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Ensuring Business Ethics at the Workplace: The Role of the Professional Accountant

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QUOTES ....

The most difficult thing is the decision to act, the rest is merely tenacity.
(Amelia Earhart)

I attribute my success to this: I never gave or took any excuse.
(Florence Nightingale)

Whatever the mind of man can conceive and believe, it can achieve.
(Napoleon Hill)

The most common way people give up their power is by thinking they don't have any.
(Alice Walker)

Your time is limited, so don't waste it living someone else's life.
(Steve Jobs)

I am not a product of my circumstances. I am a product of my decisions.
(Stephen Covey)

Every child is an artist. The problem is how to remain an artist once he grows up.
(Pablo Picasso)

EDITORIAL

Business ethics is about managing ethics in an organizational context and involves applying principles and standards that guide behavior in business conduct. Business ethics applies to all aspects of business practices—from how organizations develop, produce, and deliver products and services, to interactions with customers, suppliers, employees, and society. It encompasses human rights; labor and employment practices, and bribery and corruption. In the lead article entitled "***The role of professional accountant in ensuring business ethics at the work place"*** *the writer highlighted how* unethical business practices harm organizations and economies. The business failures of Enron, WorldCom, Tyco International, Parmalat, and Arthur Andersen, as well as the more recent failures related to the global financial crisis, highlight the consequences of unethical business practices and amoral management. Business ethics is increasingly part of a wider trend that recognizes corporate social responsibility as a driver of sustainable organizational success. A growing number of organizations go far beyond viewing ethical practices as a means to avoid penalties or fines; they believe that corporate responsibility and ethical practices lead to sustainable value creation.

The next article talks about how finance leadership and development ensure that professional accountants in business respond to the continually changing expectations of their organizations, the financial markets, and society. "Professional accountants in business" have diverse roles, and support their organizations in a wide range of job functions at various levels. Many accountants aspire to finance leadership roles, such as CFO, controller, or chief accounting officer. These roles are often responsible for all financial aspects of the organization, and require increasingly specialized knowledge and technical skills in areas such as financial reporting, tax, and treasury.

Developing finance leadership and professionalism extends to government and public sector organizations, where there is a need for enhanced finance leadership and public financial management to improve the quality of public service accountability and outcomes.

Organizations face a wide range of uncertain internal and external factors that may affect achievement of their objectives—whether they are strategic, operational, or financial. The effect of this uncertainty on their objectives can be a positive risk (opportunities) or a negative risk (threats). The writer focuses on the relationship between risk management and internal control. Risk management focuses on identifying threats and opportunities, while internal control helps counter threats and take advantage of opportunities.

The other article talks about how the phenomenal increase in the mobile phone usage is changing the face of banking in Ghana in the form of money transfers and electronic banking. The issuance of the Branchless Banking Guidelines by Bank of Ghana has provided the framework for harnessing the capabilities of the mobile phone for enhancing access to financial services. The rationale is to offer mobile phone users the opportunity to access banking services without necessarily maintaining bank accounts.

These and many more have been published in this edition. Your comments on this edition are welcome. You can also submit an article for publication in our subsequent publications.

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Thank you and enjoy your reading.
Ofori Frimpong Henneh
(For the Editor)

IFAC NEWS

1.1 IESBA seeks to improve the structure of the Code of Ethics for Accountants

It is in the public interest for the *Code of Ethics for Professional Accountants* (the Code) to be understandable and usable. In restructuring the Code, the IESBA is aiming to enhance the understandability and usability of the Code, thereby facilitating its adoption, effective implementation, consistent application, and enforcement.

This ED sets out a substantial part of the proposed restructured Code. It responds to input from a variety of stakeholders who suggested restructuring to improve understandability and usability of the Code. Feedback from an IFAC Small and Medium Practices (SMP) Committee (SMPC) survey noted that the biggest barrier faced by SMPs in complying with the Code is fully understanding the requirements of the Code. Some users, especially those whose first language is not English, reported difficulty in understanding the Code because of its complexity of language and construction. Others have commented on difficulties in translating some parts of the Code, and understanding complex and long sentences. The IESBA has also received feedback from some regulators regarding the usability of the Code from the perspective of enforceability. These issues may be impacting adoption and implementation.

The IESBA has conducted extensive research and outreach in connection with this project. The findings indicate a broad-based appetite for change. There is widespread support from those providing input for restructuring the Code on a timely basis, with particular interest in raising the visibility of the Code's requirements, clarifying who is responsible for compliance with requirements in particular circumstances, and clarifying the language in the Code. In November 2014, the IESBA issued a consultation paper (CP) to seek input on possible approaches to restructuring the Code and related matters for consideration.

