation's various universities to tools for economic growth and development makes collaboration between tertiary institutions and business entities a necessity".

He paid a glowing tribute to UNN, saying it has been "a crucible where many talents are refined

and their future remodeled".

"The quality of education we received and the discipline, with which they were delivered, no doubt, formed the foundation on which we built our lives", he said.

"I am proud to be an alumnus of the University of Nigeria", the ICAN President declared.

He recalled the mutually beneficial relationship between ICAN and the university's Accountancy Department over the years pointing out that academic and non-academic staff of the University have constantly contributed to the growth of ICAN and the accounting profession in general.

He explained that one of ICAN's objectives was "to ensure that

accounting students, and prospective ones, are well-prepared and counseled on the need to balance good academic performance, professional qualifications, technological competence and excellent managerial skills".

In his remarks, the VC Prof Igwe said he was glad that an alumnus of the university had reached the pinnacle of accounting practice in Nigeria.

He promised to strengthen the collaboration between ICAN and UNN to ensure that the objective of producing well-rounded accountancy professionals is met.

## ICAN URGES NATIONAL ASSEMBLY TO FACILITATE BILLS THAT PROMOTE PROFESSIONALISM, HUMAN CAPITAL DEVELOPMENT.



Senate President, Dr. Ahmad Ibrahim Lawan and other principal officers of the Senate with the ICAN team during a courtesy visit to the Senate by ICAN

**T**he President of the Institute, Mazi Nnamdi Okwuadigbo has urged the Senate to continue to facilitate the passage of bills that would promote professionalism, social, economic and human capital development.

Okwuadigbo gave the hint recently when he led the Institute's delegation on a courtesy visit to the office of the Senate President, Dr. Ahmad Lawan and the Speaker of the House of Representatives, Hon. Femi Gbajabiamila at the National Assembly, Abuja.

He noted that the renewed interest

of the National Assembly at improving the budget process would attract positive results on the provision of infrastructure and growth of the Nigerian economy.

"We have the confidence that this would be sustained to forestall previous occurrences where budgets were approved late, thus, leading to poor or non-implementation of major projects that should facilitate the much-desired inclusive growth and development in the country," he said.

He also tasked the National Assembly and other stakeholders to be committed to the timely approval

of the National budget so as to enable timely commencement of the implementation of the budget from January of every year.

In his response, the Senate President sought partnership of the Institute with the National Assembly in ensuring accountability and transparency on the part of agencies tasked with revenue generation, collection and remittance. His words: "We need your support in the National Assembly. We have particularly three committees that require the kind of support that you will give. First, we have the Committee on Finance. As a committee, we need the support of



ICAN delegation in a group photograph with the speaker of House of Representative, Hon. Femi Gbajabiamila





ICAN President, Mazi Nnamdi Okwuadigbo presents a souvenir to the Senate President, Dr. Ahmad Lawan



...Hon. Femi Gbajabiamila too

ICAN. Only recently, the committee organised the public hearing on Finance Bill. I want to thank you for participating fully. We appreciate your support and commitment in that aspect”.

In a related development, the Speaker of the the House of Representatives, Hon. Femi Gbajabiamila while receiving the President in his office, expressed the House readiness to partner with ICAN on the country’s budget and other relevant bills.

He added that the House recognized the professionalism of ICAN and would appreciate having more engagements with the Institute.

He said, “The House will always seek to collaborate with professional bodies and of course the accounting profession is one of the most important professions. Your inputs are needed in our work”.

He sought for more details on the ICAN Accountability Index to enable him share it with the House leadership and Finance Committee.

On proliferation of Accounting bodies, the Speaker said “too many cooks sometimes spoil the broth, we will do our best to protect you”.

## TRANSITION:



## Rev. Ladeinde, FCA

### Pioneer ICAN Secretary Bows Out At 91 years.

Rev. Oluyomi Adegunle Ladeinde FCA, membership no. 00126, the pioneer Secretary of the Institute who later became the Head of ICAN Secretariat is dead. He was aged 91 years. He was pioneer Secretary from 1965-1969.

Reverend Ladeinde, who was part of the 250 members at inception in 1965 was the head of the Institute’s administration then designated as Secretary. Ladeinde who ran the secretariat as a volunteer from his office at the Lagos City Treasury will be fondly remembered for his selfless service to the Institute.

May his soul rest in peace.



## MEMBERSHIP HITS 50, 244 AS ICAN INDUCTS 1,706 NEW ASSOCIATES

**T**he institute has inducted 1,747 newly qualified members into its Associate cadre, thus bringing the membership of ICAN to 50,244.

At the 64th Induction ceremony for new members held in Lagos last week ICAN President, Mazi Nnamdi Okwuadigbo FCA, advised the new inductees to unveil their proficiency through invaluable contributions to their various organizations or private businesses, and their unquestionable compliance to high ethical conduct.

"You must be above board as professionals. The Code of Ethics of the profession must be your guiding principles if you would stand out as accountants", Mazi emphasized to the inductees.

He implored them to remain focused, and continue to apply the same dedication that enabled them to scale through the high

standards of the ICAN examinations in order to find relevance in the profession, pointing out that they would be appraised by their ability to bring to the fore the technical skills acquired in the process of writing their professional examinations.

"You should therefore enhance your capacity to translate these skills to measurable deliverables; we expect you to imbibe the culture of Accuracy and Integrity. This would distinguish you as professionals, in addition to your practical proficiency", the president said.

Okwuadigbo also enjoined the new chartered accountants to embrace the concept of entrepreneurship either by owning businesses of their

own or by maintaining an entrepreneurial mindset even in paid employment.

He implored them to take advantage of ICAN's Mandatory Continuing Professional Education (MCPE) to update their skills regularly and also take steps to specialize by joining at least one of the of the institute's seven faculties in order to continue to deliver more value to clients.

"The only limit would be the one you allow or impose on yourself", he stressed.



Miss. Basirat Oluwadamilola Adeoye, best-qualifying female candidate



Mr. Obadina Israel Ifeoluwa, best qualifying male candidate

## FIVE TERTIARY INSTITUTIONS JOIN ICAN MCATI PROGRAMME

The Institute has signed Mutual Cooperation Agreement with Tertiary Institutions (MCATI) with five Tertiary institutions to deepen the learning and dissemination of knowledge of Accounting in Nigeria.

