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ECOWAS adopts ECO Currency

From January 1, 2020, the legal tender to be in use in the ECOWAS sub-region will be the *ECO* currency. This was the decision of the ECOWAS Heads of State and government which took place in Abuja on Saturday, July 13, 2019.

Formed in 1975, the 15-member ECOWAS covers a market of 350million people drawn from Francophone and Anglophone countries. The adoption of a common currency holds a lot of promise for commerce, cross-border business and enhancement of free movement of goods and personnel within the sub-region.

It is expected to reduce transaction costs and facilitate trade. However, given the disparity in economic development indices of member-countries and use of CFA franc by 8 Francophone member-bodies of ECOWAS, it is not certain how feasible the January 1, 2020 date will be. The commencement date was shifted twice in the past.

Nigeria ratifies AfFTA Agreement

The government of Nigeria has ratified the African Continental Free Trade Area (AfFTA) Agreement bringing to 27 the total number of countries in Africa that have done so. Only Eritrea is yet to endorse the Agreement which the African Union believes will create the world's largest free trade area. The first step for its take off will be to cut tariffs for goods from countries within the bloc but the timeframe for this has not been announced. Origin of goods' rule will play a key part in the tariff cut.

Morocco played hosts to 1248 Professional Accountants

The 5th Edition of ACOA, organized by PAFA was held in Marrakesh, Morocco between June 16-19, 2019. Attended by over 1,248 delegates from 58 countries, the theme of the Congress was, "For a successful public sector performance in Africa". Most PAOs in Africa were represented at

the Congress while ACCA, FIDEF, OCP, SAGE, SYNERGIE ABNSOFT and CDG were the major sponsors. The next edition of the Congress will take place mid-2021.



Leadership of ICAG/ICAN at the PAFA 5TH ACOA.

ICAN 49th Annual Conference sets new attendance record.

The 2019 Annual Accountants’ Conference of the Institute of Chartered Accountants of Nigeria was held between September 9-13, 2019. It was attended by 5,450 delegates from 15 countries making it the biggest global gathering of professional accountants after the IFAC WCOA.

The theme of the Conference was, **“Building Nigeria for Sustainable Growth and Development”**. In its usual tradition, ICAN played host to all ABWA member-bodies led by its President, Prof. Kwame Adom-Frimpong.



Cross section of ABWA members at the closing ceremony of the ICAN Conference



ABWA Member-bodies led by Prof Kwame Adom-Frimpong at the ICAN Conference

Nigeria Closes Her Borders Indefinitely

In August, 2019, Nigeria closed its land borders with Republic of Benin, Chad and Niger to curb smuggling activities and cross-border crimes. Many have criticised the move as it is perceived as against the ECOWAS protocol on free movement of goods and people within the Community. Nigeria has justified its decision by noting that most of the goods smuggled into its territory like rice and spirits were not produced in any of the neighbouring countries and yet, they import them from outside the community, charge tariffs and allow them

to be smuggled into Nigeria thereby destroying its local industries, creating huge unemployment for its people and social unrest. Nigeria insists that the opening of the land borders must be based on modalities jointly agreed between her and her neighbours. The joint Commission to work out these modalities have been set up and it is working to achieve its mandate.

24TH ANAN Annual Conference

The 24th edition of the Annual Conference of Certified National Accountants has between Sept 23-26th, 2019 at the International Conference Centre Abuja. The event which was attended by over 4,000 members of the body, coincided with the 40th Anniversary of ANAN. The Executive Secretary, ABWA attended the Conference.

CORPORATE GOVERNANCE



5 Key Factors to Enhance Audit Committee Effectiveness

[Laurie Tugman](#), [Laura Leka](#)
| September 20, 2019 | 2

Corporate failures and scandals across countries, including the recent collapses of Carillion, Patisserie Valerie and London Capital & Finance in the UK, failings in South Africa's state-owned entities Transnet, Eskom, and South African Airways, and the IMDB scandal in Malaysia to name a few, have all focused political and regulatory attention on the audit profession and also exposed serious corporate governance failings.