These matters included: distinguishing requirements from application material; identification of a firm's or individual professional accountant's responsibility for compliance with requirements in particular circumstances; use of language; and reorganization of the Code. Respondents to the CP included regulators, audit oversight bodies, national standard setters, large and small accounting firms, professional accountancy organizations and individuals. The IESBA is grateful to all who commented on the CP. This memorandum develops the themes raised by CP respondents.

The project scope encompasses the entire Code. The IESBA has reviewed all proposed changes for consistency with the objectives of the restructuring. These are to improve the understandability and usability of the Code by restructuring it without changing its meaning, except in limited circumstances where determined necessary by the Board. The IESBA has made significant effort to avoid inadvertent changes in the meaning of the Code. It has also sought to avoid inadvertent reduction in requirements or other weakening of the Code.
During the restructuring work, the IESBA identified a number of matters that would involve potential changes outside the scope of the project. The IESBA has noted these matters for further consideration when it develops its next strategy and work plan.

Highlights of the Restructuring
The highlights of the restructuring include: Increased prominence of the requirement to apply the conceptual framework and comply with the fundamental principles.
- Requirements distinguished – paragraphs identified with 'R'.
- Application material generally positioned next to the relevant requirements – paragraphs identified with 'A'.
- Increased clarity of responsibility – more clearly enabling identification, where relevant, of a firm's responsibilities and, together with firms' policies and procedures, the responsibilities of particular professional accountants.

- Increased clarity of language – where possible: simpler and shorter sentences; simplifying complex grammatical structures; increased use of the active voice; avoiding legalistic and archaic terms.

Additional aspects of the restructuring are as follows: The addition of a *Guide to the Code*.

- Reorganizing the Code as appropriate, to enhance clarity and usability, positioning the Code to take advantage of forthcoming electronic features.

- Organization of the material into more self-contained sections and subsections:

- Each Section having its own introduction which broadly describes the context, including the threats that may exist, and references the fundamental principles.
- Revised numbering to facilitate revisions. Independence sections moved to the end of the Code and more sub-headings to facilitate navigation.
- Definitions section enhanced and presented as a glossary, which also includes descriptions of terms used.
- A new title for the Code

1.2 IESBA seeks to clarify the safeguards pertaining to the Code of Ethics

During its most recent consultation in developing its *Strategy and Work Plan 2014-2018*, the Board heard of regulatory concerns that certain safeguards identified in the Code may be inappropriate or ineffective. For example, it was suggested that some safeguards merely duplicate existing requirements imposed by quality control and auditing standards or the existing best practice for situations that do not involve a threat to independence. It was suggested that the Board should (a) bring clarity to safeguards that are not clear and eliminate those that are inappropriate, (b) better correlate a safeguard with the threat it is intended to address, and (c) make clear that not every threat can be addressed by a safeguard.

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In addition, some within the small and medium practices (SMP) community have expressed support for the Board to review the safeguards in the Code given the practical challenges SMPs tend to face from having limited resources, including numbers of partners.

Public Interest Issues Addressed by this Project

The Board believes that there are public interest benefits to be derived from its proposals because of the improved correlation between threats, safeguards and the fundamental principles. The proposed revisions:

(a) Include a strengthened emphasis on the requirements in the Code for professional accountants (including those in public practice) to:

(i) Comply with the fundamental principles, rather than simply complying with specific requirements in the Code. The fundamental principles are not simply background information but establish the overarching objectives professional accountants are required to meet; and

(ii) Apply the conceptual framework, which involves identifying, evaluating and addressing threats to compliance with the fundamental principles. The proposed revisions relating to the conceptual framework retain the principles-based approach in the extant Code, and continue to emphasize the need for professional accountants to exercise professional judgment in applying the conceptual framework.

(b) Establish a new requirement and corresponding application material for the professional accountant to re-evaluate threats to compliance with the fundamental principles when the professional accountant becomes aware of new information or if there are changes in facts and circumstances that might impact whether a threat has been eliminated or reduced to an acceptable level.

(c) Introduce a new requirement for the professional accountant to do an overall assessment by reviewing judgments made and overall conclusions reached to determine that threats to compliance with the fundamental principles are eliminated, or reduced to an acceptable level and that no further action is needed.

(d) Provide a revised definition of the term "acceptable level" that explains, in an affirmative manner, what it means. This relates to the professional accountant's evaluation of whether a threat to the fundamental principles is at an acceptable level and the requirements to address a threat that is not at an acceptable level by eliminating it or reducing it to an acceptable level.

(e) Provide an enhanced description of, and more application material on, the "reasonable and informed third party" test. The professional accountant is required to perform a reasonable and informed third party test, as part of applying the conceptual framework, by taking into account whether such a third party would likely conclude that the professional accountant has complied with the fundamental principles. The proposals emphasize the importance of, and give more prominence to, the reasonable and informed third party test as part of evaluating and addressing threats.