The institutions are Benson Idahosa University, Benin; Igbinedion University, Okada, near Benin; Bowen University, Iwo, Osun State, Al-Hikmah University, Ilorin and Federal Polytechnic, Ilaro, Ogun State thus bringing the number of institutions under the scheme to 21.

Signing on behalf of the Institute in Lagos, ICAN President Mazi Nnamdi Okwuadigbo explained that under the arrangement, accounting programmes of the partnering institutions from entry level to graduation will be moderated by ICAN to ensure they

maintain the right professional standard in terms of course content, teaching and examination.

He said the agreement meant that accounting students in the five institutions would study using the integrated accounting curriculum of ICAN, National Universities Commission (NUC) and National Board for Technical Education (NBTE) as applicable.

"Accounting graduates from the institutions would be granted 10 subject exemptions as against seven (7) subjects exemption under the normal ICAN accreditation scheme", he explained.

He commended the tertiary institutions for maintaining the high standards of tuition and learning at their various Departments of Accounting, while

implored them to continue to maintain such standards

"Undoubtedly, today's event is an endorsement of the quality of your institutions' accounting education", he said.

The President noted that MCATI was one of the Institute's "proactive measures to ensure that individuals seeking to become chartered accountants acquire the knowledge, professional skills and competence required to protect the public interest in a rapidly changing business environment."

Speaking on behalf of the institutions the Vice chancellor of Bowen University, Iwo Professor Joshua Olalekan Ogunwole, thanked ICAN for the prestige the MCATI confers and pledged that the institutions would maintain the high standards that has attracted ICAN's endorsement.

## PROFESSIONAL EXAMINATION TO HOLD THREE TIMES ANNUALLY

The Institute will from the year 2020 conduct its professional examinations three times in a year.

This is the outcome of the technological reforms introduced into the Institute's examination processes.

The new examination diet will hold in MARCH - JULY and NOVEMBER yearly instead of the usual May

and November. The examinations will be for all levels: FOUNDATION, SKILLS and the PROFESSIONAL Levels.

A huge investment in technology by the Institute paved the way for the additional diet and gave rise to a drastic reduction in examination processing time. The introduction of an extra diet will give candidates more opportunities to participate in the Institute's examination

especially those who need to resit any paper in the Skills and Professional levels.

The Institute is poised to continue to provide the nation with the needed manpower especially finance professionals to move the economy to laudable heights



## MAZI OKWUADIGBO RECOMMENDS GOLF TO CHARTERED ACCOUNTANTS



L-R Engr Charles Ngoka, Dr. Etofolam Osuji, ICAN Council Member; ICAN President Mazi Nnamdi Okwuadigbo; Engr. Geof Onuoha and Registrar/CE Mr. John Evbodaghe just before tee off at the ICAN President's Golf Tournament held at the Arsenal Golf & Country Club, Owerri.

ICAN President Mazi Nnamdi Okwuadigbo, FCA, has implored accountants to take to golf as a way of keeping fit physically and mentally.

Mazi Okwuadigbo who dropped this advice in Owerri, the Imo State Capital at the venue of the ICAN President's Gold Tournament said the sport is ideal for accountants and other business executives as it provides ample opportunities for the player to show how honest or dubious they could be, since those

who cheat at golf are inclined to cheat in business.

He implored ICAN members to cultivate the habit of taking time off their business schedules to engage in sports such as golf every now and then, as this would improve their ability to make sound business decisions.

He said the Institute sponsors the golf tourney every year as its own little way to encourage a good work-life balance, saying that

sports helps build a complete professional.

This year's ICAN Golf Tournament which held at the Arsenal Golf & Country Club, Owerri attracted several golf lovers, both members and non-members.

About 50 golfers competed for honours at the 18-hole golf course including two Past Presidents namely General Sebastian Owuama, FCA and Mr. Doyin Owolabi, FCA.

Council Members present include Mallam Tijjani Musa Isa, FCA (2nd Deputy Vice President); Dr. Etofolam Osuji, FCA; Chief Chibuzor Anyanechi, FCA and M. John Evbodaghe, FCA (Registrar/Chief Executive).

Golf clubs that had representatives at the tournament include those from Ikeja, Port-Harcourt, Abuja and Owerri, the host.



AVM Abubakar Idris Adamu mni, FCA

### PROMOTED:

The Nigeria Airforce has promoted Air Commodore Abubakar Idris Adamu mni, FCA (MB No: 022037) to the exalted rank of Air Vice Marshal (AVM). He was among the officers promoted by the Airforce Council and later decorated on November 21, by the Chief of the Air Staff (CAS), Air Marshal Sadique Abubakar at the NAF Headquarters in Abuja.



Mrs. Patience Kachi, the overall winner in the female category at the ICAN President's Golf Tournament held in Owerri.



## ABEOKUTA DISTRICT SOCIETY GETS NEW CHAIRMAN



Abeokuta and District Society Chairman, Mr. Femi Ogunsanya, FCA, being decorated by ICAN President and a past Chairman of the District.

**M**r. Femi Ogunsanya, FCA has been elected as the 16th Chairman of Abeokuta & District Society of the Institute.

The President of the Institute, Mazi Nnamdi Okwuadigbo and other members of the Council performed his investiture on Thursday, November 7, 2019 in Abeokuta.

Speaking at the event, Okwuadigbo advised the new Chairman to put the interest of members of the District first at all times. He also called on members of the District Society to rally round their Chairman to help him succeed as they strive to uplift the Institute together.

In his acceptance speech, Ogunsanya said he was aware of the great challenge ahead, urging

his colleagues to join hands with him to chart a new course for the profession in Abeokuta.

"The strength and vibrance of any profession is always in congruence with the quality of its members. Therefore, we need to use our God-given talents and resources for the advancement of our profession and our dear Abeokuta District Society of ICAN," he stated.

As part of the his tour of the District, Okwuadigbo also paid a courtesy call on the Alake of Egbaland, His Royal Highness, Oba Adedotun Gbadebo and the Rector of Moshood Abiola Polytechnic, Dr. Samson Odedina.



ICAN President, Mazi Nnamdi Okwuadigbo presenting a plaque to Alake of Egbaland, Oba Adedotun Gbadebo during ICAN visit to the palace as part of the tour of Abeokuta and District Society



ICAN President, Mazi Nnamdi Okwuadigbo and Rector of Moshood Abiola Polytechnic, Abeokuta, Dr. Samson Odedina.