The result is increased debate globally on audit and governance regulatory reform. Companies do not fail because of poor quality audits. An audit is designed to enhance confidence in financial reporting, but it does not relieve management or those charged with governance of their responsibilities. Ultimately, corporate failures and the resulting impacts on financial statements are consequences of poor governance and decisions.

Effective governance is underpinned by purpose, vision, values and ethics, that are reflected in the behaviors and actions of the board and management team and cascaded throughout the organization. The board in conjunction with management is responsible for setting the tone at the top, shaping the culture of the organization, and setting strategic direction. Organizations need to be proactive in driving improvements in their governance beyond adherence only to minimum requirements. The board has ultimate responsibility for the integrity and accuracy of the company's financial reporting, which includes ensuring implementation of internal controls over financial reporting, adoption of appropriate accounting policies, and appointment and oversight of independent

external auditors. These responsibilities are often delegated by the board to its audit committee. But this delegation does not absolve the board of its obligations and accountability to shareholders and other stakeholders.

IFAC [strongly supports efforts to strengthen and clarify the roles of boards and audit committees](#) in exercising oversight of the statutory audit and financial reporting processes led by management, including addressing perceptions that audit committees are not sufficiently independent of management, or that there is insufficient communication from the audit committee to shareholders. Effective audit committees are a critical part of delivering trust and confidence in reporting and risk management. However, globally audit committee responsibilities are widening beyond their core financial reporting oversight responsibilities, putting them [under increasing pressure both in terms of time and expertise](#) to oversee the major risks on their agendas in addition to fulfilling their core mandates. Often if the board is not directly dealing with a matter or there isn't another appropriate committee, by default whatever is left over falls to the audit committee to oversee: for example, cyber security and other technology related matters, as well as risk

management beyond financial risk.

Audit committee responsibilities vary widely across jurisdictions, sectors and between companies. It is important to recognize that there is no one-size-fits-all model for audit committees and therefore enhancing their effectiveness will be more dependent on adoption of good practices rather than further prescriptive legislation or additional regulatory scrutiny. With the input of IFAC's Professional Accountants in Business (PAIB) Committee we have been exploring ways to enhance audit committee effectiveness and have identified five key factors:

1. Audit committee transparency

Increased transparency on how an audit committee has discharged its duties is crucial and enables a more informed assessment of its performance and effectiveness.

Many corporate governance codes and regulations include requirements around audit committee disclosure. In addition, voluntary disclosures continue to grow, reflecting that audit committees are responding to evolving expectations of investors and other stakeholders.

But while audit committee reporting may be increasing, the usefulness of disclosures varies.

In the US the [CAQ 2018 Audit Committee Transparency Barometer](#), a review of audit committee disclosures by S&P 500 companies, revealed increased disclosure around audit firm appointment, length

of audit firm engagement, change in audit fees, and criteria used to evaluate the audit firm. However, decreased disclosure was found around key questions such as:

- Is there a discussion of audit fees and their connection to audit quality? 5% of companies included this, representing a continued downward trend since 2014 when 13% included this discussion
- Is there a disclosure of significant areas addressed with the auditor? 0% included this vs 3% in 2014.

For audit committee reporting to be meaningful, there needs to be strong and candid disclosure of the audit committee's work and key areas of its agenda and discussions. Such disclosure should provide insights on the significant issues the audit committee considered in relation to the financial statements, and how these issues were addressed.

If enhanced reporting by auditors through disclosure of key audit matters is mirrored by the audit committee in their own reporting, this could drive improved audit committee disclosure. It would be unusual for the audit committee not to give their perspective on an issue that the auditor considers a key audit matter. [Analysis of audit committee reporting in the UK](#), shows how disclosure on material financial reporting risk is strongly aligned to auditor reporting on key audit matters.