(f) Clarify what constitutes a safeguard. In particular, actions are safeguards only when they are acceptable level, and

(g) Include enhanced application material that:
(i) Clarifies the types of threats to compliance with the fundamental principles; and
(ii) Better explains that certain conditions, policies and procedures are likely to assist professional accountants in evaluating the level of threats to compliance with the fundamental principles.

In addition, the proposals:
(a) Build on the requirement in the extant Code for the professional accountant to decline or discontinue the specific professional activity when safeguards are not available, or cannot be applied by introducing a new, more robust requirement that better explains the actions the professional accountant should take to address threats.

(b) Improve the examples provided on safeguards by more clearly linking them to the relevant threats to the fundamental principles.

(c) Clarify that certain conditions, policies and procedures established by the profession, legislation, regulation, the firm or the employing organization are not regarded as safeguards (e.g., educational, training and experience requirements for the profession).

1.3 IAASB Highlights how Expected Credit Loss Models will Affect Auditors; Signals Broader Efforts to Strengthen Auditor Efforts on Accounting Estimates

The International Auditing and Assurance Standards Board have released a publication highlighting the audit issues arising from the shift to Expected Credit Loss (ECL) models when accounting for loan losses. ECL models are now required, or will soon be required, by some financial reporting frameworks, including IFRS 9, *Financial Instruments,* which will come into effect from January 1, 2018.

"The adoption and implementation of ECL models will, in many cases, bring significant challenges for auditors, management, those charged with governance (e.g., audit committees), supervisors, and users," explained IAASB Chairman Prof. Arnold Schilder. "Auditors need to be aware of the changes related to ECL and the implications for audits. Auditors will need to be actively engaged in 2016 and 2017, in particular to understanding how an entity is planning for the adoption and implementation of its ECL models."

The publication summarizes the audit challenges identified with respect to ECL and sets out initial thinking on how these challenges may be addressed under the current International Standards on Auditing (ISA). The publication has been developed by a task force comprised of IAASB members and technical advisors, representatives from the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, bank auditors, and an observer from the US Public Company Accounting Oversight Board.

For more information, visit www.iaasb.org/auditing-estimates.

1.4 IFAC Explains How Accountants Contribute to Meeting Organizations' Sustainability Challenges

To support accountants in developing a greater awareness of how they can help their organizations address issues of sustainability and more fully incorporate these issues into business decisions, the International Federation of Accountants have released Accounting for Sustainability: *From Sustainability to Business Resilience*.

The briefing highlights the important role accountants can, and must, play in embracing sustainability challenges and ensuring that the organizations they serve are resilient by linking these challenges to a broader business agenda and strategy.

“Businesses are resilient when they are able to create and continue to deliver value to stakeholders, which involves considering both the risks and opportunities presented by sustainability issues, including environmental and social aspects, that ultimately affect financial performance and value creation,” according to IFAC President Olivia Kirtley. “Accountants working in the public and private sectors have a significant role to play in supporting and making the decisions that guide an organization's ability to be resilient.”

The briefing examines the link between sustainability and business resilience, how integrating sustainability leads to better performance, and the key elements of developing a sustainable strategy and business model.

It clarifies how professional accountants can make a difference and includes references to some of the many resources and tools available to help develop knowledge and skill sets.

For further information please visit: www.ifac.org/publications

2. ICAG NEWS TIT BITS

2.1 Report 'misbehaving' chartered accountants for sanctioning – Says ICAG President

The President of ICAG, Prof. Omane-Antwi has called on organizations to report chartered accountants found to be indulging in any dishonorable dealings to the Institute so that disciplinary actions can be taken against such offenders. He said all chartered accountants certified by ICAG are taken through a series of rigorous training programmes and processes, and are also bound by the code and ethics of the accounting profession.

He debunked suggestions that the accounting fraternity in the country is fraught with wrongdoings, particularly in view of the yearly revelations of 'wrongdoings' in the finance and accounting departments of most public sector organizations at each Public Accounts Committee (PAC) sitting. He said there may be problems in various organizations related to accounting, but demanded to know if any of those cases of financial malfeasance have been reported as being a chartered accountant.

It was against this background that he repeated the call on any organization finding an ICAG-certified accountant involved in any unacceptable practice to bring it to the Institute's attention for the necessary sanctions to be applied to that individual. The President made these remarks during a courtesy call on the Asantehene Otumfuo Osei Tutu II at the Mahyia Palace in Kumasi. He also urged Ghanaians particularly ICAG members to always work with integrity.

The President appealed to government to ensure that the little finances are put to equitable use. He observed that the lapses which may arise in the course of governance system's process should be brought to book, and more effort be put into eliminating corruption. He advised that certified chartered accountants should be used within the governance structure; from the Metropolitan, Municipal, and District Assemblies, up to the top of government administration.

