


# Accountancy Profession Is Undergoing Fundamental Changes

- Mr. Olutoyin Adeagbo Ade pate  
*Immediate Past Registrar of ICAN*



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# Internal Audit AND PROFESSIONAL INDEPENDENCE IN GOVERNMENT EDUCATIONAL INSTITUTIONS IN NIGERIA





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 Email: [info.ican@ican.org.ng](mailto:info.ican@ican.org.ng); [corporateaffairs@ican.org.ng](mailto:corporateaffairs@ican.org.ng); [daajigbotosho@ican.org.ng](mailto:daajigbotosho@ican.org.ng)  
 Website: [www.ican-ngr.org](http://www.ican-ngr.org)

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Correspondence should be addressed to:  
**The Corporate Affairs Department, ICAN  
 P.O.Box 1580, Lagos.**

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## Editor's Note

Every profession has its own codes of ethics and rules for practice and the extent to which the standards and ethical values are adhered to always determine the performance level of any organization. Our cover article entitled Internal Audit and Professional Independence in Government Educational Institutions in Nigeria tries to focus on a key area of standard professional practice in corporate governance.

The author bases his argument on the study of some selected federal institutions of higher learning and reveals the common practices of Internal Audit Officers, and the numerous hindrances and other general experiences that make good ethical standards unattainable. In his analysis, the author concludes that in order to sustain national development in audit practice, some drastic measures must be taken. He mentions some of such measures that need to be put in place.

\* \* \* \* \*

Mr. Olutoyin Adeagbo Adepate, MBA, FCA, OON, has voluntarily retired from the services of the Institute after 21 years of meritorious service. He was the first ever Registrar/Chief Executive of the Institute to be appointed from among the staff of the Institute's secretariat and prior to his appointment to the helm of affairs, he had served in almost all the departments of the secretariat. The editorial board decided to interview him so he could share with our readers and stakeholders alike, how he had fared in the last 21 years of being at the Institute. The seasoned administrator spoke on many issues which our readers would find quite revealing and educative. We wish Mr. Adepate a very blissful retirement and success in his future engagements.

Your comments on the interview and articles in this edition are welcome. Please write to: [corporateaffairs@ican.org.ng](mailto:corporateaffairs@ican.org.ng); [daajigbotosho@ican.org.ng](mailto:daajigbotosho@ican.org.ng)

## ICAN Blacklists Three Students for Examination Malpractice

The Institute has blacklisted three students caught cheating during the November 2012 Professional Examinations. The three students are Mr. Olumide Ayodele Ayeni, Mr. Olusesan Ibiroga and Mr. Tolulope Oluwasogo Oluronbi.

On 20th of November 2012, during November 2012 Professional Examinations at Ilesa Centre, Ayeni was caught with written materials related to Financial Reporting and Ethics paper he was writing. He was made to write his own statement which upon investigation found him guilty. The exhibit and the invigilator's report were also evidences against him.

Ibiroga was also caught on 21st of November 2012, during the November 2012 Professional Examinations at Ibadan Centre, with some pieces of paper related to Management Accounting paper he was writing. He was made to write statement which upon investigation found him guilty. The exhibit and the invigilator's report were also evidences against him.

Oluronbi was also caught on 21st November 2012, during the November 2012 Professional Examinations at Ibadan Centre, with written materials that were related to Advanced Audit and Assurance paper he was writing. He was made to write statement which upon investigation, found him guilty. The exhibit and the invigilator's report were also evidences against him.

After due investigations, the Council of the Institute decided that the three students should be blacklisted and banned from all the Institute's examinations. They were deregistered as candidates and have all the papers taken during the November 2012 diet professional examination cancelled.

## Mutual Benefit Assurance Seeks Partnership with ICAN

One of the Insurance giants in the country, Mutual Benefit Assurance is seeking partnership with the Institute of Chartered Accountants of Nigeria (ICAN). This was made known by the Managing Director of the company, Mr. Akin Ogunbiyi when the President of ICAN Mr. Adedoyin Owolabi paid a courtesy visit to the corporate head office of the company on Ikorodu Road, Lagos.

Ogunbiyi who thoroughly explained the activities of the company said Mutual Benefit is seeking partnership with ICAN to create value and improve empowerment in the economy. He said ICAN is known for its high standard and integrity especially in the way it conducts its examinations.

His words: "I doff my cap for ICAN because since inception, it has never recorded any examination leakage and I always wonder if

the examinations are conducted by Nigerians." He said it was for this reason the company is seeking to partner with ICAN as well other professionals for assistance. He said that the 18 year old company with 250,000 Policies and staff strength of 5,000 has grown into a conglomerate and is IFRS compliant.

Mr. Owolabi who appreciated the warm reception and honour done him congratulated the Board and Management of the company which has grown from a very humble beginning to group of companies.

"I congratulate the Board and Management for the good work you are doing. Some companies clamp down because of hazards of the economy, Mutual is forward looking", he said. He however assured the company of the Institute's support.

## ICAN Takes Catch Them Young Initiative to Calabar

The Institute of Chartered Accountants of Nigeria (ICAN) has taken its campaign for professionalism in Accounting to the next level it tags "Catch Them Young Initiative". This was declared by the 48th President of the Institute, Mr. Adedoyin Owolabi during his courtesy visit to one of the oldest schools in the country, Hope Waddal College, Calabar which was founded in 1895 and also owned and run by the Presbyterian Church.

The ICAN President who was on a 4-day visit to Calabar & District Society of ICAN, acknowledged the good work being done by the Principal, Staff and the entire Management of the school as reflected in the manner they are managing and moulding children, thereby producing great leaders of the nation.

Owolabi declared that one of the reasons for his visit was to partner with the school so as to mentor and introduce their students to the "Catch Them Young" initiative which the Institute introduced few years ago to assist young school leavers while awaiting admission into higher institutions.

"It is our desire to mentor and groom young school leavers through our catch them young programme which has yielded good results in places like Ikorodu, Epe and so on," he said.

In his response, the Prelate/Moderator of General Assembly of the Presbyterian Church of Nigeria, Most Rev. E.N. Uka, appreciated the visit and commended the activities and standard of ICAN. He advised that the Institute should continue to maintain its high standard of integrity and make efforts to check corruption in the country. He further extolled the studious performance of Chartered Accountants.

His words: "since our accountant became a member of your noble profession, his performance has improved tremendously. His suggestions are usually the final in the area of finance".

## Polytechnic Offers chartered Accountant-Graduand Automatic Employment

The Abia State Polytechnic, Aba, has given automatic employment to Mr. Imoh Benson Chigbo, a graduate of accountancy from the Polytechnic, for qualifying as a Chartered Accountant before graduation.

The Rector of the Polytechnic, Elder Allwell Abalogu Onukaogwu disclosed this while addressing the 48th ICAN President, Mr.

Adedoyin Owolabi and his entourage who paid him a courtesy visit on Thursday, January 31, 2013.

Onukaogu said, "I quickly offered Mr. Benson an automatic employment judging that he did not only graduated from the accountancy department of the school but was also the only graduand in his set who qualified as a Chartered Accountant. This was a way of encouraging others to be the best and nothing else in whatever they do".

He noted further that the school has since ensured good support for students and lecturers alike that have shown interest in ICAN Programmes.

During an interactive session with the students of the Accountancy department of the Polytechnic, ICAN President counseled that only hard work, perseverance and sacrifice will earn the students ICAN certificate.

His words, "now is the time to make sacrifice so as to earn your desired future. You must burn your night candles and ignore all distractions like clubbing, illicit relationships, expensive habits and the likes which can deny you your ICAN certificate".

He explained to the students that ICAN offers scholarship to outstanding students from Accountancy department and other disciplines who are interested in writing ICAN exams. He also announced that Chidi Ajaegbu Educational Foundation, a non-governmental organisation, established by the 1st Deputy Vice President, has offered to offset tuition, registration and examination fees of all Accountancy department students of Abia State Polytechnic willing to write ICAN examinations.

## Abia State Governor Approves two Parcels of Land for ICAN

The governor of Abia State, Dr. Theodore Orji has promised to approve two parcels of land, one in Aba and the other in Umuahia for the Institute of Chartered Accountants of Nigeria (ICAN) as soon as all necessary papers get to his desk.

The governor gave this promise during a courtesy call to his office by the 48th President of the Institute, Mr. Doyin Owolabi on

The partnership of the Cross River State Government with the Institute of Chartered Accountants of

Nigeria (ICAN) has indeed paid off as the training of ICAN students through the Training Centre has produced about 69 Chartered Accountants in the last five years.