2. Effective communication

The importance of effective communication flows to and from the audit committee cannot be overstated. This includes written and in person, formal and informal, communication with management, internal and external audit, the CFO and finance function, and the board. For support in its oversight role, the audit committee relies on:

- Meaningful insight from management on emerging risks on the horizon and focused updates on what is happening in the business, moving beyond the basics of what they do to focus on specific challenges, risks and opportunities
- Concise and understandable meeting materials from management, the CFO and finance function, as well as internal and external audit. The volume of materials an audit committee must review can become unmanageable. Written information presented to the audit committee needs to communicate only the most important and relevant information for their attention
- Unrestricted access to the auditors without management present, as well as ongoing dialogue with the auditors outside of the audit window, to deal with issues on an

ongoing basis and not just at the time of the audit

- Informal communication with management and the CFO between audit committee meetings
- Direct access to teams and departments, including those outside of finance, when appropriate (and ensuring the audit committee does not overstep its governance role).

The audit committee also needs to communicate with the board how it has discharged its responsibilities. It is not enough for the board to simply 'rubber stamp' reports from the audit committee; there needs to be full discussion and deliberation on key aspects of the audit committee's work and any significant issues they have identified that warrant the full board's attention.

3. Committee composition – including appropriate skills, competencies and expertise

Ensuring the right composition of the audit committee is vital but can be challenging. Requirements vary across jurisdictions, but generally there must be at least one member who is financially literate. This can put a huge burden on one individual if they are the only person on the audit committee to have financial reporting and accounting expertise.

Diversity of experience, perspectives and expertise, as well as industry knowledge are also extremely important, particularly given the widening

mandates of audit committees beyond financial reporting oversight.

Audit committee members need continuing development and education to help them keep up-to-date on current issues. But often there is no formal education for audit committee members and even cases where audit committee members have never interacted with auditors prior to joining the audit committee.

Training programs, guidance and other support tools are essential to ensure the audit committee maintains knowledge of relevant developments in accounting and corporate reporting, as well as new technologies and their impact on the business and future of audit. Approaches to ensuring sustained expertise of the audit committee can be varied and include formal training and education, mentoring, and engagement with experts inside and outside the organization.

While the audit committee can rely on outside expertise, it is important that an effort is made to provide continuing professional education in order to understand emerging issues and develop an awareness of best practices.

4. How it gets its work done – efficient and effective ways of working

Audit committee mandates typically always widen, but nothing is generally removed. With increased workload along with increased complexity of risks on their agendas, audit committees need efficient and effective ways of working to ensure they can successfully

discharge their oversight responsibilities.

Good practices include:

- Having well-defined terms of reference setting out a clear scope of responsibilities, which are widely understood by the audit committee members, as well as by others in the organization including the board, CFO and finance function
- Coordination between auditor, audit committee, and internal auditor to prevent duplicated effort, increased cost and poor effectiveness
- Appropriate frequency and efficiency of meetings with focused agendas that allow sufficient time and attention for in-depth discussion on critical areas, as well as flexibility to add additional items as they arise
- Producing short summaries to circulate to audit committee members in advance of meetings outlining key areas of focus for discussion
- Holding a call or prep meeting between the audit committee chair and the auditor before each audit committee meeting.

5. Strength of the finance function

The finance function is responsible for producing reliable and auditable information for external disclosure. The strength of the finance function is therefore critical in supporting the oversight role of the audit committee, which can be severely inhibited by a weak

finance function that lacks capacity, expertise or effective CFO leadership.

Considerations for the audit committee include whether the finance function is appropriately staffed and resourced, has suitably qualified people in key positions, as well as whether it has support for its continued development.

The audit committee also needs to consider whether they should have a role in appointment of key finance staff and finance function succession planning. The EY UK report [Appointing CFOs for a rapidly changing world: the role of the Audit Committee](#) suggests that *“When it comes to appointing a new CFO, the audit committee chair should be an integral part of the interview process.”* Indeed, *“It’s a brave CEO who vetoes the audit committee chair’s recommendation.”*

Much of the transactional work of the finance function including preparation of the financial statements is being enabled by technology, giving the finance function opportunities to improve its productivity, efficiency and effectiveness, and focus its attention on other value adding activities. To meet the future needs and demands of business, finance functions must transform themselves from technical support functions to business partners that enable and support decision making across their organizations.