He stressed that organizations that do not employ chartered accountants are at risk and can only resort to the Police for help in times of challenges – unlike the ICAG members who are bound by a code of ethics.

The visit to Manhyia was to brief Otumfuo about the number of activities and programmes being undertaken by the Institute in the country. He said ICAG have initiated a number of programmes to help build up the Accountant-General's Department, and signed an MoU with the Audit Service and other institutions and public organizations, including an impending one with the Ghana Police Service among others.

He again disclosed that discussions are ongoing to establish an 'Accountancy Chair' at the Kwame Nkrumah University of Science and Technology (KNUST), to help both lecturers and students to research into accounting. The President further indicated the preparedness of ICAG members to offer their services during the upcoming general elections in the country in November 2016.

The Asantehene advised the Institute to make its impact felt in the country's governance by making a stronger input in the national budget, and ensuring proper financial management in the government and the country at large. Present at the meeting were the CEO of ICAG, Mr. Fred Moore, Mrs. Angela Peasah, and some executives of the Kumasi Society.

2.2 ICAG Signs MoU with State Enterprises Commission to Enhance Capacity of SOEs Accountants

The Institute of Chartered Accountants, Ghana have signed an MoU with the State Enterprises Commission (SEC), under which ICAG will assist State Owned Enterprises (SOEs) to prepare financial statements that are compliant with the International Financial Reporting Standards (IFRS). Under the agreement, ICAG and SEC will collaborate to strengthen the capacity of SOEs by upgrading the skills and building the capacities of accountants in SOEs.

Speaking at the signing ceremony, the Executive Chairman of SEC, Dr. Camynta Baezie said the 2014 World Bank report on the Observance of Standards and Codes (ROSC) stated that accounting and auditing practices in Ghana suffered from institutional weaknesses in regulation, compliance and enforcement of standards and rules among others. He further stressed that the collaboration is to help strengthen the capacity of the state enterprises, and that ICAG is to review and advise government on the state of implementation of IFRS.

The Executive Chairman of SEC, explained that under the MoU, training would be offered on IFRS, to enhance the capacity and more importantly, pass on the requisite knowledge to the accountants, to ensure compliance with respect to the preparation of their financial statements. He further said that there will be follow-ups on SOEs which did not comply fully, to ensure that compliance with IFRS is upheld in the preparation of their financial statements.

Professor Omane Antwi said the SEC and ICAG shared the common interest of ensuring that the quality of public financial management in the country was enhanced.

He said the rationale for signing the MoU was to create a formal basis for cooperation and collaboration to, among others, advocate influencing and promoting public financial management and also monitoring and evaluating the quality of financial reporting by SOEs in the country.

The President of ICAG said signing of the MoU demonstrated the Institute's determination to work closely with the government to strengthen public financial management in the accountability and transparency. He stressed that ICAG is well positioned to partner with SEC to execute its mandate of ensuring operational and economic viability of the SOEs. He further reiterated that both ICAG and SEC recognize that an effective public service in Ghana requires enhanced capabilities within the public sector in accounting and audit practice.

The Minister of Finance, Mr. Seth Terkper, who chaired the ceremony commended the two institutions for signing the MoU and indicated that it was timely, and again mentioned a number of steps being taken to ensure effective financial management by the SOEs.

3. FEATURES

3.1 The role of professional accountant in ensuring business ethics at the work place

Ethics covers moral principles and norms by which human actions may be judged. *Business ethics* is about managing ethics in an organizational context and involves applying principles and standards that guide behavior in business conduct.

Business ethics applies to all aspects of business practices—from how organizations develop, produce, and deliver products and services, to interactions with customers, suppliers, employees, and society. It encompasses human rights; labor and employment practices, such as training, diversity, gender equality, and employee health and well-being; and bribery and corruption. Some organizations also use the term to cover environmental sustainability issues, such as climate change and resource efficiency.

Practice ethics concerns the professional ethics that arise in the context of an accounting firm rendering professional services, encompassing assurance through to advisory, and to clients.

Why Is Ethics Important?

Unethical business practices harm organizations and economies. The business failures of Enron, WorldCom, Tyco International, Parmalat, and Arthur Andersen, as well as the more recent failures related to the global financial crisis, highlight the consequences of unethical business practices and amoral management.

Business ethics is increasingly part of a wider trend that recognizes corporate social responsibility as a driver of sustainable organizational success.

A growing number of organizations go far beyond viewing ethical practices as a means to avoid penalties or fines; they believe that corporate responsibility and ethical practices lead to sustainable value creation. Many organizations view corporate responsibility as a core part of corporate culture, which can bring an array of benefits to both the organization and society. These organizations typically have leaders who are passionate about the positive role of organizations in facilitating societal welfare and believe that corporate responsibility makes good business sense.