## ICAN TO REVIEW SYLLABUS IN RESPONSE TO TECHNOLOGICAL DISRUPTIONS

The Institute is working on reviewing its examination syllabus to include disruptive technologies to ensure that Chartered Accountants and prospective members are future ready.



Some of the technologies that are changing the face of accounting and finance according to ICAN President Mazi Nnamdi

Okwuadigbo, FCA, include Blockchain, Artificial Intelligence, Robotics and Internet-of-Things which are redefining formerly entrenched business models.

Speaking through the ICAN Vice President Dame Onome Joy Adewuyi, when a delegation of the Institute paid a courtesy visit to the Lagos State Government at Alausa recently, Mazi Okwuadigbo said ICAN, as a pro-active organization, had resolved to provide its graduates with the necessary skills required in the new business models.

The institute also called on the Lagos State Government to throw

its weight behind every effort in the country to guard against quackery across all professions.

He also asked for the cooperation and support of Lagos State Ministries, Departments and Agencies in supplying the Institute's assessors and coordinators with the required information for the second report of the ICAN Accountability Index (ICAN-AI).

Responding on behalf of the State Government, the Deputy Governor Dr. Obafemi Hamzat pledged to provide support to the Institute.

He said the State was willing to collaborate with ICAN to bring more organizations and individuals into the tax net to enhance its revenue profile.

## TRANSITION:



**Pa Garrick  
Aghahowa FCA**  
Membership no. 00003

The oldest Chartered Accountant in Nigeria, Pa Garrick Aghahowa, FCA is dead. He was 103 years. Pa. Aghahowa qualified as a Chartered Accountant in 1956.

May his soul rest in peace.

## ABIA STATE GOVERNMENT TO PARTNER ICAN



From left: Mazi Nnamdi Okwuadigbo, Gov. Okezie Ikpeazu and Deputy Gov. Ude Oko Chukwu, FCA

These were part of the outcome of a meeting between the Institute's Council and the State Government at the Government House, Umuahia recently when ICAN President, Mazi Nnamdi Okwuadigbo, FCA, paid a courtesy visit to Governor Okezie Ikpeazu as part of the tour of Umuahia and district society.

The President also implored members of staff of Abia State who are Chartered Accountants to take advantage of the Institute's Mandatory Continuing Professional Education (MPCE) training which are held on a regular basis to update their professional skills and competencies.

**T**he Abia State Government is to partner with the Institute to establish an ICAN study centre in Umuahia to boost Students' enrolment in the state.

ICAN will also collaborate with Abia State Government in areas of capacity building for its Staff in accounting and other related fields to enhance efficiency in the State's Public Service.

Mazi Okwuadigbo called on the Abia State government to support the conduct of the second assessment of the ICAN Accountability Index (ICAN-AI), which is already under way, by encouraging the state's ministries, departments and agencies (MDAs) to give the project's assessors and coordinators access to the state's data.

In his remarks the Governor Dr. Ikpeazu commended ICAN for its visible contribution to the country's economic development and said his administration was willing to partner the Institute for further development of Abia State.



President's visit to Nigeria Local Content Development and Monitoring Board, as part of his tour of Yenagoa and District Society



## ICAN APPOINTS NEW REGISTRAR/CHIEF EXECUTIVE: PROFESSOR AHMED MODU KUMSHE, PhD, FCA



Professor Ahmed Modu Kumshe

**T**he Governing Council of the Institute has approved the appointment of a new Registrar/Chief Executive, Professor Ahmed Modu Kumshe, FCA. He takes over from Mr. John Evbodaghe, FCA who retires on 31st December 2019.

Prof. Ahmed Modu Kumshe, FCA holds a B.Sc in Accountancy from the University of Maiduguri in 1997 and an M.Sc Accounting from University of Lagos in 2002. He also obtained an M.B.A (Finance) from University of Maiduguri in 2003 before obtaining his PhD Accounting from Usman Dan Fodiyo University, Sokoto in 2012. He became a professor in October, 2018

Kumshe became an Associate of ICAN in 2001 and a Fellow in 2014. He joined the Chartered Institute of Taxation of Nigeria (CITN) in 2003 and the Nigeria Accounting Association (NAA) in 2016. He also obtained a Certificate of Proficiency in Information Systems Management (CPISM) from APTECH Computer Education, Lagos in 2001.

Prof. Kumshe, a University don and Chartered Accountant, has a robust academic and administrative experience spanning over 19 years. He served the University of Maiduguri and its Department of Accounting in various capacities. He pioneered the automation of students' degree and academic status computations using MS Excel (2005). Kumshe rose to become a Professor, Head of the Department of Accounting, and sub dean of the faculty of management sciences of the University before he moved to ICAN.

As the Post-Graduate Coordinator, he improved the effectiveness of processes and graduation of Doctoral, Masters and Postgraduate Diploma for Accounting students. As a result of the process upgrades he initiated, over seventy Postgraduate

students graduated in the last 4 years (which was more than the total number of graduates since inception of the programmes in 2004) thereby enhancing both the productivity and revenue generation for the Department.

He also engineered the introduction of Masters in Treasury and Financial Management programme which commenced in 2016/2017 academic session with over 20 students admitted.

Prof. Kumshe was a Visiting Lecturer to Modibbo Adama University of Technology, Yola and Yobe State University, Damaturu while he was External Examiner to Taraba State University; Adamawa State University; and Ramat Polytechnic, Maiduguri, Borno State.

He became a member of the Governing Council of The Institute of Chartered Accountants of Nigeria in 2017. He served the Institute in various capacities before he was appointed Registrar/Chief Executive in October 2019.

## APPOINTMENT: ZAKARI JOINS IFAC BOARD

**A** past President of The Institute of Chartered Accountants of Nigeria (ICAN) and the Managing Partner, Ahmed Zakari & Co. (Chartered Accountants) Alhaji Isma'ila Muhammadu Zakari, mni, FCA has been elected to serve on the Board of the International Federation of Accountants (IFAC), representing Africa and the Middle East.

IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

IFAC comprises more than 175 members and associates in more than 130 countries and jurisdictions, representing almost three million accountants in public practice, education, government service, industry, and commerce.

Alhaji Zakari will join IFAC and accounting professionals across the globe to support global economic growth and development as he brings to IFAC his over 30 years continuous professional experience in various aspects of accounting, finance entrepreneurship, audit & assurance, tax advisory and insolvency.