To maximize the finance function’s value to the

business, organizations need mechanisms in place to assess its effectiveness and support its development. Ultimately this responsibility lies with the board but may too be delegated to a committee of the board such as the audit committee.

In South Africa, which adopts a combined assurance model, the [King IV Code on Corporate Governance](#) recommends that the audit committee should provide independent oversight of the effectiveness of the organization’s combined assurance arrangements, including external assurance service providers, internal audit and the finance function. It also recommends that the audit committee discloses their views on the effectiveness of the CFO and finance function.

To support finance function transformation, IFAC has recently launched its [“Future-Fit”](#) series, which includes a high-level [evaluation tool](#) designed to support dialogue at the board (or audit committee) on the importance of finance function development, as well as help to identify priority areas for finance function investment.

FORTHCOMING EVENT

EVENT: The inaugural joint ECOWAS-ABWA Congress.

THEME: Accounting For Stewardship and Sustainable Development

HOST: The Gambian Institute of Chartered Accountants

DATE: Dec 4-7, 2019

VENUE: Labranda Hotel, Resort & Spa, Brufut, Banjul. The Gambia

FEES : Full delegate: US\$ 500
Accompanying person US\$250

SUBTHEMES:

- Public Sector Financial Management Reforms: The ECOWAS Experience
- Taxation in a digitalized economy: The Challenge and prospects.
- IPSAS: Promoting best practices in public sector governance
- Corporate Governance: Redefining Board's Charter For Value Creation
- Disruptive Technology and Impact on Business Models, finance function and sustainable development

Audit Quality in a Multidisciplinary Firm What the Evidence Shows-IFAC

Sep 25, 2019 | Surveys & Reports

Developed in partnership with Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA), this report looks at the evidence surrounding the multidisciplinary model and its relationship with audit quality. It draws from leading academic literature, policy and expert views, and an in-depth study of how regulators worldwide manage risk.

As users of corporate reports demand more information on a broader range of matters, professional services firms have risen to the challenge. The

advent of the multidisciplinary firm is the response to meeting current business needs and anticipating emerging demands.

The report shows, by review of research and other related literature, that the

multidisciplinary model is one of the best mechanisms to develop the skills, expertise and consistency needed for quality audits. This report is meant to contribute constructively to the international debate on the

multidisciplinary firm business model and auditors providing non-audit services.

Visit: www.ifac.org to download the full report.

ABOUT ABWA

The Association of Accountancy Bodies in West Africa was established in 1982 by PAOs in the sub-region. *At inception, the body had only 2 members.* But today, it has 15 PAOs:

1. ONECCA, Benin
2. ONECCA, Burkina Faso
3. ONECCA, Cameroon
4. ONECCA, Cote D'Ivoire
5. ICA, Ghana
6. ONECCA, Guinea
7. ORDEM, Guinea Bissau
8. Liberia, ICPA
9. ONECCA, Mali
10. ONECCA, Niger
11. ANAN
12. ICA, Nigeria
13. ICA, Sierra Leone
14. ICA, The Gambia
15. ONECCA, Togo

ABWA is an IFAC recognized regional body, foundation and active member of PAFA

ABWA's VISION

To be the premier voice of the Accountancy Profession in West Africa.

ABWA's MISSION

- To ensure that accounting standards and practices are benchmarked on best global practices.
- To ensure that the accountancy profession consistently delivers on its public interest mandate with great ethical disposition.
- To partner with IFAC and PAFA to drive the development of the Accountancy Profession in the sub-region.
- To set the tone of public sector financial management practices



OBJECTIVES

- Provide professional information that will enhance the efficiency and technical competence of members.
- Set professional standards for business, and ethical code and monitor compliance.
- Create an interactive forum for professional peers in business
- Continuously educate members of their statutory duties and responsibilities as directors, non-executive directors, chief finance officers, internal auditors, in order to promote good corporate governance
- Assist members in professional practice to appreciate the unique needs of members in business
- Eliminate apathy and arouse members' interest in the Institute's activities

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