Business ethics can have a measurable impact on corporate and brand reputation and, ultimately, license to operate. In addition, organizations can suffer damage from actions that are legal but perceived by customers and society as unethical or not in the spirit of the law.

Practice ethics matters since it is crucial to the trust placed by the end user in the professional services offered by accounting firms. In the absence of trust, such services will be perceived to have little or no value. The independence of professional accountants in practice, both in fact and appearance, is the key to securing trust. Hence, professional accountants in practice comply with independence requirements related to everything from investments to business and employment relationships to services delivered to clients.

Global Perspectives on Ethics

Various international frameworks, standards, and principles include issues of corporate responsibility in which ethics is a subset, including the *UN Global Compact's Ten Principles, UN Guiding Principles on Business and Human Rights, and 'Organisation for Economic Co-operation and Development (OECD)s Guidelines on Multinational Enterprises*

The application of business ethics differs depending on the country, culture, and traditions, as well as the level of maturity in terms of regulation and enforcement of organizations' legal responsibility and the expectations and duties of directors. However, the nature of ethical issues is generally similar across organization types, sizes, and geographies. For finance and accounting activities, typical ethical issues include conflicts of interest, providing truthful information and reports, and facilitating payments and bribes. The main safeguards are also universal and include ethical leadership, effective governance, a values-based code of conduct reinforced by a responsible business culture, and effective stakeholder engagement, transparency, and accountability.

In some jurisdictions, particularly in Europe and the US, aspects of business ethics are typically reinforced by regulation, laws, and stock exchange listing rules. Examples of regulatory and legislative approaches to business ethics and conduct include the *US Federal Sentencing Guidelines* (1991), Section 406 of the *Sarbanes Oxley Act of 2002, UK Bribery Act* (2010), and *'Clause 49 of the listing agreement of India's stock exchange.*

Ethics and business conduct have not traditionally been considered the board's responsibility, as set out in corporate governance standards and guidance or company law, but this is beginning to change. Some jurisdictions are defining core principles encompassing sustainability and ethical conduct and ensuring that company ethics are managed effectively and in the interests of a wider set of stakeholders, such as the King III Corporate Governance Framework in South Africa.

Significant progress has been made toward the global convergence of ethical standards by professional accountants. The International Ethics Standards Board for Accountants (IESBA) develops and issues, under its own authority, the *Code of Ethics for Professional Accountants* (the Code). The IESBA's objective is to serve the public interest by setting high-quality ethics standards for professional accountants. Its long-term objective is convergence of the Code's ethical standards for professional accountants, including auditor independence standards, with those issued by regulators and national standard setters.

The Role of Accountants and the Accountancy Profession

A distinguishing characteristic of the accountancy profession is the responsibility to act in the public interest. In addition, for accountants, business ethics requires the application of professional ethics. *'IFACs member organizations* are required to apply ethical standards *at least as stringent* as the Code. Convergence to a single set of standards can enhance the quality and consistency of services provided by professional accountants throughout the world and can improve the efficiency of global capital markets. The Code requires professional accountants to comply with five fundamental principles: integrity; objectivity; professional competence and due care; confidentiality; and professional behavior.

The profession has developed a range of resources—including reports, guidance, and support help-lines—to help accountants and their employers apply the Code (and local adaptations) and resolve ethical dilemmas.

The decisions and behaviors of accountants should reinforce good governance and ethical practices, develop and promote an ethical culture, foster trust and transparency, bring credibility and value to decision making, and present a faithful picture of organizational health to stakeholders.

Accountants appointed to senior management positions, both in business and practice, have a particular responsibility to provide ethical and trusted leadership. They are not only expected to be technically competent but to also use their position of influence to encourage ethical behavior and decision making throughout their organization.

3.2 The importance of Finance Leadership & Development to a Professional Accountant

Finance leadership and development involves ensuring that professional accountants in business—or finance professionals, as they are often called—respond to the continually changing expectations of their organizations, the financial markets, and society.

"Professional accountants in business" have diverse roles, and support their organizations in a wide range of job functions at various levels. These include:

- Leadership/management: chief executive officer (CEO); chief financial officer (CFO)/financial director (FD); chief operating officer; director of governance or operations; treasurer
- Operational: business unit controller; financial or performance analyst; cost accountant; resources manager; business support manager; systems analyst
- Management control: business assurance manager; risk manager; compliance manager; internal auditor
- Accounting and stakeholder communications: group controller; head of reporting; investor relations manager; financial or management accountant

Finance leadership and development includes:
- Finance and accounting (F&A) function design and effectiveness;
- Preparing for, and enhancing, finance leadership; and
- Finance professionalism and talent management.

Finance leadership is needed in all the various areas covered by F&A, including:
- Transactional and operational finance and accounting;
- Strategic and operational decision support;
- Governance, risk management, and internal control;
- Corporate finance, tax, and treasury; and
- Investor relations.