He is the Managing Partner of Ahmed Zakari & Co. (Chartered

Accountants), a firm he co-founded in partnership with other professional colleagues in 1998 providing Auditing & Assurance, Tax, Advisory, Insolvency, Business Consulting and Business Valuation services to a wide range of clients in Nigeria.

Zakari is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a member of the ICAN Governing Council since 2004. He has served on many ICAN Committees as chairman or member at different times. He is also a Fellow of the Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN) where he also serves as Council Member.

He graduated from the prestigious Ahmadu Bello University Zaria in 1986 and Kings College Lagos in 1982.

He is a member of the National Institute for Policy and Strategic Studies (NIPSS) Kuru Jos having successfully attended the Senior Executive Course No. 33 in 2011.



Alhaji Isma'ila Muhammadu Zakari, FCA

Alhaji Zakari has attended numerous training courses in Nigeria and overseas. He is a regular speaker in the fields of Accounting, Auditing, Taxation, Corporate Finance, Insolvency, Leadership and Practice Management.

He is actively involved in serving the public interest and the development of his community. He serves on the Board of Trustees of Jigawa Forum in his home State – Jigawa State, Nigeria.

## ICAN Unveils Integrated Reporting Committee to Attract More Investors to Nigeria



Members of the Nigerian Integrated Reporting Committee after their inauguration in October

Nigeria sets the stage to attract more investments into the country through the establishment of the Nigeria Integrated Reporting Committee (NIRCO). The establishment of NIRCO complements the efforts of the Federal Government to align GDP growth with the Sustainable Development Agenda, as envisaged by initiatives like the National Social Investment Program. By adopting Integrated Reporting, companies will align their Financial (IFRS) and Sustainability Reporting to enhance decision making by investors and business executives.

Championed by the Institute of

Chartered Accountants of Nigeria (ICAN), NIRCO will serve as an influential Committee that will promote and support the adoption of Integrated Reporting in Nigeria

*"Integrated Reporting has been recognised by International Federation of Accountants, the World Bank, International Monetary Fund and other multilateral agencies as the future of Corporate reporting"*

and West Africa. Integrated Reporting has been recognised by International Federation of Accountants, the World Bank, International Monetary Fund and other multilateral agencies as the future of Corporate reporting.

NIRCO membership is multi-sectoral and comprises representatives from the Financial Reporting Council (FRCN), Securities and Exchange Commission (SEC), The Nigerian Stock Exchange (NSE), Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), National Pension Commission (PenCom), National Insurance Commission (NAICOM), Corporate Affairs Commission (CAC), KPMG,



Deloitte, Ernst & Young, PricewaterhouseCoopers, Dangote Industries Limited and the Private Sector Advisory Group on SDGs.

Speaking during the inauguration of the Committee, the President of the Institute of Chartered Accountants of Nigeria, Mazi Nnamdi Okwuadigbo said: "with this development, Nigeria has joined other visionary countries that can see the future of corporate reporting."

Also speaking during the inauguration, World Bank Representative, Patrick Kabuya, said that "Integrated Reporting will be a paradigm shift of thinking by boards and management on their business models, strategy and operations to mindfully incorporate the three dimensions of sustainable development: people, planet and profit, considering all capitals in long-term value creation."

Dr Iheanyi Anyahara, Deputy Director, Strategy & Research, of the Financial Reporting Council of Nigeria stated that "FRCN supports the initiative of the Nigeria Integrated Reporting Committee because it will result in better and more comprehensive corporate reports, with improved accountability, sustainability and governance."

Godstime Iwenekhai, Head of Listings regulation at The Nigerian Stock Exchange said; "We believe that with the birth of the NIRCO companies listing on the Exchange will be encouraged to embrace the initiative and thereby add value to investors and other stakeholders. We will work with the committee

to ensure that companies listed on the Exchange embrace this initiative."

The National Pension Commission (PenCom), represented by Inuwa lyodo, commended the Initiative which he said "would boost the confidence of stakeholders and enhance the scope of investment windows due to the improved risk management and sustainability of corporate entities that will arise from the introduction of integrated reporting."

Representing the Private Sector, the Co-Chair of the Private Sector Advisory Group on SDGs, Dr Ndidi Nnoli commended the introduction of integrated

*"Integrated Reports will give a better picture of the value we generate for the society, beyond just financial returns."*

reporting on a voluntary basis and the inclusion of the private sector as a key stakeholder in defining the roadmap towards mainstreaming sustainability as core to business management and reporting.

Mrs Akindele, Deputy Director in Financial Services and Corporate Governance, Securities and Exchange Commission (SEC) said that "By adopting Integrated Thinking and Reporting, companies would be able to attract more investment, because all disclosures necessary would have been made in their financial reports."

Corporate Affairs Commission, Assistant Director, Final Accounts, Mrs Tola Akinto said: "Integrated Reports will give a better picture of the value we generate for the society, beyond just financial returns."

The Chairman of NIRC Dr Innocent Okwuosa, an ICAN Council member is of the opinion that one of the strategic visions of PAFA/ AIRC have been achieved and Nigeria will be better for it.

The formation of NIRCO can be traced to PAFA who, working with the World Bank decided to establish and operate the Africa Integrated Reporting Committee (AIRC), whose purpose is to serve as an influential Committee that will promote and support the adoption of IR in Africa. AIRC is comprised of influential policy-makers from countries that have Stock Exchanges in Africa and based on their desire to attract more investment). PAFA shall extend invitations to the target member countries via the respective country PAO. The initial countries are:

- Botswana
- Kenya
- Mauritius
- Morocco
- Nigeria
- South Africa
- Zimbabwe

Membership cuts across constituent bodies/individuals: a Stock Exchange or Capital Market regulator and Professional Accountancy Organisation (PAO).

# Traditional ERP vs. Cloud ERP – A Paradigm Shift

- Tunde Wey, FCA



This article will seek to analyse the opportunities and benefits for organisations in moving to a Cloud ERP platform as well as highlight the dos and don'ts of implementing Cloud ERP from a customer's perspective.