The Acting Governor of Cross River State, Mr. Efiok Cobham disclosed this in his office in Calabar while playing host to ICAN President, Mr Doyin Owolabi at a brief handing over ceremony of the Training project tagged "Students' Special Project" by the ICAN President who visited the government house. The Acting Governor said the partnership with the Institute is highly appreciated. He also commended the activities of Chartered Accountants in the employ of the state, saying they are all doing well as their performance was measured by their contributions to the state's development.

The ICAN President, who had earlier explained that he was in Calabar as part of his official visit among other things to assess the activities of members in the state commended the Ag. Governor for employing members of the Institute to serve alongside with him in the state

## ICAN SSP Produces 69 Chartered Accountants in Calabar

development.

"The visit will also enable me assess their welfare and how well they have been performing their public

interest mandate of supporting your government and rendering value laden services to other stakeholders in Cross Rivers State," he stated.

It would be recalled that the State entered into collaboration with ICAN in the training, education and development of students in the Accountancy Profession who are indigenes and residents of the State in 2008.



ICAN President, Mr. Adedoyin Owolabi handing over document of SSP to the Ag Governor of Cross River State, Mr. Efiok Cobham



Friday, February 1, 2013. The governor said his administration is ready to partner with ICAN in all progressive projects, hence his resolve to approve two parcels of land to erect the Umuahia District Secretariat. He therefore urged the district to quickly apply for the

land if that has not been done before.

Governor Orji described ICAN members as matured and special breed of Accountants which Abia State government is willing and ready to hire their services at various level and positions in the civil service if they are available. He commended ICAN members already in the State civil service and those holding various positions, one of which is the Speaker of the House of Assembly, Rt. Hon. Sir, Ude OgoChukwu, for the credible roles played so far.

However, he noted that ICAN has got a big role to play in curbing corruption. He said, "financial misappropriation cannot be done without the knowledge of an Accountants so ICAN has got a big role to play in curbing corruption. This government is ready to collaborate with ICAN in any way possible to fight corruption".

Earlier, Owolabi had commended the governor for ensuring safe and conducive business environment for ICAN members and for employing members into different positions in the State civil service. In the light of the new International Public Sector Accounting Standards (IPSAS) issued by International Federation of Accountants (IFAC), the President requested the Governor to employ more members in order to ensure effective application of the reporting standards.



Doyin Owolabi, ICAN 48th President presenting gift to HE Chief Dr. Theodore A. Orji, Gov. of Abia State during a courtesy call to the governor on Feb. 1, 2013

## We Share Same Vision with ICAN on Corruption – Fayemi

The governor of Ekiti State, Dr. Kayode Fayemi has declared that his administration shares the same vision with The Institute of Chartered Accountants of Nigeria (ICAN) as far as campaigning against corrupt practices is concerned.

Dr. Fayemi, who was represented by the Secretary to the State Government (SSG), Alhaji Ganiyu Owolabi, made this declaration on Tuesday at the opening ceremony of the 7th Western Zonal Conference of ICAN holding in Ado –Ekiti. He maintained that the state has zero tolerance for corruption.

Speaking further, Fayemi said his administration has blocked all the loopholes by which corruption could be perpetrated in the state's finances. He therefore enjoined ICAN to continue in its effort at blowing the whistle on corruption and proffering solution to the menace.

Earlier in his keynote address, the 48th President of ICAN, Mr Adedoyin Idowu Owolabi, described corruption as a plague being propelled by greed and weak controls.

According to him, the theme of the conference "Promoting a Corruption-free Society through a Cashless Economy: The Roles of Chartered Accountants" was timely

and strategic, adding that ICAN as a responsive professional body cannot but contribute to on-going debates on the way forward for the country.

"Given the havoc corruption has wreaked on the Nigerian Economy in the form of unbridled larceny and criminal diversion of scarce public funds into private use, the Institute considers it expedient, to contribute towards the debate on the way forward for the country," he explained.

The ICAN President maintained that since it is often at the expense of another thing, corruption increases deprivation and accelerates the scourge of poverty, in order to enrich the few at the expense of the masses.

On how weak controls promote corruption, the ICAN President said corruption is made possible when controls are non-existent or exist without enforcement by people in management.

"Where controls are strong and effectual, the rate of fraud will be very low if not brought to zero level. The tone at the top is the most important factor in control effectiveness," he concluded.

# Internal Audit

## AND PROFESSIONAL INDEPENDENCE IN GOVERNMENT EDUCATIONAL INSTITUTIONS IN NIGERIA

By Charles Akharayi



### ABSTRACT

*This paper focuses on a critical area of standard professional practice in corporate governance. Every profession has its set of practice rules and code of ethics. The extent to which these standards of ethical doctrines are upheld determines the level of performance found in an organization. From a study of selected Federal Government institutions of higher learning, this paper reveals the common practices of Internal Audit Officers, their handicaps and other general experiences that make sound, ethical practice unattainable. In order to sustain national development in audit practice, some drastic measures must be taken and this paper offers a few.*

**Key Words:** Standard, Professional Practice, Corporate Governance, Ethical Practice and National Development

### INTRODUCTION

The general definition of an audit is an evaluation of a person, organization, system, process, enterprise, project or product. Audits are performed to ascertain the validity and reliability of information, also to provide an assessment of a system's internal control. Many companies, particularly large ones and some

government agencies have an internal audit function. Due to practical constraints, an audit seeks to provide reasonable assurance that working statements are free from material errors. With non-profit organizations and government agencies, there has been an increasing need for performance audits. The success of departments must be examined in order to ascertain the achievement of mission objectives.

An Audit must adhere to generally accepted standards established by relevant governing bodies. These standards assure third parties or external users that they can rely upon the auditor's opinion on the fairness of financial statements, or other subjects on which the auditor expresses an opinion.

Due to the increasing number of regulations and the need for operational transparency, organizations are adopting

risk- based audits that can cover multiple regulations and standards from a single audit event. This is a new but necessary approach in some sectors to ensure that all the necessary governance requirements are met without duplicating effort from both audit and audit hosting resources.

The Internal Auditing profession has evolved steadily with the progress of Management Science after World War II. Most of the theory underlying internal auditing is derived from management consulting and public accounting professions. With the implementation in the United States of America of the Sarbanes-Oxley Act of 2002, the profession has grown rapidly as many internal auditors continue to possess the skills required to help companies meet the requirements of the law. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Auditing is a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analyses and assessment of data and business processes. With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice.

The Chartered Institute of Management Accountants (CIMA) defines internal audit as "an independent appraisal activity established within an organization as a service to it. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls". According to Adeniji (2006) the scope and objectives of internal audit vary widely, however, internal audit operates in one or more of the following broad areas:

- i) Review of the accounting and internal control system.
- ii) Examination of financial and operating information.
- iii) Review of economy, efficiency and effectiveness.

Professionals called internal auditors are employed by organizations to perform the internal auditing activity. Though internal

auditors are not considered independent of the company, they perform audit procedures. Internal auditors of publicly quoted companies are required to report directly to the board of directors or a sub-committee of the board of directors. They do not report to management so as to reduce the risk of exposing them to pressure to produce favourable assessments. Internal auditors are employees of the company unlike the external auditors. They work in the company throughout the year not just during the annual audit. The internal auditor is often considered one of the 'four pillars' of corporate governance, the other pillars being the Board of Directors, management and the external auditor. The internal auditor possesses an ability to demonstrate independence of mind in reporting situations objectively and as they happen.

**PROBLEM WITH GOVERNMENT INSTITUTIONS OF HIGHER LEARNING**

Governing structures for higher education are highly differentiated throughout the world. Governance and management of post secondary institutions become even more diverse with the differences in defining the relationships between higher and tertiary education (university education), postsecondary education, technical and vocational education and community college models of education. The issues are complicated by current debates over collegial and shared forms of governance contrasted to corporate and business forms of institutional governance. In the United States of America for instance, state institutions governing boards often emphasize the concept of citizen governance in recognizing that board members serve a civic role for the institution. Managing structures themselves have become increasingly complex to establish a means of organizing an equally complicated system of intra organizational, inter organizational and governmental relationships.

As universities have become increasingly interdependent with external forces, institutions are accountable to external organizational relationships such as local, state and federal governments, equally in managing business and corporate relationships. With the complexity of

internal structures, the external relationships between institutions and local, state and national governments are evidently equally differentiated given the different forms of government in the international system. External governing relationships depend much on institutions, government policy and any other formal or informal organizational obligations. Generally, institutions are recognized as autonomous actors with varying degrees of interdependence with, and legislated commitments to the external stakeholders, local and national government.