Why is Finance Leadership and Development Important?

Many accountants aspire to finance leadership roles, such as CFO, controller, or chief accounting officer. These roles are often responsible for all financial aspects of the organization, and require increasingly specialized knowledge and technical skills in areas such as financial reporting, tax, and treasury.

Organizations focus on finance leadership and development to ensure that F&A activities support the development and performance of the organization.

To add value to their employers and maintain relevance and public trust, professional accountants must fulfill their traditional responsibilities—while increasing their support of strategic and operational decision making. These roles require leadership, strategy, business, management, and interpersonal skills.

Global Perspective on Finance Leadership and Development

The past several decades have witnessed significant growth in the demands on, and expectations of, finance leaders—particularly as they have become key to helping their organizations navigate an increasingly complex business world. Finance leaders are now expected to be business partners and to drive organizational performance, as well as strong and ethical, governance and management practices.

Many organizations have conducted F&A transformation programs to reorient their F&A functions to enhance their contributions and productivity. Organizations that have enhanced their F&A capability typically have demonstrated clear benefits in terms of improved organizational performance.

Developing finance leadership and professionalism extends to government and public sector organizations, where there is a need for enhanced finance leadership and public financial management to improve the quality of public service accountability and outcomes. The transparency, financial stability, and performance of governments and public sector organizations are closely linked with the quality and professionalization of the CFO and the F&A function.

At the same time, organizations have embraced leaner F&A functions, driven by shared services models, outsourcing, and the impact of technology.

These changes have increased efficiency, but have also created potential challenges—such as balancing cost-reduction pressures with service delivery quality. They have also created challenges in managing talent, and in some cases have fragmented career pathways.

The Role of Accountants and the Accountancy Profession

In their various roles, professional accountants provide:

- Stewardship of financial and non-financial performance information. This information is necessary to fulfill compliance with financial reporting standards, risk and internal control requirements, and other regulatory, legal, and market requirements. Stewardship responsibilities have become ever more complex, particularly where they deal with different accounting, tax and treasury, regulatory, and legal environments across multiple jurisdictions.
- Business-partnering: Professional accountants focus on supporting strategy development and execution and facilitating sustainable value creation. Effective business partnering involves managing collaborative relationships and potential conflicts, and being a trusted and proactive partner in decision making.
- Aligning the F&A function with delivering the organization's objectives requires an effective talent recruitment and management strategy to attract, develop, and retain finance talent and the skill sets required to support stewardship and business partnership responsibilities.

Key aspects and challenges of both stewardship and partnership roles include:

- Demonstrating ethical leadership and business integrity
- Balancing short-term concerns and pressures, such as managing cash, liquidity, and profitability, with long-term vision and sustainable organizational success
- Ensuring effective compliance and control and responding to ever-increasing regulatory developments, including financial reporting, capital requirements, and corporate responsibility
- Providing strategic leadership and ensuring the F&A function supports the business at a strategic and operational level
- Driving and managing change and innovation
- Engaging and communicating effectively with colleagues, investors, customers, suppliers, regulators, and other internal and external stakeholders.

Professional accountants aspiring to become finance leaders need to move beyond carrying out only core F&A responsibilities. To effectively operate as a key member of a leadership and management team, they need a broader perspective and a wider set of capabilities and skills.

The accountancy profession has a critical role to play to ensure that professional accountants acquire and leverage the necessary technical knowledge and professional skills, and perform in finance leadership and broader F&A roles.

It facilitates education, life-long learning, and development of professional accountants, and helps them promote their competence and versatility to employing organizations.

Professional accountancy organizations (PAOs) have a key role in ensuring that, in partnership with their members and students, professional accountants develop the right mixture of skills, experiences, and attitudes to succeed in finance leadership and F&A.

3.3 What do we Mean by Risk Management & Internal Control?

Organizations face a wide range of uncertain internal and external factors that may affect achievement of their objectives—whether they are strategic, operational, or financial. The effect of this uncertainty on their objectives can be a positive risk (opportunities) or a negative risk (threats).
Risk management focuses on identifying threats and opportunities, while *internal control* helps counter threats and take advantage of opportunities.

Why are Risk Management and Internal Control Important?

Proper risk management and internal control assist organizations in making informed decisions about the level of risk that they want to take and implementing the necessary controls to effectively pursue their objectives.

Risk management and internal control are therefore important aspects of an organization's governance, management, and operations. Successful organizations integrate effective governance structures and processes with performance-focused risk management and internal control at every level of an organization and across all operations.

However, risk management and internal control are not objectives in themselves. They should always be considered when setting and achieving organizational objectives and creating, enhancing, and protecting stakeholder value.