## WHAT IS AN ERP?

Enterprise resource planning (ERP) – according to Wikipedia, ERP is the integrated management of core business processes, often in real-time and mediated by software and technology. [4]

ERP is typically a suite of integrated applications that an organisation can use to collect, store, manage, and interpret data from many of its business activities. It provides an integrated and continuously updated view of core business processes using common databases maintained by a database management system. It entails systems that track business

*"It provides an integrated and continuously updated view of core business processes using common databases maintained by a database management system"*

resources—cash, raw materials, production capacity and the status of business commitments: sales orders, purchase orders, and payroll. The applications that make up the system share data across various departments (manufacturing, purchasing, sales, accounting, etc.) that provide the data. [1] ERP

Source:

[https://en.wikipedia.org/wiki/Enterprise\\_resource\\_planning](https://en.wikipedia.org/wiki/Enterprise_resource_planning) [4]

facilitates information flow between all business functions and manages connections to external

stakeholders. [2]. Below diagram depicts the modules in a typical ERP.

## TRADITIONAL ERP

Traditional ERPs are typically implemented on-premise with the following elements:

- The customer will need to
  - procure hosting at a data centre within its network infrastructure
  - procure required hardware (servers) ranging from one to circa 20 or more depending on the size of the organisation
  - procure ERP licenses from an ERP Vendor
  - organise an implementation project
    - gather requirements
    - do a gap analysis (standard ERP features vs requirements)
    - implement customisations or enhancements
    - deploy a pilot and organise



Source: [https://en.wikipedia.org/wiki/Enterprise\\_resource\\_planning](https://en.wikipedia.org/wiki/Enterprise_resource_planning)<sup>41</sup>

a roll-out either by country/region/entity or by modules of the application as deemed fit for the landscape.

- Projects are:
  - Usually medium to long-term, typically takes 2 to 5 years depending on dexterity of the implementation partner and the scope
  - hugely expensive and typically runs over budget in terms of time and cost
- End Result may include:
  - system which may not be easily upgradable due to amount of customisations
  - inability to keep up with industry and technology trends due to customisations
  - challenges applying security patches on a frequent basis as required
  - limited agility in terms of responding to business requirements.

In general, traditional ERP implementation has been the de-facto approach until recently. On the other hand, Cloud initiatives have not, until recently enjoyed much adoption by potential customers and investment by ERP vendors had not been forthcoming, but the trend has now changed. Any ERP Vendor without offering alternative option of a Cloud ERP, will likely become irrelevant in the next 5 – 10 years.

**CLOUDERP – Software as a Service (SaaS)**

What is Cloud ERP? It is the integrated management of core business processes, often in real-time using an Enterprise business application as a Service. The term SaaS – “Software as a Service” becomes the reference for these services. In principle, most software previously purchased as licensed software are now being offered as a service, as the business model for most software

vendors hitherto selling licenses and providing support, annual maintenance or enhancement contract including an upgrade projects for a period of 3-5 years’ cycle. Any Vendor who cannot offer a service offering may be doomed.

*This is a huge paradigm shift in this sector! Vendors can no longer sell licenses, leave customers to find an implementation partner, not to be responsible for project delivery, earn annual fee to support the delivered solution or earn fees from change requests to fix broken processes and then upgrade fees every 2-5 years.*

## WHAT IS IN IT FOR THE CUSTOMER?

The Benefits of acquiring ‘software as a Service’ or transitioning to a SaaS infrastructure are highlighted below and this form the Business Case for most SaaS transition projects:

- Cost becomes OPEX (Operational Expenditure) rather than CAPEX (Capital Expenditure), eliminating or minimising an initial outlay that needs to be funded and depreciated over circa 5 years. Some Vendors also offer financing options for the implementation aspect of the service, so cost can be fully OPEX without any CAPEX element.
- Managing only one vendor instead of different vendors for hosting, servers, operating system and business applications –all bundled ‘as a service’ with Service Levels agreed and guaranteed.
- Alignment to standardised streamlined processes – best practice processes.



- Access to benefit of huge research and development by the ERP Vendor with ability to influence the direction of the service offering through user groups.
- Elimination of customisations which are usually the reason for maintainability issues.
- Eliminates the need for any future upgrades – usually more top Vendors provide updates quarterly.
- Security patches become up-to-date and level of threat or exposure to threats are limited.

You may find that opex cost for hosting, hardware server maintenance, database licenses, business application annual support and the cost of replacing depreciated servers in the on-premise model will likely pay for the cost of the SaaS implementation over 5 – 7 years, depending on scope and implementation mix between on-shore and off-shore consultants.

*The question then is, what will stop an organisation proceeding? The truth is that Cloud ERP is the way to go and nothing should stop you. However, one must tread carefully with selection, transition and implementation.*

### DOS AND DON'TS

Ensure due diligence in selection – principles guiding decision must be well established. Some tips to consider:

- Cost Benefit Analysis and Business Case– be thorough



and ensure that benefit realisation tracking is in place as the project commences.

- Reputable Vendor: Ensure that Vendor is reputable, has stable and mature offering in cloud space.
- Security: Ensuring end-to-end encryption is a must and site-to-site VPN for integrations are some considerations.
- Business Continuity- Ensure that this is considered with 99.9% or up-to 9.99% availability as well as ensuring that you know what the 0.1% means. Ensure that you understand how this will work when there is a failure or an incident requiring Disaster Recovery and Business Continuity protocols are invoked.

• General Data Protection Regulation (EU) 2016/679 (GDPR) considerations- the Vendor is a Data Processor of personal data that you hold and your organisation is a data controller. Systems should be designed with privacy by design and privacy by default. Ability to forget subjects is key consideration.

• Governance Risk and Compliance (GRC)– Ensure this is covered to ease your ability to meet your annual IT General Controls Audit requirements.

• SOX considerations– SOX is key and a must for companies quoted in the United States Stocks market and typically more detailed or an extensive GRC regime. Your ERP Cloud implementation must ensure Controls are verifiable and

evidential.

**Implementation Partner:** Choose an implementation partner who has lots of experience. This is a key consideration as the Implementation Partner is your pilot in the journey of alley ways. Ideally, use the Vendor who built the software to implement as they have a reputation to protect-providing an end-to-end service. They also must know the software best in this early adoption cycle. Doing otherwise (i.e. choosing a separate SI) is reverting to the traditional model and having disparate responsibilities – License, project implementation and end service.