According to Lapworth (2004), the rise of the notion of corporate governance and the decline of the shared of consensual governance can be seen to be a result of the decline in academic participation, growing tendency towards managerialism and the new environment where the universities are operating, While institutions internationally do not directly have the same genealogy with the idea of shared, collegial governance, universities worldwide are loosely organized by similar structures and based on comparable models. McMaster (2007) notes the different cultures in universities and the traditional relationships between faculty and administration, characterizing historical transitions and suggesting that universities today are undergoing transitions in culture. Kezar and Eckel (2004) point out that the substance of governance has changed during the last decades with more emphasis put on high stake issues and more incremental decisions made in a less collegial model- the reasons for this stem from trends that have devalued the notion of participation and also from the external pressures for more accountability and demands for quicker decision-making (that sometimes is achieved through bureaucracy).

Finally, Dearlove (1997) emphasizes that, under the conditions of mass higher education, no university can avoid the need for some sort of bureaucratic management and organization, though this does not mean that the importance of informal discipline and profession based authority (internal governance of universities) can totally be ignored.

**ROLE OF CORPORATE GOVERNANCE IN INTERNAL AUDITING**

Corporate governance is a set of processes,



customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. An important theme of corporate governance is the nature and extent of accountability of particular individuals in the organization and mechanisms that try to reduce or eliminate the 'principal-agent' problem. Good corporate governance emanated from the private sector and the need for sound governance arrangements in the public sector is also critically important. For an economy to grow and develop, its governance structures in both the public and private sectors must be well run. Effective corporate governance can create safeguards against corruption and mismanagement and promote transparency, and therefore efficiency, in economic affairs. It is at the heart of building confidence in financial systems that sustainable economy grows. Internal auditing activity as it relates to corporate governance is advisory, accomplished primarily through participation in meetings and discussions with members of the Board of Directors highlighting deviations from the rules, norms or acceptable practice through periodic reports

### **PROFESSIONAL INDEPENDENCE AND OBJECTIVITY**

The Canadian Oxford Dictionary defines 'Independence' as 'the state of being independent'. An independent person on the other hand means a person, separate, who is not involved in a situation and so is able to judge it fairly. Independence is the bedrock of the accounting profession. Independence in this context is an attitude of mind characterized by integrity, objectivity and professional approach to work. An accountant is enjoined to carry out his assignment not only to be independent, but must also be seen to be independent. This connotes that he should



**An accountant is enjoined to carry out his assignment not only to be independent, but must also be seen to be independent. This connotes that he should not be involved in any relationship that may enable members of the public to question his objectivity.**



not be involved in any relationship that may enable members of the public to question his objectivity. The way the rules of ethics implicitly define professional independence will focus primarily on two questions.

The first is whether the accountant should have discretion to, be required to, or be barred from disclosing the intention of the client to commit a fraud or other illegal act, or a past fraud or illegal act, that has or is about to have serious consequences. If professional independence is to be maximized, the accountant would presumably have discretion in all cases. If professional independence is to be constrained fully by loyalty to the client, disclosure would never be permitted. In my view, the answer depends in large part on the functional role of the accounting profession.

The second relevant question is whether it matters who is the victim of the client's

fraud or illegal act. Does it, for example, matter whether a client has defrauded a regulatory agency, a law enforcement agency, or a private entity or an individual? Members must promote a culture of professional independence and not only strive to be independent in their attitudes, actions and practice, but also be perceived as being so. Members, clients, employers and the public must understand that while professionals have certain obligations as employees or consultants, they are expected to act independently. Objectivity has been described as the state of mind which has regard to all considerations relevant to the task in hand and no other.

### **ROLE OF INTERNAL AUDIT IN THE PRIVATE SECTOR**

An effective internal audit function plays a key role in assisting the board to discharge its governance responsibilities. Recent events have highlighted the critical role of boards of directors in promoting good corporate governance. In particular, boards are being charged with the ultimate responsibility for the effectiveness of their organizations' internal control systems.

Internal audit assists the board to discharge its corporate governance responsibilities. Corporate governance developments both locally and around the world have reaffirmed the board's responsibility for ensuring the effectiveness of their organization's internal control framework. These developments have highlighted the key role that internal audit can play in supporting the board in ensuring adequate oversight of internal controls and in doing so form an integral part of an organization's corporate governance framework. The key role of internal audit is to assist the board and/or its audit committee in discharging its governance responsibilities by delivering:

- a) An objective evaluation of the existing risk and internal control framework.
- b) Systematic analysis of business processes and associated controls.
- c) Reviews of the existence and value of

assets.

- d) A source of information on major frauds and irregularities.
- e) Ad hoc reviews of other areas of concern, including unacceptable levels of risk.
- f) Review of the compliance framework and specific compliance issues.
- g) Review of operational and financial performance.
- h) Recommendations for more effective and efficient use of resources.
- i) Assessment of the accomplishment of corporate goals and objectives.
- j) Feedback on adherence to the organization's values and code of conduct/code of ethics.

Auditing is meant to uphold integrity and accountability for the responsibilities one assumes and when these are not available in an organization then the organization fizzles into oblivion. The importance of auditing cannot be over emphasized in the process of attaining a sanitized system free of corruption, inefficiency and ineffectiveness.

#### INTERNAL AUDIT OPERATIONS IN GOVERNMENT PARASTATALS

Government parastatals such as the University of Lagos, the University of Benin and the Federal College of Education (Technical) with self accounting units are mandated to have a virile Internal Audit Department which is headed by a qualified accountant. Up to date, the line of reporting remains the same which permits the internal auditor to report directly to the Chief Executive Officer as service to management. However, in attempting to adequately discharge their responsibilities, internal auditors often find themselves in an anomalous position. They report to senior management within the organization, yet are expected to objectively review management's conduct and effectiveness. This process is faulty.

The independence of the internal auditor is weak and most times he is biased in drawing his conclusion for fear of losing his job. The private sector (public company) is mandated to establish an audit



**Internal audit assists the board to discharge its corporate governance responsibilities. Corporate governance developments both locally and around the world have reaffirmed the board's responsibility for ensuring the effectiveness of their organization's internal control framework**



committee whose members are drawn from among the directors and shareholders. This, to an extent, provides checks and balances in the operation of the company. The Audit Committee reports to the Board and not to the management. Section 359 sub-section 4 of the Companies and Allied Matters Act of 2004 stipulates that an audit committee shall consist of an equal number of directors and representatives of the shareholders of the company (subject to a maximum number of six members). This committee is empowered to authorize the internal auditor to carry out investigation into any activities of the company which may be of interest or concern to the committee. This type of control does not exist in the public sector.

However, Section 35 of the Civil Service Re-organization Act No 43 of 1988 establishes the Audit Alarm Committee which empowers the Chief Internal Auditor or Head of the Internal

Audit to raise an alarm on any payment considered not appropriate and report to the Audit Alarm Committee at the Office of the Auditor General for the Federation for investigation.

The exercise of control by the Chief Executive Officer on the Chief Internal Auditor may impair his independence thereby affecting the quality of his work and his professional output. In the last ten years no Chief Internal Auditor has taken the bold step to report any discrepancies observed while performing his duties. This is perhaps because such officers need to safeguard their jobs. The responsibilities of the Chief Internal Auditor as stated in the Financial Regulations (2009) covers the following but not limited to:

- i) To present a detailed audit of the accounts and records and for the examination of the systems and procedures in force.
- ii) To submit to the Accounting Officer for acceptance of the Auditor General and Accountant General a detailed programme of audit and thereafter he will report monthly to the Accounting Officer on the progress of the audit.
- iii) To issue special reports, if necessary when in his opinion, the attention of the Accounting Officer and of the Accountant-in-charge must be called to an irregularity in the accounting records or to an apparent weakness in the accounting procedure, or to any apparent in-attention to the reports of the Auditor General or to earlier internal audit report(s) issued by him.

From year 2000, more institutions were established in addition to the existing regulatory bodies to check corruption and other sharp practices. Still, more needs to be done at the Ministries, Departments, and Agencies and the other Arms of Government, to further strengthen control and avoid dubious means of siphoning public funds. So far, the institutions established to curb corruption and other

sharp practices include:

- Independent Corrupt Practices Commission (Act 2000).
- Economic and Financial Crimes Commission (Act 2002).
- Public Accounts Committees of the National Assembly.
- Accountant General of the Federation.
- Auditor General for the Federation.

#### RECOMMENDATIONS

- i) Government should change the line of reporting for Chief Internal Auditors so that they do not report to the Chief Executives, because their independence, career, objectivity may be negatively affected.
- ii) Government at all levels should look beyond the institutions and agencies established to fight corruption and entrench internal governance to reduce areas of waste, contract splitting and inflation and mismanagement of public funds.
- iii) Attention should be given to rigorous and regular internal and external audits reports.
- iv) The Chief Internal Auditor should report primarily to a higher level within the organization that allows the internal audit activity to fulfill its responsibilities. The only satisfactory solution is for Chief Internal Auditor to report primarily and directly to the Governing Council/ Board or any other body to whom the Chief Executive reports or is responsible.