Global Perspectives on Risk Management and Internal Control

The recent financial crises demonstrated quite clearly that, with increasingly globalized economies and markets, a crisis in one nation or region can affect far more than those living and working in the immediate area. National economic, social, and environmental issues need to be considered in a global context, especially issues related to risk. In addition, risk management and internal control need to encompass a wider perspective, since organizations are affected by many variables, often outside their direct control.

According to IFAC's interviews with 25 key business leaders, summarized in *Integrating the Business Reporting Supply Chain*, recent financial crises have exposed flawed or ineffective risk management and internal control practices—especially in some financial institutions. Many organizations were overly focused on financial reporting controls, and did not fully comprehend the risks to which they were exposed. In fact, many, if not most, of the risks derived from other areas, including operations and external circumstances.

Respondents to IFAC's *—Global Survey on Risk Management and Internal ControlResults, Analysis, and Proposed Next Steps* felt that risk management and internal control guidelines should be combined into one set of integrated guidelines, to increase the understanding that they are both integral parts of an effective governance system.

IFAC facilitates a collaborative global dialogue with the issuers of standards, guidance, and frameworks in the area of governance, risk management, and internal control culminating in greater international alignment.

The Role of Accountants and the Accountancy Profession

Evaluating and improving risk management and internal control is among the core competencies of many professional accountants and, within organizations, many are partnering with other functions to design, plan, implement, execute, and monitor. In addition, professional accountants are often responsible for providing objective, accurate, and timely information and analyses to support all of these activities. They can also organize risk management and internal control training sessions and establishing an understandable, common risk and control language that meets professional and technical standards.

Professional accountants play a leading role in ensuring that risk management and internal control form an integral part of an organization's governance system. With an integrated, organization-wide approach, professional accountants can also encourage treating risks in a more holistic, comprehensive way, ensuring that all business decisions are based on proper risk assessment and management that defines the overall effect of uncertainties on the organization's objectives.

3.4 The Role of Professional Accountants in Ensuring Good Performance & Financial Management in Organizations.

Performance & financial management covers the management, process, and behavioral aspects of strategy execution, and managing and monitoring performance. This is important to professional accountants, both as employees or advisers, since many of them are focused on helping their organizations deliver on objectives, goals and targets, and strategies using a range of approaches, tools, and techniques.

Performance & financial management involves the deployment of various tools, techniques, and systems to help an organization implement its strategies and plans, and support the achievement of organizational objectives. Successfully executing strategy involves various disciplines, areas of capability, including planning and forecasting, funding and resource allocation, revenue and cost management, managing performance against objectives, and improving operational management and utilization of assets. Performance & financial management also covers the management of an organization's finances, such as cash flow and working capital management, and forecasting and budgeting, as well as ensuring resources are allocated to the most important projects and investments by using analytical approaches to project and investment appraisal.

Effective performance & financial management requires:

- engaging people to determine their information needs;
- implementing processes and systems to collect the right data;
- turning the data into information and insights; and
- presenting it in the best way.

Technological advances in data collection and storage present opportunities for enhancing performance & financial management. The improvements have also introduced new terms, such as business intelligence, big data, and predictive analytics, to represent the importance of evidence-based decision making that helps organizations succeed. The emergence of cloud computing is enabling organizations, especially small- and medium-sized entities (SMEs), to gain access to and capitalize from performance & financial management applications.

Why Are Performance & Financial Management Important?

Performance & financial management is essential to achieving sustainable success, and is universal to all organizations, regardless of size, type, and location. Strategies and plans need to be informed by quantitative and qualitative insights and a sound understanding of the external competitive environment, including customers, as well as of internal organizational performance.

Executing strategy involves translating strategies into action, allocating resources to the right areas, and measuring results and holding people accountable. Performance & financial management covers all of these core aspects of managing and improving organizational performance. It involves understanding the linkages between intangible—or non-financial—factors and financial outcomes, as well as ensuring that operational activities are carried out effectively and efficiently. Managers need to know that the organization is doing the right things as well as doing them in the best way possible.

Executing strategy is often seen as more important than the formulation of the strategy itself. As Lou Gerstner reflected in *'Who Says Elephants Cant Dance?*, getting it done, getting it done right, and getting it done better than the next person can be far more important than dreaming up new visions of the future.

Effective strategic and operational decision making hinges on information being relevant, timely, and reliable since it is used to answer key questions, including:

- Are we adapting to meet changing market demands and anticipating future events and trends?
- Are we delivering the results and sustainable value expected by our key stakeholders?
- Are we optimizing productive capacity, resources, and capabilities for a range of anticipated economic conditions? and
- Are resource allocation decisions aligned with strategic direction, goals, and objectives?

Sound financial planning, management, and control provides the basis for an organization achieving its goals and can be the difference between success and failure. Good financial management enables an organization to monitor its daily activities, maintain short-term working capital needs, and effectively manages its resources as well as provides the information it requires to enable it to plan and operate more efficiently.