Ensure strong Project Sponsor as change management or adoption is key –You must not proceed with an “on-premise” mind set, gathering requirements, identifying gaps and building customisation to fill the gaps. It is a different paradigm! The Cloud software will have standard features and processes – stick to them for swift delivery and optimal benefit. That said, you will need the backing of a strong sponsor to get people to change or adopt standard processes offered in the Cloud software. C-Level Executives are required here – The CEO, CFO, CIO, COOs are very relevant and should be key members of your Steering Group. Their support is key to ensure adoption and clear message on direction of travel.

Know what will become of your customisations – These further buttresses elements of last paragraph- it is a good thing for customisations to be eliminated

either based on being met in core product or by alternative processes or controls to cater for the need. The message here is that, do not ignore them and do not seek to customisation or PaaS (Platform as a Service) to meet them. They form a very huge element of your change management and adoption in the project delivery cycle. *Ignoring them is a recipe for failure!*

**Data Migration or Conversion -** This is huge and should not be under-estimated. If possible, map



out as a separate work package for the implementation Vendor or best fit consultancy. Taking this on, on your own may spell disaster for the project but ensure you have your best data owner oversee its delivery. A cleansing exercise well before project initiation will also stand you in good stead.

**Testing -** This is the most important element of the project. It is the gate to chaos or gate to success. Give it the required attention and you will not regret it. *I will use a quote from Charles Tremendous*

*Jones here: People go through either of two pains in Life – the pain of denial or the pain of regret. Denial weighs ounces and regret weighs pounds. We have the power to choose and we must choose wisely. The analogy is that you must give testing your utmost attention and it will cost you ounces but if you do not, the regret cost will be in pounds.* Some guides here:

- Use full-time testers and embed them within the business users
- Test checklist must include sunshine and exceptional scenarios
- Do as many playback demos as

necessary

- Organise quality assurance sessions / workshops as gates and do as many as necessary
- Test in extreme conditions and do load / performance testing, simulating true live conditions

- Ensure to include customers and suppliers in your test cycle at the appropriate time

**Avoid Unnecessary Integrations and silos -** It is important to keep the project as simple as possible. Integrating new Cloud system to

existing systems which will be deprecated is a huge 'no'. Ideally, project should be moving towards a full Enterprise Cloud with all business applications moving towards a full Enterprise Cloud Architecture with Finance, Procurement, Supply Chain, Customer Relationship Management, Production, Logistics/Distribution, Corporate Performance & Compliance Management, Human Resources, Reporting and Business Intelligence; all in scope in the end game. A half in, half out scope with several integrations may not achieve the desired objectives.

People, Project Organisation and Project Management – I have touched on the need for influential sponsor and the C-level Executives to ensure adoption. It is also important to use fulltime employees and back fill their roles with contractors as fulltime employees know the business better than any new contractor and they are in it for the long haul. An agile approach is more ideal with work packages well defined and frequent scrum sessions to catch drops and channel project in the right direction. Ensure to enlist people from implementation partner to join internal project team to support the project where internal competences are lacking.

Regular Communications – This is key to ensure implementation aligns to business goals and has continuous momentum and support of stakeholders.

## CONCLUSION

The paradigm in the ERP space has changed from traditional on-

*"In embarking on the Cloud journey, organisations must change their orientation from built up requirements list to using of standardised processes and features, avoid customisations and enlist strong project sponsors"*

premise implementation to Software as a Service offering. The implementation approach for CLOUD ERP is very different from the traditional mindset.

In embarking on the Cloud journey, organisations must change their orientation from built up requirements list to using of standardised processes and features, avoid customisations and enlist strong project sponsors at C-level (CEO, CFO, CIO, COO) to ensure adoption and adequate change management. Organisations must seek to choose an implementation partner who has lots of experience. This is a key consideration as they are your pilot in the journey of alley ways. Ideally, use the Vendor who built the software to implement.

To ensure success I will use a quote from Charles Tremendous Jones here: People go through either of two pains in Life – pain of denial and pain of regret. Denial weighs ounces and regret weighs pounds. We have the power to choose. The analogy is that give testing your utmost attention and it will cost you ounces but do not and the regret cost will be in pounds

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## New Global Survey Reveals Digital Transformation, Talent Management As Key To Growth For Small Accounting Firms



Accountants working in small- and medium-sized practices (SMPs) are embracing technology to better serve clients and attract and retain top talent, according to 2018 IFAC Global SMP Survey results released recently. IFAC (International Federation of Accountants) received more than 6,000 responses from SMPs, representing 150 countries, about their performance in 2018 and market place factors most likely to affect them in the future.

The survey found over a quarter of SMPs (28%) plan to allocate more than 10% of practice revenue over the next year to technology investment, reflecting its critical importance in practice management and operations. The most frequent responses to technological advances have been the development of in-house expertise in IT and the adoption

and use of cloud options to better serve clients.

"As the first-choice strategic adviser to their clients, firms are

*"As transactional activities become increasingly automated, firms are also leveraging technology to provide business insights from data analytics as a new service offering"*

recognizing the importance of adopting technology to provide insights and expertise and strengthen their role as trusted business partners," said IFAC CEO Faye Choudhury. "It is well-known that the majority of SMPs' revenue is generated by traditional compliance services, but there has

been an increase and diversification in the provision of advisory and consulting services that are real-time, forward-looking and based on specialized industry or sector knowledge, which is a trend we expect to continue in the future."

### Tech-enabled Service Offerings

As transactional activities become increasingly automated, firms are also leveraging technology to provide business insights from data analytics as a new service offering. A significant majority (86%) provide business advisory and consulting services, with a majority (51%) predicting a moderate or substantial fee revenue growth over the next 12 months in this service line.

### Talent in the Digital Economy

Talent remains a top challenge for SMPs. The majority (54%) have difficulty attracting next generation



talent, with 66% stating the number one reason is the lack of candidates with the right mix of skills. This highlights the importance of continuing education and the development of new competencies for the digital global economy. Additionally, firms are implementing talent management initiatives to both attract and retain staff. The most popular initiative is the introduction of flexible working hours or work days.

### IAASB Modernizes Auditing of Accounting Estimates in Support of Audit Quality

The International Auditing and Assurance Standards Board (IAASB) has released International Standard on Auditing (ISA) 540 (Revised), its revised standard for the audit of accounting estimates and related disclosures.

Banks, insurers and other financial services firms have seen revolutionary change in their accounting practices as they moved to new accounting standards that changed the way they deal with loan provisions and

insurance contracts. ISA 540 (Revised) reflects this rapidly evolving business environment and ensures that the standard continues to keep pace with the changing market.