#### CONCLUSION

The special relationship between the internal auditor and the public it serves is based upon the exclusive right to practise in exchange for a higher level of obligations. The structure and reporting lines adopted for the internal audit function should promote independence, objectivity, consistency and business understanding. If members of the profession are not professionally independent-or do not appear to be professionally independent-an erosion of professional credibility occurs. The exclusivity of professional practice could then be lost.

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*Mr. Charles Akharayi works at the Bursary Unit, Yaba College of Technology, Lagos*



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## **Accountancy Profession is Undergoing Fundamental Changes**

**T**he immediate past Registrar of the Institute of Chartered Accountants of Nigeria (ICAN), Mr. OLUTOYIN ADEAGBO ADEPATE is a golden fish that has no hidden place. Apart from being an astute professional chartered accountant and administrator, he was the first to be appointed among the Institute's secretariat staff to become Registrar.

*Brilliant and widely experienced, Adepate attended University of Lagos where he bagged a Bachelor of Science degree in Microbiology in 1979. He also obtained a Master of Business Administration and a Post Graduate diploma in Computer Science from the same University in 1982 and 1986 respectively. In his student days, he won the Oyo State of Nigeria Merit Scholarship Award for Science Students in 1977 and was 2nd prize winner, Shell Essay Competition, Oyo Division, Western State of Nigeria in 1969. He was the Group Investment Manager, Worthwhile Investment Group Limited.*

*Adepate joined the services of ICAN in 1991 and had worked in virtually all the departments of the Secretariat before he was appointed Registrar/Chief Executive in 2007, the post he held till his recent retirement. In recognition of his immense contribution to the Institute, he was awarded the top management staff Merit Award in 2005. He was also recognised with the National merit award of Officer of the Order of the Niger (OON) by President Goodluck Jonathan. He is a member of both the Nigerian Institute of Management, NIM, and a Fellow of ICAN.*

*In this interview with THE NIGERIAN ACCOUNTANT team of MUYIWA DARE and SUNKANMI OLOKETUYI, Mr. Adepate opened up on his sojourn in ICAN, his tenure as the Registrar/ Chief Executive and other issues. Excerpts:*

**Q: Sir, you have served the Institute of Chartered Accountants of Nigeria (ICAN) meritoriously for more than 20 years, which is not up to the maximum years set for retirement. Record also shows that you are the first Registrar to emerge from within the Secretariat. How would you describe your sojourn in the Institute thus far?**

**A:** Hmm. The first aspect of the question says that I have not reached the maximum age for retirement before I chose to go. I must tell you that it is of my own volition that I chose to leave the services of the Institute earlier than the prescribed number of years or the prescribed age, because I believe that one must take his exit with the view of moving to other things in life. Be that as it may, the Institute is evolving and my exit will provide opportunity for other people to assume the mantle of leadership and to move the institute to the next level. The other part of the question says how do I describe my sojourn in ICAN. Like you said, I'm the first Registrar to emerge from within the Secretariat. That is true and it is my hope and aspiration that my successor will also come from within, without prejudice to the current arrangement for the appointment of a new Registrar, which has been made open in the spirit of transparency to applicants both within and from outside. Now, to my sojourn in ICAN, I joined ICAN August 1, 1991. In fact, time has moved so fast because initially I felt I would just spend two years in the services of the Institute. Before I came to ICAN, there was this advertisement for the position of Assistant Director, Technical Services and a friend came to me appealing that I should apply. Then, I was a Financial Controller in an insurance company and I was contemplating moving to a Finance company. I was in that transition when the advert came out and I was persuaded to apply. The then President spoke to me and after some time we agreed. At the end of the day, we struck a deal. As at the time I was coming then, the salary was just reviewed and my coming to the Institute brought another review because as an Assistant Director then, I was already earning what was even higher than the new salary, so there was another review. In fact, that led to my not assuming duty until August 1, 1991 because the process had been on since May 1991 and I was to assume duty around July 1 but with the

disparity, I couldn't, and everybody benefitted from my coming like that. The structure had to be reviewed then. The most interesting aspect to me then was in the fact that the Institute was in transition. We were transiting from the manual process to the computerized process particularly in our examination processes. That was really what excited me and I thought that within one or two years, we would have sorted ourselves out and I would take my exit, but it was not to be. Thereafter, things started happening and it happened so fast that I was promoted Director June 1, 1992, less than one year of my assumption of office. Things started falling in and then so many things were happening, various challenges and the Institute continued in its state of transition, things kept on changing in the various facets of the Institute and before I knew it, I had received the 10 years award. Then, on and on till now that I have decided that having put in more than 21 years, having being Chief Executive for more than 5 years, even though I still have the opportunity to continue. I have chosen that I should give room to other people to assume the mantle of leadership and contribute to bring the Institute to the next level. Over this period, the Institute has witnessed a lot of transition, because if we look at the structure then, maybe the Registrar and maybe three Directors or so. I think I was the first Assistant Director then. Thereafter, things started changing. The Institute has developed in leaps and bounds over the years, in terms of studentship, in terms of membership, in terms of infrastructure. Even, the organisational structure of the Institute has changed tremendously. Within that period, we completed the first phase of our Abuja property, we had liaison offices in Kaduna, Kano; and we started a number of projects. We thank God today, we are in another transition, because the professionals had undergone tremendous stages to serve and this had impacted our Institute in no small measure. We have brought the Institute to a stage that everybody knows ICAN is the number one professional Institute in Nigeria and one of the best in Africa. But what has kept us going is that we are never satisfied, we are always going forward and nothing can be good enough to us. So, because of that, we have seen several changes within the structure. Over the years, people have gone, people have come

and a lot of things have changed: even, the roles of Presidency, Body of Past Presidents; a lot has changed. I believe that it is a great lesson, a unique privilege, honour and opportunity to be part of that transition.

**Q: From your experience throughout your service in ICAN, what is your personal assessment of the ICAN workforce?**

**A:** It is only those who are close to the Institute who will know the challenges the management is facing in the day-to-day activities of the Institute. It is not even peculiar to our Institute. An Institute, you know, can neither be classified as a public service or a private sector entity. It is an amalgam of so many people because being a member-driven Institute; people come with various expectations from various backgrounds. So, you have a lot of issues to balance. An organisation which is to provide services to its members and stakeholders must not forget one of its core mandates, which is the public interest. The Institute has a charter which bestows privileges on it and by virtue of these privileges; we have responsibilities to the society. Since I have explained the situation under which the workforce operates, that will help you appreciate the enormity of the challenges the workforce is facing from the students, members and even the public. They have very high expectations from this Institute. Even, other professional Institutes look up to ICAN for leadership in many facets of life. As I'm telling you now, this Institute has evolved from a purely volunteer-run organisation (i.e. members on volunteer basis had run the Institute) to purely professional organisation with membership providing leadership, governance for the Institute. So, you will now see why our workforce is very key to the accomplishments because volunteers come, volunteers go. It is the Secretariat that maintains the substance and the essence of the Institute. Over the years, the structure of the Institute has changed. I can tell you that we have incredibly committed staff or workforce. The good thing that has happened to the Institute is that the workforce has succeeded in changing along with the Institute as it is changing. Like I told you earlier that those who managed this Institute from the beginning were members and they did it purely on



volunteer-basis. Now, over the years, some staff were brought in at the lower level just to support the volunteers. As we grew in complexity, the staff number has increased tremendously but I would tell you that I can make bold to say that ICAN has some of the best staff anyone can pray to work with because this

degree. It is not all organisations that are so fortunate to have staff like that. A good number of people will tell you that the rate of staff turnover in ICAN is low. It is true. Though we are not the highest paying organisation in the whole world but I will tell you there is a lot of comradeship, a lot of respect, a lot of involvement in the

either treated so because of bad performance or somebody engaging in things that are dysfunctional to the system. A few people were sent out for old age after putting in several years. But I tell you, when we look back, the attrition rate in this system is so low because to my mind this Institute operates like a family, I mean the volunteers and the staff. I won't say we are on top of the world because we are still training and developing but the quality of our staff is okay. If we look at our staff one can say they are versatile. They play many roles from menial jobs to intellectual ones and some menial jobs are even critical to the operations and success of this Institute. I would say we have been fortunate to have very good staff over the years. As we grow, the quality of staff has even risen higher because we are bringing in staff who are able to add value at the level we are currently operating. That speaks a great deal for the Institute. ICAN has never had mass retrenchment or mass re-organisation where the whole process is not working and you throw virtually everybody away and start all over again. From the beginning, we have not had such a major re-organisation. To a very good extent, our staff are excellent, cooperative and committed to the system.



Institute has over the years been opportuned to get, even at the lowest level, very committed staff and the staff have also engaged themselves in self-development. Some years ago, we encouraged our staff that no staff would be allowed to have a qualification below National Diploma level. At that point in time when we took that decision, the percentage of staff that were graduates and above was just about 30 per cent but since then there has been tremendous development. Staff were encouraged and allowed to go to school to develop themselves both in professional and academic qualifications and over the years, a good number had become graduates. Some have even acquired higher degrees, professional qualifications and so on. We are even privileged to have someone who has acquired a doctorate

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**I enjoy comradeship. I enjoy where we all relate very well no matter the levels we are in. My relationship with people is not strictly official. We have things to share, we share common goals.**  
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process which have made many staff to become committed to this Institute. Like I told you, I thought I would just spent two years in this Institute and get out of the system to find my level but as God wanted it, I got committed to this organisation. Over the years, we have done a lot of re-organisation. We have laid off a few staff here and there. I tell you, the few staff laid off in my twenty years at the Institute were

**Q: Looking into the Presidency of the Institute, what is your assessment of ICAN Presidents especially those you have worked with directly?**

**A:** ICAN has a unique presidential arrangement, unique in the sense that before a President assumes office, he would have amassed tremendous experience in the affairs of the Institute. First, he must have been in Council for a good number of years before being nominated as a member of presidency. Even when he joins the presidency, he will have the tutelage of at least three years as 2nd Deputy Vice President, 1st Deputy Vice President and Vice President before becoming President of the Institute. That in



itself places a lot of stability in the system. The presidency of the Institute is just for one year while most of other Institutes have their presidency for two years or more, which in essence shows that the President has little time to make impact on the system. But I will tell you, most Presidents coming to the office, the moment they joined presidency, they start having their visions, programmes and what they are planning for their presidency and because we have rolling plans, they would have had inputs into the presidency, even to the strategies of the Institute over the years. So, they are already part of the programme. When every President comes in, he comes in with the mind that he has a very short time within which to make impact. And this is an area where one must give ICAN staff credit because every June we have a new President coming in with new programmes and new ideas. Now, to assess the Presidents, one should realise that each President comes with his own vision; with his own background. Let's appreciate how vast and varied this background can be. We have members who can become President from academia, we have members from practice and the practice is varied. We have the small, the medium-sized and very large practices. Then we have members who work in industry and we have members who work in government and varied places. People who have assumed office of the ICAN President were from varied background. Even a military General has become the President of the Institute. As you can see, each person comes with his or her own backgrounds and for that one year, he or she has to provide leadership. There's no time for grooming and there's no learning period in ICAN Presidency. You just must come, running or else the time will just fly past before you realise what is happening. Each President comes with his own background, with his own management experience, with his own management skills. This presents challenge to management, no doubt, but the stability that has been established by the founding fathers takes care of it. It is a very good thing, I will tell you. The shortness of the period provides opportunity for more people to be part of the Presidency. It gives opportunity to more people to be part of the governance. The process of ascension to ICAN Presidency has been the envy of many other organizations and quite a

number of organisations seem to be tending towards that structure which builds in office bearer the experience needed because they would have been part of the on-going projects. They also come with their visions. They operate within a structured plan. It is only area of emphasis that differ. By and large, it has been a good presidential system. I know you are going to ask me who is my favourite President. I want to tell you that from each President, I have had something to learn. I mean from all the Presidents I served starting from Prince Ade Babington Ashaye, Chief Dr. Richard Uche, Chief (Mrs) Elizabeth Adegite, Major-General Sebastian Owuama, Professor Francis Ojaide and now Mr Adedoyin Owolabi. If you appreciate what I'm saying, you will notice that Prince Ashaye was in practice and predominantly in audit and insolvency. As for Dr. Uche, he came from a very big practice. He had been a Partner in a big practice and he's a petroleum tax expert. Chief (Mrs.) Adegite had a stint in private sector before moving to public sector where she retired. General Owuama came with military background, Professor Ojaide is purely from academic and Mr. Doyin Owolabi is also from private sector before he established his own practice. You can see that you have something to learn from each person. And since they are coming from different backgrounds, one needs to learn to cope with each of them. Each of them has his own strengths, own skills and own areas of competence which we quickly tap into and get results. Even their presentation and management styles are different drastically from one another. You will actually find something to learn and something to hate in each person. In all, what I find enjoyable in all of them is confidence, because we developed rapport, though we had our difficult times and we also had our nice times. I have found something good and something to learn from each of them.

**Q: Your style of administration has been criticized by different people within and outside the Secretariat so much that some people believe you don't guide ICAN Presidents properly. Is this true?**

**A:** The truth is this; we have had our difficult times. Whenever there is problem, people always look for reasons and they will say yes, of course, the Registrar didn't

guide the President properly. It is not all the time you get 100 percent solutions to problems you see coming. No, it is not all the time. But one thing is this, ICAN Presidents are people who are well grounded in the ways of the Institute. That is the first thing you must understand. In some other organisations where you just pick somebody from the generality of membership to become the President, we can say the man or woman doesn't know much about the system but we are talking about people who have spent nothing less than ten years on the Council and about four years in the Presidency before becoming President. But that doesn't mean one should not advise them. What many people want is that the President and the Registrar should engage in differences and make such issues public. They want me to exonerate myself from what the President is doing and that I should say publicly that "President, I am against what you are doing". This is the truth and my own philosophy is this: whoever has the responsibility to take decisions, give him advice and give support in that regard. I have had some Presidents that we had difficult times. Even when you give advice on issues, the President is not bound to accept it. It is an advice. If I say look at this way and the man or woman says this is the way I want to go, I can't go to the public or the press and say "I'm exonerating myself from what the President is doing because he hasn't taken my advice. If anything breaks down, please count me out o". Things are not done that way. Even, at times I will go out of my way to bear the brunt of some of the things I had advised against. Let me tell you, that has helped me a great deal. How? It has built confidence the Presidents and I. There is no President I served that I didn't have confidence in. If I advise and recommend and the President chooses to go the other way, I don't go to the public and start saying I advised the President and he or she didn't take it. If that happens, trust and mutual respect will break down and will bring factions to the Institute. So as much as possible, as a leader, you must know that before bringing people together, you must have so many mechanisms that you use to moderate affairs. The Body of Past President is there, the Council is there. We have many Committees; even we have the Executive Coordinating Committee (ECC). My joy is when I bring an idea and my President

takes it and it becomes his or her idea and he or she takes all the glory for it. By and large, we advise Presidents but not in any antagonistic way. There is no President that will tell you we don't talk, even on personal level. That has made me to cultivate a lot of trust in this respect. We've had issues where the President and the Registrar will go their different ways and there will be a lot of animosity within the system. I'm not the type that thrives in such environment. I enjoy comradeship. I enjoy where we all relate very well no matter the levels we are in. My relationship with people is not strictly official. We have things to share, we share common goals. I've always been telling people that I will never differ with President in the open. I have even told the Council categorically that rather than differ with the President in the open, I will rather leave this office. We have had serious arguments when we lock ourselves up in an office and shout on each other but beyond the door, nothing happens. The moment a decision is taken by the President, it has become my decision. I will defend it with all the skills and intellect God has blessed me with. Some of these critics are those who cannot even tolerate criticism, either negative or positive. And I tell you, that is the secret of the success of this office. You don't go and antagonise in the public. The moment a decision has been taken, it becomes your decision and you run with it. That is my own way of life.