This revised standard is the first to be completed as part of the IAASB's broader program 'Addressing the Fundamental Elements of an Audit' and is an important part of the IAASB's efforts to improve audit quality globally. Some of the significant revisions include:

- An enhanced risk assessment that requires auditors to consider complexity, subjectivity and other inherent risk factors in addition to estimation uncertainty. This will drive auditors to think more deeply about the risks inherent to accounting estimates.
- A closer link between the enhanced risk assessment and the methods, data and assumptions used in making accounting estimates, including the use of complex models.
- Specific material to show how the standard is scalable to all types of accounting estimates.

- Emphasis on the importance of applying appropriate professional skepticism when auditing accounting estimates to foster a more independent and challenging skeptical mindset in auditors.

ISA 540 (Revised) becomes effective for financial statement audits for periods beginning on or after December 15, 2019.

It is critical that all parties in the financial reporting supply chain, particularly regulators, national standard-setters and firms collaborate in the implementation of a standard with such far-reaching effects on the audit of financial statements. The IAASB will provide implementation support to help auditors navigate and apply the revised standard. Please visit the IAASB website for more information.

### Updated Practical Support and Guidance for Small Business Audits IFAC Guide to Using ISAs in the Audits of SMEs, Fourth Edition

Small- and medium-sized practices (SMPs) may require practical support when implementing the International Standards on Auditing (ISAs) in audits of small- and medium-sized entities (SMEs). IFAC (International Federations of Accountants) has updated the Guide to Using ISAs in the Audits of SMEs, Fourth Edition (the Guide) to help firms efficiently and proportionally apply ISAs on SME audits.

This fourth edition is updated to reflect recent changes to the ISAs including International Auditing and Assurance Standards Board



(IAASB) projects on:

- Auditor Reporting;
- Disclosures;
- The Auditor's Responsibilities Relating to Other Information; and
- Using the Work of Internal Auditors.

The Guide is designed for use by all practitioners. Volume 1 covers the fundamental concepts of a risk-based audit in conformance with the ISAs. Volume 2 contains practical guidance on performing SME audits, including two illustrative case studies—one of an SME audit and one of a micro-entity audit.

Since it was first published in 2007, the Guide has been downloaded over 100,000 times and there are 22 translations completed or in progress. To help facilitate additional translations, IFAC Members can request a Word version of the Guide with tracked changes.

Many firms use the Guide for training purposes and as the basis for firm manuals. In order to help them and our member organizations maximize the Guide's use, IFAC has also updated the Companion Manual which

provides practical 'best use' suggestions for the Guide.

IFAC has a long history of developing implementation support for international standards. In addition to the Guide, the extensive suite of material includes:

- Guide to Quality Control for Small- and Medium-Sized Practices, Third Edition
- Guide to Review Engagements
- Guide to Compilation Engagements
- Agreed-Upon Procedures (AUP) Engagements A Growth and Value Opportunity
- Choosing the Right Service: Comparing Audit, Review, Compilation, and Agreed-Upon Procedure Services

*Source: IFAC*







### IFAC LAUNCHES "EXPLORING THE IESBA CODE

**P**rofessional accountants and other business professionals are often faced with complicated, real world situations that are not black and white and demand pragmatic and ethical solutions. To help address these challenging situations, IFAC is releasing the first installment in a new series titled: Exploring the IESBA Code.

Through twelve monthly installments, Exploring the IESBA Code will take an in-depth look at the International Code of Ethics for Professional Accountants (including International Independence Standards). Each installment of the series will highlight different aspects of the Code in real-world situations, in a manner that is relatable and practical. A special focus will be

placed on recent revisions to the Code.

The first installment of the Exploring the IESBA Code deals with the five Fundamental Principles of ethics, which establish the standard of behavior expected of all professional accountants - a standard which enable accountants to uphold their responsibility to act in the public interest.

### IFAC COUNCIL APPROVES IT'S FIRST EVER FEMALE MAJORITY BOARD

**I**FAC, the International Federation of Accountants, has announced its first ever female-majority Board.

The approval of eight Board members, including five women, occurred at IFAC's annual Council meeting in Vancouver.

New IFAC Board members and their nominating member organizations are:

- Yeong Kyun Ahn, Korean Institute of Certified Public Accountants
- Joan Curry, Chartered Accountants Ireland
- Caroline Gardner, Chartered Institute of Public Finance and Accountancy
- Winnie Nyamute, Institute of Certified Public Accountants of Kenya
- Fiona Wilkinson, Consultative Committee of Accountancy

Bodies

- Ismaila Zakari, Institute of Chartered Accountants of Nigeria

Returning members re-appointed for a second term of service to IFAC's Board are:

- Tommye Barie, Association of International Certified Professional Accountants
- Idésio da Silva Coelho, Jr., Instituto dos Auditores Independentes do Brasil and
- Conselho Federal de Contabilidade.

Over the course of the past decade, IFAC has committed to improve gender balance on its Board and committees. Through dedicated and ongoing outreach to attract a diverse slate of candidates, with a particular focus on gender diversity, 12 of IFAC's 23-member Board are now women.

Dr. In-Ki Joo, IFAC President, said, "On behalf of IFAC, I congratulate and welcome all of our new and returning Board members. Each of these individuals was nominated and approved on the basis of their leadership qualities, business acumen, and passion for the future of our profession. We are particularly pleased that, as a result of our deliberate focus on gender diversity, the majority of these well-qualified Board members are women."



## 7 Health Benefits of Eating Cucumber

**T**hough commonly thought to be a vegetable, cucumber is actually a fruit.

It's high in beneficial nutrients, as well as certain plant compounds and antioxidants that may help treat and even prevent some conditions.

Also, cucumbers are low in calories and contain a good amount of water and soluble fiber, making them ideal for promoting hydration and aiding in weight loss.

This article takes a closer look at some of the top health benefits of eating cucumber.

### 1. It's High in Nutrients

Cucumbers are low in calories but high in many important vitamins and minerals.

One 11-ounce (300-gram) unpeeled, raw cucumber contains the following(1):

- Calories: 45
- Total fat: 0 grams
- Carbs: 11 grams

- Protein: 2 grams
- Fiber: 2 grams
- Vitamin C: 14% of the RDI
- Vitamin K: 62% of the RDI
- Magnesium: 10% of the RDI
- Potassium: 13% of the RDI
- Manganese: 12% of the RDI

Although, the typical serving size is about one-third of a cucumber, so eating a standard portion would provide about one-third of the nutrients above.