**Q: Let's talk about the Union. The birth of unionism in ICAN Secretariat 20 years ago has either brought gain or pain. What is your assessment of the Union till date and what is your advice to the Union leaders?**

**A:** When we had a crisis that led to the formation of the union, I was one of those who advised the then Registrar. We sat down and we talked when we received a letter that a union will be formed. We started asking ourselves whether it was not trouble that was coming. So, the first reaction was to resist. But, later we looked at the circumstances that led to the formation of the union. Some of

us had read some things about labour and industrial relations. The first issue that came up was which union would our staff be joining? The first body our staff were going to join was NUBIFIE and everybody began to say we are not a finance

the law requires to form a union. Then, we started talking. We agreed that we are in academic in orientation and involved in capacity development. Thereafter, they joined Non-Academic Staff Union of Educational and Associated Institutions



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institution, how would our staff join NUBIFIE? Even our salary structure would not be in line with those organisations under NUBIFIE. Then, at least we opened up a dialogue and agreed in principle that they could form a union because their number was more than what

(NASU). But I will tell you, We have had a most responsible union. I'm not trying to patronise anyone but the truth must be told. We have had crisis with the union once in this organisation. That was the worst crisis we had and it was externalised. That was what crystallised into this union. A union is pressure group, no doubt. But if there is no union to relate with during crisis situations, there will be no direction for the staff. What then are the results of that? There would be some sort of guerrilla warfare going on within the organisation. There would be a lot of sabotage. There would be no avenue to let out some steam or express their feelings. They will now be using unorthodox method to express their feelings. And again you would find disgruntled staff; people will not be able to express their minds. What I have found to be so beneficial in our having a union is that the union has always been very critical of management, but as they do this, I listen and they help me to work. They gave me the insight and breakdown of what was happening within the Institute. The union people are those close to the grassroot. They know what is happening. What nobody will come to the Registrar and say would be said by them. In that

wise, we have been able to develop the system because our union is very critical. You know that over the years, we encourage our staff to acquire education and they did so but became more critical as they became more educated. It was like one sharpened their teeth to bite management. But it was good for the management. If we want to take any decision, we become more careful. We will now consider a lot of things. It makes our decision making processes more robust. We think through things and look at the implications from all angles because we will have some critics. There is something fundamentally good about NASU in ICAN. When they criticize they come up with suggestions, they just don't come up and say this thing is bad and rubbish the whole programme and offer no suggestion. They have criticised some of our best programmes and they have added value to the system. There were things we have thought we had gotten right, but when the Union came up with criticisms, we discovered certain things had not been perfected. There are many good things about union in ICAN. Yes, they are critical but they have never got to the level of breaking down laws and order or bringing a third party or even strike. The Union has contributed in no measure to the development of the Institute. There is no way the history of the Institute would be written without mention of the Union. There is another good thing about the ICAN union... It is well known that if any of their members does anything wrong or commits fraud or cheats or steals or does something destructive to the system, the ICAN NASU will not support that member. They will not go and beg that because he's our member, he should be spared. We operate together, we rub minds and we have created avenue where the union comes and offers suggestions. Though we have had our differences but I tell you, the Institute has been better for it.

**Q: What is your advice for the leadership of the union?**

**A:** The Union must be evolving. That is it, the union itself, just like ICAN, must be evolving. Like I told you, the environment is changing and the Institute is also changing dramatically. Unionism is also changing, so NASU should also be evolving and changing. Unionism is becoming highly professionalised. So negotiation skills are very important in

unionism and union leaders should take note of this. You just don't call out your people to embark on strike or disrupt the system. Even when there is crisis, you have to evaluate the various options. You look at them critically before you say okay we are going on strike today. You also look at who will be the loser for it. You also ask "Are we likely to achieve our objectives?" The union should be changing also as the management is becoming more and more complex. Accounting profession for example is undergoing most radical changes, not only in Nigeria but the world over and the challenge is more here in Nigeria because of our own peculiar environment. You know we have plurality of bodies here and there. They go to National Assembly every day. So, you have to appreciate the position of management on some decisions. As of now, the Institute is moving to the next level. I expect the union itself to move. That is my candid advice.

**Q: Let's take a look at your vision for ICAN leadership i.e. management, Council and Presidency. What kind of leadership do you think will take ICAN to the promised land?**

**A:** In fact, this is the most important question. Today, the accountancy profession is going through very fundamental changes. You will notice that it is not only the office of the Registrar/Chief Executive that was advertised on the ICAN website recently. That is part of the changes happening in ICAN. What are these changes emphasising? The first of them is the fact that the skills required for the practice of accountancy have changed. We have passed the stage of just being able to prepare accounts and get the financial reports ready as a Chartered Accountant. Computer can get you final accounts in no time and can even work more efficiently in that wise than human beings can do it. So, decision making, management and communications are part of new skills set and competences that are required in the profession. This now brings a challenge to the Institute. One, how do we ensure that those who enter the profession acquire the skills? You do this through your curriculum, through your education and training programmes. The more fundamental problem is how old members who will not become irrelevant. IFRS has

come to stay; the face of accounting has changed totally. IPSAS is also on the way. If we are not to lose our leadership status, we need to renew our members both old and new. How do we do this? You know when we introduced MCPE in 1996, some were looking at it somehow but today all other professional bodies are doing it. We introduced MCPE to equip our members. Things have changed so dramatically that MCPE alone cannot even meet up. So, we introduced Faculties again. The faculties must become very aggressive and potent because it is the faculty that now gives what we call specialised skills. The days of generalist accountant are over. Nobody pays you for just preparing accounts. The value you add to his business is what he considers. As the profession is growing, we need fundamental changes if this Institute is to continue to be the vehicle by which our members will acquire the necessary skills and competences to retain their leading edge. Our organisation needs a change. To move forward, the Institute's secretariat must become highly professionalised. Why is this necessary? The skills required to drive the process are top ones and you cannot invest those skills in volunteers who can leave the organisation at any point in time. You must invest those skills in those people who from year to year will be available. I can recollect the resistance we got when we started practice monitoring. Some members in practice, especially the small practitioners felt this was an attempt to make other practices to take their jobs. But if it is staff that is conducting practice monitoring, there would be no such fear because the man knows that staff has a job and couldn't take his own job. Though we cannot do without volunteers; they will still be there but the arrowhead must be the staff. If we are highly professionalised, the work will be done more efficiently. Council and committees are only to be involved in governance issues, to formulate general directions but day to day operations can only be effectively done by the secretariat. And it is when we have competent secretariat that value could be delivered to our stakeholders. Every day we receive criticisms. Everybody is aware of the number of stakeholders we have and their varied interests. You know, with their varied interests, there's no way we will not have criticisms. But as those issues come up, we will address them. Thus we will develop the system and these are some of



the reasons why the system must be very good and be able to adapt and quickly address those changes. Council should concentrate on giving out general direction, giving good corporate governance to the Institute while management and staff implement. That is the only way it can work. Moreso, now, IFAC is monitoring our activities as we also monitor those of our members. So, this is where we are.

**Q: Let's now come to your constituency. What role do you think past Registrars should be playing in the Institute?**

**A:** This is one area I will admit I didn't accomplish much and its because it never occurred to me. These people are repository of knowledge whether we like it or not and we are fortunate that we still have around Reverend Ladeinde, Mr G. M. Okufi, Mr. P. O. Omoregie and Mr. O. O. Sowande. First, one of the things that we hold dear in the Institute is our culture; the way we do things; the way we respect our elders, conduct our investiture, induction, council sessions, examination etc. This has become our strongest point which stands us apart from most organisations. Some of the major custodians of that culture are past registrars. Although we have utilised them but I think we can still use them the more. I know they have contributed in adhoc committees and they have been members of committees but we can still use them the more. Maybe like the past presidents if we have more structured arrangements for the past registrars but you know they are not as many as the past presidents because they have longer tenure of office. I think maybe as part of my handover note I will include a paragraph to address the issue because I believe this is a resource we should tap from. We should encourage them to even articulate some of the past history of the Institute and give them more recognition I don't know, we could even use them in advisory capacity but truly I will go and think deeply about it because I believe we could use them the more aside using them on the Committee.

**Q: Can you tell us your happy moments in ICAN?**

**A:** You can imagine over a period of 21 years there would be several highs and lows. The most exciting moment that I know I've had in this Institute was that day we first processed the examinations result

using the computer. When I came into the Institute I was informed that examination will form part of my responsibilities as Assistant Director, Technical Services then. And indeed that was why I was really employed, maybe that was one of the main consideration for my choice for that position. At that point in time we were transiting from manual to computer-based operations. So as we came in, I think there were three or four of us who came into the system together, Mr. Bernard Iwo (currently Assistant Director, Accounting Technician Scheme), Mr. Akinola (has left), Mrs. Bukky Oluderu (has left) and myself. The first assignment we got was to process the result of candidates manually. In fact we were locked in members' lounge, then on the second floor here with piles of documents and I was wondering if that was what I left my former job for. It was made interesting because the examinations committee, the chairman, Director, technical services were all involved in grading and finalizing results. I looked at it and told myself that this process was amenable to computerisation and in fact the Institute had been thinking along that line and discussion had even been on. We were doing the processing of papers in November 1991, it was chaos, total chaos because we were transiting from manual to digital, the master list did not come out on time in fact we had a manual master list and a computer-generated version. Past President H. A. Agbebiyi was the Chairman of examination committee then so he came one day and saw the whole place in total confusion, candidates trying to get their examination numbers and he quickly called me into the office where we held a meeting. He said, "Toyin don't you think we should just revert back to our manual process?" but I said, "oga, if we go back now it means we may never be able to computerise the process again instead let us go and resolve whatever problems we have at hand". He said, "you have my support. Just go and do anything that will resolve any matter". And that was it. We were working day and night reconciling the computer generated-master list with the manual list and eventually we generated a reconciled list. It was then also the September ATS result came and this is one reason why I will never forget Mr. Bernard Iwo and Mr. Gabriel Fasoto. The Chairman of ATS Committee then was Mr. Emmanuel Ijewere, we were at the centre for the grading of papers, we had virtually

nothing on ground, no software, I mean nothing and Mr. Ijewere said we could go on to produce the results using the computer. That was why I said each President come with different styles., He said "go on computer fully you have my support, in fact you must do it." Mr. Fasoto had one computer, which he then brought from his office with which the first examination results in the Institute were graded. Iwo read statistics and I just called him and said look there is no statistics without computer so go and start taking a computer programming course and he took up the challenge. When that examination came in the midst of the confusion, the first results we used computer to generate in this Institute was done on Microsoft Excel. We were writing the programme on trial and error bases but at the end of the day we were able to generate the result. That was the most exciting day in my professional career because when we produced it, it led us to cutting down the time between ATS exams and release of result to four weeks even before I left as Director, Students Affair. i.e. when you sit ATS exam, four weeks after you have your result. I tell you it was the most exciting moment. I will thank Mr. Bernard Iwo, for taking up that challenge, Mr. Gabe Fasoto for making his computer and himself available. It was really something exciting because all other people were wondering if the process collapsed, there was no way it wouldn't have collapsed on us and there was no way I wouldn't have been sacked . I'm sure. When I look back at all these things I just thank God for everything because I was employed in August 1991 and June the following year I was made a Director so you can see how those things correlate. When the result came out, we all felt proud and I just have to thank God. It was from there the volcanic eruption started, thereafter when we even employed consultants to do the current STEMIS for us the then Registrar was the chairman of the steering committee, I was the chairman of the management committee, Iwo was my immediate assistant. When the consultants abandoned the job in confusion, we looked inwards again and do you know it was at the secretariat we established that STEMIS again before more advanced consultant took over. If not that we had good and bold chairmen like Mr. H. A. Agbebiyi and Mr. E. I. Ijewere, who said go ahead if you are sure it would work, we wouldn't have been able to

succeed.

**Q: What are your regrets in ICAN and what would you have done differently if the hand of clock could be turned back?**

**A:** I will tell you really there is not much I can say I would want to do that I've not done because I've gone through the best and worst of times in this Institute. I've seen a time where the boat of the Institute rocked so much and I thought to myself, wouldn't this boat capsize and I've seen times when things went on smoothly and you received the best of accolades. I will tell you here that I have no regret. Nothing at all. Yes, we had taken some not so good decisions but even at that, we had learnt some lessons. Most of the hard decisions we had taken were human resources related where we had to let people go not because they did anything untoward, but because they were not able to evolve with the system. To be honest with you, consider a secretary doing her best, using the typewriter and could not transit to the computer, no matter how good she was and what effort she put into the job, the moment the transition to computer came, she would not be able to fit into the system. Those were the kind we faced but let me even tell you that where I found solace is in taking those hard decisions. I usually look back and say how we can mitigate the condition this person is going into and how can we give this fellow a soft landing? And many times this case always come to boomerang on me because people will say it's a sign of weakness to turn round and say we should give the person something. In response to this I will always say I can never be happy to see any former staff of ICAN in hardship. There are times I don't feel like coming to work because the weight of work is so much such that I would have outlined what I wanted to do from home and I would not touch a single item, though important, due to other things already awaiting at the office which also require urgent attention. You will then see that you will have to wake up at night to tie the loose ends. This is one of the attributes of a professional body, for instance, if a member comes in and says something

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”



serious had happened, you will not ignore but give attention to it. This may however take the whole of the day. But if you are able to salvage the situation you would have met one of the requirements of this public office. Part of the attributes of this system is information management and it is a very critical issue. I've always said that as long as the information is correct, though it may result in taking hard decisions at times and even some of the decisions may be wrong, but as long as we

have arrived at the decision using a logical and transparent process when people confront you, you can always defend yourself. This is one of the reasons why I have never had issues with the union because I will always tell them the truth. Yes, I believe we have taken some hard decisions, we may even have hurt some of our friends but that's part of life and part of management. Well, I hope they will forgive us because that is one of the lessons of life.

**Q: What will life be after ICAN? Will you go into professional practice, apply to become a Committee member, contest for a seat in Council or even become ICAN President?**

**A:** The truth of the matter is immediately, what I want to do is to engage in activities that are centred on purging myself of the 21 years of ICAN. No doubt, there are things I have acquired in ICAN but I'm preparing myself for different a role in life. If you notice in the last 3 weeks all I have been

trying to do is to reflect over the past then look forward. What next? Well, as a professional, I cannot run away from professional practice but the definition of practice is what may vary. Is it audit practice, insolvency, training, IT? But I can tell you that anything I do, IT must take a prominent place because that is one thing I cherish. Part of the soul searching I'm doing is to see if there are new skills I need to acquire so that I can reposition myself. Are there things I need to change about



myself? I want to change such. Those are the immediate things I'm doing to reposition myself. Currently, I am already a member of two committees, if you look into the 2012/2013 Committee list, you will find this to be so. Contesting Council election? A lot of rumours are making rounds but don't be deceived, my first priority is to set myself on solid grounds out there after a tenure of office like this. And that informed my decision to leave office earlier than most people would have thought. If you look, by my age or tenure I still have 3 years more if I want to remain in office but I believe that these three years are critical because I have set for myself life goals, some of which will crystallize when I'm 60 years old. It is towards the attainment of those goals that I thought I will work in the next two years and I believe that by the time I'm 60 I should be able to attain them. That is what I can confirm now. I wish the Institute well. In whatever capacity I can contribute to the Institute, Council, Committee, Management and staff, in any role I will definitely do. There is no way I can take the last 21 years of my life away. Ironically, ICAN has become the organization I have ever served longest in my life and career. So there is no way I can divorce myself completely from the Institute.

**Q:** You were awarded a national honour of OON by the Federal Government of Nigeria. After retirement if you are invited for public service at national level, will you heed the clarion call?

**A:** That is a very difficult question because hmmm, heeding the clarion call, national service.... contributing my quota in various ways; a little here and there, some NGOs, I'm already involved but going into government service, I think it is a very difficult thing and I'll tell you the circumstance surrounding it. As it is today one has to be really very careful. Because jumping into that estate is a very delicate one. But if the role is ad-hoc, if it is not something permanent, of course why not at least we are all Nigerians, we all criticise and raise our voices saying we want things done. If you are now called to do them what is bad in that. I am just saying if I have the opportunity to serve, I will definitely serve the nation. I have nothing against that.

**Q:** Sir, you are seen as a workaholic within and outside the secretariat, how do you relax?

**A:** The truth is that even at home my wife also says my computer is my television but let me tell you, anytime I have the opportunity I like listening to music and it varies across the various genres. From my days in the University of Lagos, we used to have musical sessions in Jaja Hall in our several common rooms about seven of them in those days We used to invite people like Fela, T-mac, Bode Osanyin, to come and educate us on music, arts and not just to play the music. They told us so many things and we appreciated music and you'd be surprised during one of our vacations even as a science student, I had performed in the Centre for Cultural Studies of the University of Lagos as an artiste and I took part in stage plays in the past. In so many things music in particular, I use for my relaxation. Some of my most cherished possessions are my classical music collections, apala and even the very recent ones like the azontos of this world, I take good interest in them. You know what? It had made me to be able to relate with various generations freely because if you are able to relate with the music of a particular generation you understand their feelings. In fact when I listen to a rapper, initially I may not understand a thing but when I listen carefully I will deduce that this boy is protesting, this is what they want and with that you will be able to empathise with them. You can imagine in UNILAG in those days, with N90 you had the meal tickets for the whole month, 3 meals a day including plate of jollof rice with quarter chicken. If you look back you will see that what our children are going through today is nothing to write home about. So I enjoy music and lots of learning on the computer from very light things to serious ones that is why I glue to my computer. Light to the extent that I have a facebook page, I'm not too active on it but once in a while I quietly go to this page see what is happening and if there is any contribution I want to make I do and quickly run away from there. My major passion is sports. I really enjoy watching sports at very serious level. For instance, I take deep interest in knowing the rules of the game, in fact there are just very few games I may not be acquainted with the rules. I am not a very active sports man, I have no time but learning the rules of the game, studying and enjoying the game, yes, I do a lot of that. And then when I go to church, I sing and dance because that is

where I spend a good part of my weekend, I get involved with church activities which is another great passion for me. As I am leaving here, I am taking more responsibility in the church. Again, I am a home man, if I leave the office there is no intersection in between. I get to my house, put on my knickers and as much as possible make the home enjoyable for everybody. I am just that person who can easily work from home, for instance, I have been on leave, if not for the assignment I attended to this morning I would not have left home. Staying at home is something I enjoy if PHCN does not drive me out with power outage. All those clubs I was registered into maybe now I can find time to attend their activities.