Additionally, cucumbers have a high water content. In fact, cucumbers are made up of about 96% water.

To maximize their nutrient content, cucumbers should be eaten unpeeled. Peeling them reduces the amount of fiber, as well as certain vitamins and minerals (3).

**SUMMARY:** Cucumbers are low in calories but high in water and several important vitamins and minerals. Eating cucumbers with the peel provides the maximum amount of nutrients.

### 2. It Contains Antioxidants

Antioxidants are molecules that block oxidation, a chemical reaction that forms highly reactive atoms with unpaired electrons known as free radicals.



The accumulation of these harmful free radicals can lead to several types of chronic illness.

In fact, oxidative stress caused by free radicals has been associated with cancer and heart, lung and autoimmune disease.

Fruits and vegetables, including cucumbers, are especially rich in beneficial antioxidants that may reduce the risk of these conditions.

One study measured the antioxidant power of cucumber by supplementing 30 older adults with cucumber powder.

At the end of the 30-day study, cucumber powder caused a significant increase in several markers of antioxidant activity and improved antioxidant status.

However, it's important to note that the cucumber powder used in this study likely contained a greater dose of antioxidants than you would consume in a typical serving of cucumber.

Another test-tube study investigated the antioxidant properties of cucumbers and found that they contain flavonoids and tannins, which are two groups of compounds that are especially effective at blocking harmful free radicals.

**SUMMARY:** Cucumbers contain antioxidants, including flavonoids and tannins, which prevent the accumulation of harmful free radicals and may reduce the risk of chronic disease.

### 3. It Promotes Hydration

Water is crucial to your body's

function, playing numerous important roles (7Trusted Source).

It is involved in processes like temperature regulation and the transportation of waste products and nutrients (7Trusted Source).

In fact, proper hydration can affect everything from physical performance to metabolism.

While you meet the majority of your fluid needs by drinking water or other liquids, some people may get as much as 40% of their total water intake from food.

Fruits and vegetables, in particular, can be a good source of water in



your diet.

In one study, hydration status was assessed and diet records were collected for 442 children. They found that increased fruit and vegetable intake was associated with improvements in hydration status.

Because cucumbers are composed of about 96% water, they are especially effective at promoting hydration and can help you meet your daily fluid needs.

**SUMMARY:** Cucumbers are composed of about 96% water, which may increase hydration and help you meet your daily fluid

needs.

### 4. It May Aid in Weight Loss

Cucumbers could potentially help you lose weight in a few different ways.

First of all, they are low in calories.

Each one-cup (104-gram) serving contains just 16 calories, while an entire 11-ounce (300-gram) cucumber contains only 45 calories (1).

This means that you can eat plenty of cucumbers without packing on the extra calories that lead to weight gain.

Cucumbers can add freshness and flavor to salads, sandwiches and side dishes and may also be used as a replacement for higher calorie alternatives.

Furthermore, the high water content of cucumbers could aid in weight loss as well.

One analysis looked at 13 studies including 3,628 people and found that eating foods

with high water and low calorie contents was associated with a significant decrease in body weight.

**SUMMARY:** Cucumbers are low in calories, high in water and can be used as a low-calorie topping for many dishes. All of these may aid in weight loss.

### 5. It May Lower Blood Sugar

Several animal and test-tube studies have found that cucumbers may help reduce blood sugar levels and prevent some complications of diabetes.

One animal study examined the



effects of various plants on blood sugar. Cucumbers were shown to effectively reduce and control blood sugar levels.

Another animal study induced diabetes in mice and then supplemented them with cucumber peel extract. Cucumber peel reversed most of the



diabetes-associated changes and caused a decrease in blood sugar.

In addition, one test-tube study found that cucumbers may be effective at reducing oxidative stress and preventing diabetes-related complications.

However, the current evidence is limited to test-tube and animal studies. Further research is needed to determine how cucumbers may affect blood sugar in humans.

**SUMMARY:** Test-tube and animal studies show that cucumber may help lower blood sugar and prevent diabetes-related complications, although additional research is needed.

**6. It Could Promote Regularity**  
Eating cucumbers may help support regular bowel

movements.

Dehydration is a major risk factor for constipation, as it can alter your water balance and make the passage of stool difficult.

Cucumbers are high in water and promote hydration. Staying hydrated can improve stool consistency, prevent constipation and help maintain regularity.

Moreover, cucumbers contain fiber, which helps regulate bowel movements.

In particular, pectin, the type of soluble fiber found in cucumbers, can help increase bowel movement frequency.

One study had 80 participants supplement with pectin. It found that pectin sped up the movement of the intestinal muscles, all while feeding the beneficial bacteria in the gut that improve digestive health (17Trusted Source).

**SUMMARY:** Cucumbers contain a good amount of fiber and water, both of which may help prevent constipation and increase regularity.

### 7. Easy to Add to Your Diet

Mild with a distinctly crisp and refreshing flavor, cucumbers are commonly enjoyed fresh or pickled in everything from salads to sandwiches.

Cucumbers are also often eaten raw as a low-calorie snack or can be paired with hummus, olive oil, salt or salad dressing to add a bit more flavor.

With just a bit of creativity,

cucumbers can be enjoyed in many ways.

Here are a few recipes to help incorporate cucumbers into your diet:

- Baked Cucumber Chips
- Quick Pickled Cucumbers
- Thai Cucumber Salad
- Strawberry, Lime, Cucumber and Mint-Infused Water
- Cucumber and Mint Sorbet
- Cucumber Goat Cheese Grilled Cheese

**SUMMARY:** Cucumbers can be eaten fresh or pickled. They can be enjoyed as a low-calorie snack or used to add flavor in a variety of dishes.

### The Bottom Line

Cucumbers are a refreshing, nutritious and incredibly versatile addition to any diet.

They are low in calories but contain many important vitamins and minerals, as well as a high water content.

Eating cucumbers may lead to many potential health benefits, including weight loss, balanced hydration, digestive regularity and lower blood sugar levels.

*Culled from [www.healthline.com](http://www.healthline.com)*



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### **CLOSING DATES**

**31 DECEMBER 2019 – Delegates Without Malaysia Visa**  
**15 JANUARY 2020 – Delegates With Malaysia Visa**

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