**Q:** What is your parting word for people in ICAN?

**A:** The thing is let us just keep the flag flying. The truth is that no matter how critical we have been of ourselves we have done well and that is the first thing. Although, we have not done the best but what we should do is to retain the spirit of good comradeship. The bulk of our lives we spend here in the office so we must make the environment more conducive for everybody. We should avoid the creation of tension because when tension is persistent within the organisation, it will degenerate into chaos, confusion. We should keep giving our best to this system and above all trust ourselves the more. We should cultivate trust whether between Council and Committee, Council and Management, Management and staff and even within staff. Yes, each of us makes mistake be it President, Council members, Committee members, Management and staff but we should give ourselves the benefit of the doubt so that we could have cause to trust ourselves and as we trust, let everyone of us take that trust seriously and not betray it. You know anytime we betray the trust we are shaking the foundation but if we all love ourselves we will do unto others what we want them to do unto us also. Truly I can tell you ICAN is poised for tremendous accomplishments and ready for the next level. The challenges these days are very daunting, but I can see we are ready for it as long as we keep up the developmental programmes, I can assure you even the sky is not the limit.



**FUNDAMENTAL OF FINANCIAL ACCOUNTING  
(FOUNDATION)**

**QUESTION 1.**

Write short notes on the contributions of the following bodies to the development of accounting:

- (a) African Accounting Council (AAC). (3 Marks)
- (b) International Federation of Accountants (IFAC). (5 Marks)
- (c) International Accounting Standards Committee (IASC). (7 Marks) (Total 15 marks)

**SOLUTION**

(a) African Accounting Council (AAC) The African Accounting Council (AAC) was formed by 27 countries in June 1979. AAC has contributed to the development of Accounting in the following ways: i. It has assisted in the establishment of bodies entrusted with accounting standardization in African Countries. ii. It has also assisted in carrying out studies in the field of Accounting with the aim of promoting the Accountancy profession generally.

(b) International Federation of Accountants (IFAC) IFAC is a private sector body established in 1997 with over 100 professional bodies from around 80 different countries.

IFAC has contributed and is still contributing to the development of Accounting Profession in the following ways:

- i. IFAC is working with International Accounting Standard Board (IASB) to ensure that accounting standards that meet the need of accounting stakeholders on a global best practices are published from time to time.
- ii. IFAC is coordinating the accounting profession by issuing and establishing international standards.
- iii. IFAC organises world congress of accountants which is held every five (5) years.

(c) International Accounting Standards Committee (IASC) IASC was formed on 29th June 1973 as a result of agreement between accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom & Ireland, and United States of America. However, in April 2001, the International Accounting Standards Board (IASB) assumed the responsibilities of IASC. The body is contributing to the development of accounting profession in the following ways: it

- i. Develops high quality and globally acceptable accounting standards in the public interest.
- ii. Produces the use and application of the accounting standards.
- lii. Works actively with international accounting standards setters to bring about convergence of National Accounting Standards and IFRS to high quality solution.
- iv. Works generally for the improvement and harmonisation of regulations, accounting standards and procedures relating to the presentation of financial statements. v. Promotes globalisation of accounting information through the setting up of accounting standards.

**EXAMINERS' REPORT**

The question tests candidates' knowledge of some International Accounting bodies. Majority of the candidates attempted the question but the performance was very poor.

**ECONOMICS AND BUSINESS ENVIRONMENT ( NOVEMBER -FOUNDATION)**

**QUESTION 1**

- (a) Explain the term "Business Environment". (3 Marks) (b)

Explain FOUR ways in which the knowledge of Economics is useful in business decision making. (12 Marks)

**SOLUTION**

a) Business environment includes both micro and macro environments of business. The micro environments are the environments internal to the business. They are also called the controllable environment parameters. The internal environment includes 4 Ps of Marketing-price, product, promotion and place; human and material resources and machinery available in the organisation. Business environment also refers to the macro environments which include a set of factors that are external to a business organisation but which influence the operations of the organisation. It includes the overall economic, social/cultural, political, legal, technological and security arrangements in a country where a business organization operates. Both internal and external environments affect the business environment and must be scanned to take advantage of the opportunities and avert threats.

b) The following are some of the ways the knowledge of economics is useful in business decision-making:

i) Economics helps in clarifying concepts (e.g. profit, cost, inflation, GDP, market) used in business analysis which enables decision makers to avoid conceptual pitfalls. It gives a clear understanding of concepts used in business analysis.

(ii) Economics assists in building analytical models which help to recognise the structure of managerial problems, eliminate the minor details that might obstruct decision-making and help to concentrate on the main issues.

(iii) The application of relevant economic theory and models provides consistency in business analysis and helps in arriving at right or correct conclusions. The application of economic principles to the problems of business not only guides, assists and streamlines the process of decision-making but it also contributes a great deal to the validity of the decisions. (iv) It provides the necessary theoretical and methodological platforms for inventing, developing and analysing courses of action in business decision analysis and in selecting a particular course of action from the alternatives. (v) Knowledge of Economics is useful in business decision-making because it enhances the analytical capabilities of business analysts and operators.

**EXAMINERS' REPORT**

The question tests candidates' understanding of the concept of business environment and the use to which the knowledge of economics can be put in business decision-making. This was a popular question with the candidates as majority of them attempted it and performance was above average. Candidates showed understanding of the first part of the question, whilst showing a shallow understanding of the requirements of part of the question.

b) To ensure better performance in the future, a thorough and in-depth preparation by candidates based on contemporary literature and knowledge is sine qua non to successful performance of candidates in the dynamic field of economics and business.

**CORPORATE AND BUSINESS LAW (FOUNDATION)**

**QUESTION 1**

Yomi, the son of a school proprietor, often visited his father's office to spend some hours. Although never given authority to do so, he sometimes assisted in accepting payments from and issued receipts to students, and always handed over the money to the Bursar. However, he failed to account for the payment he received from Kola, a student, whom the school eventually declared as still owing. The school proprietor argued that Yomi had no authority to collect money from students on behalf of the school.

- (a) Outline the legal positions of Yomi, Kola and the school. (5 Marks)

(b) Explain the doctrine of binding precedent and state TWO instances when the Court of Appeal will NOT be bound by its own previous decisions. (4 Marks)

(c) Explain the principle of vicarious liability and state TWO relationships upon which it is dependent. (4 Marks)

(d) Define (i) Intestacy and (ii) Trust. (2 Marks)  
(Total 15 Marks)

**SOLUTION:**

(a) The issue in this question is the operation of the principle of agency by estoppel. The rule is that agency by estoppel arises when someone by his word or action creates an impression before a third party that a particular person is his agent and the third party relies on that impression, such a person is estopped from denying his supposed agent's authority because it is inequitable for him to do so. Therefore, Yomi is an agent of the school by estoppel, and the school will be bound by his action as well as estopped from denying the fact of holding him out.

(b) The doctrine (judicial precedent) refers to the fact that within the hierarchical structure of the Nigerian courts, the decision of a higher court will be binding on a lower court. The Court of Appeal could depart from its previous decisions where

(i) there is a conflict between two previous decisions of the court, in which circumstances the latter court must decide which decision to follow and, as a corollary, which to overrule.

(ii) a previous decision of the Court of Appeal has been overruled, either expressly or implicitly by the Supreme Court.

(iii) a previous decision has been given per incuriam, or in other words, that previous decision was taken in ignorance of some authority that would have led to a different conclusion.

(c) Vicarious liability means that one person is liable for the torts of another. It should be noted that it is not a tort in its own right. It is in effect a principle which is used to impose strict liability on a person who does not have primary liability, i.e is not at fault. The relationships that serve as examples include

- (i) Employer/employee relationship;
- (ii) Principal/agent relationship;
- (iii) In exceptional situations, in the employer/independent contractor relationship;

(d) (i) Intestacy This is a situation where a person dies without leaving a will. Accordingly, the properties he leaves behind will devolve upon or pass to those who are entitled by law to inherit them upon his death.

(ii) Trust This is an arrangement by which property is transferred to one or more person(s) called trustee(s) to be held for the benefit of some other person(s) called the beneficiaries (i.e Cestui Qui Trust).

**EXAMINERS' REPORT**

The question tests candidates' knowledge of Agency by Estoppel, Judicial precedent, Intestacy and trust. Candidates' performance was generally satisfactory.

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