Global Perspectives on Performance & Financial Management

Since Bob Kaplan and Thomas Johnson's seminal book *Relevance Lost: The Rise and Fall of Management Accounting* in 1987, which argued that traditional accounting approaches were overly focused on financial performance and had become outdated for a knowledge-driven economy, various performance & financial management and measurement frameworks and systems have developed and evolved.

The balanced scorecard is a widely recognized strategy-management framework that, since its inception by Kaplan and Norton in the early 1990s, has been adopted, modified, and applied by many organizations worldwide. First developed as an enhanced performance measurement system, the balanced scorecard evolved into a holistic system for strategic execution.

Cultural and management philosophies play a part in the design and implementation of these approaches, which are also referred to as management control systems. Approaches to management control in different countries are affected by various factors, including governance, structural, and ideological differences. The various approaches all bring together systems thinking and the interplay between financial and non-financial information (e.g., physical, quality, process, environmental, and social) to provide a comprehensive view of the drivers of performance.

Some countries and companies have developed specific approaches to help ensure managers have the financial and operational performance information upon which to make decisions, such as the Tableau de Bord in France (Tableau de Bord literally translates to "dashboard").Skandia, a Scandinavian provider of products for long-term savings and investments, pioneered a model in the 1990s—the Skandia Navigator— to analyze and understand the interplay between intangible assets, such as human, intellectual, relational, and customer capital. Ericsson, a telecommunications company, created its own "cockpit communicator" to understand and operationalize these relationships.

In economies such as Japan and Germany, performance & financial management approaches have been intertwined with operational management based on lean principles and techniques. Lean thinking and management can be supported by performance & financial management and process-improvement approaches, such as Six Sigma—a management tool designed to cut waste and make better, cheaper, or faster products or services.

In India, the Institute of Cost Accountants of India constituted the *Cost Accounting Standards Boar*d, which has developed a series of cost accounting standards. These standards provide a structured approach to cost measurement and help achieve consistency in classification, measurement, and assignment of cost to products and services.

In the Islamic World, Sharia law and principles affect how some elements of conventional finance theory are applied. For example, Islamic Finance prohibits interest and interest-based transactions; however, there are ways to estimate the value of a proposed project or investment. *Accounting standards for financial reporting by Islamic financial institutions* have been developed to help Islamic financial institutions deal with the accounting conflicts associated with existing accounting standards, such as International Financial Reporting Standards (IFRSs) or local GAAP.

The Role of Accountants and the Accountancy Profession

To manage and deploy resources to deliver organizational objectives is a vital contribution of finance and management professionals, either in their capacity as the employee of, or as an advisor or consultant to, an organization.

While performance & financial management is critical regardless of size of organization, the formality, style, and scope of the approach will differ. SMEs may adopt less formal performance & financial management methods but it is essential they and their advisers understand performance & financial management methods and learn the different techniques to ensure success.

Professional accountants' purview encompasses the application of tools and techniques to improve performance & financial management of organizations. They must have organizational and environmental awareness, and be cognizant and knowledgeable of other disciplines, such as technology, people and project management, and managing, measuring, and linking financial and non-financial activities and performance.

Technology and automation are also creating more and better information and analysis to support decision making and to help improve performance. Many accountants have moved into broader and more commercial roles where they can use their skill-set to combine financial expertise and business understanding to help deliver sustainable organizational success for their employer or client.

3.5 Mobile Banking Developments in Ghana

By Settor Amediku (PhD, FCCA)

1.0 Introduction

1.1 Mobile Phone Market in Ghana

Mobile phone usage in Ghana has seen phenomenal increase over the years. Usage has been consistently high across socioeconomic and demographic groupings as well as geographic areas. In 2008, mobile phone penetration in Ghana was 51.8% of the population. As at December 2015, mobile phone penetration rate in Ghana had increased to 132.82%. The high usage of mobile phone in Ghana has reduced cost of communication, made remote parts of the country accessible and fostered a high level of integration. Currently, mobile network operators in Ghana are MTN, Airtel, Vodafone, Tigo, Globacom and Expresso.

1.2 Mobile Banking in Ghana

For decades, the high cost of building and operating traditional bank branches has been a major obstacle for banks to reach poor customers with financial services in Ghana. Brick-and-mortar branches are expensive for banks to maintain in far-flung communities, while traveling to urban areas is costly for many rural customers. The high prevalence of mobile phone among the population has therefore made it appealing to use the device for expanding access to financial service across the four corners of the country. Digital finance has the potential to overcome barriers to financial inclusion: Agents equipped with mobile phones are the cheapest channel for processing small-value transactions for poor people at low cost and at scale.

Accordingly, in 2008, the Bank of Ghana issued the Branchless Banking Guidelines to provide the framework for harnessing the capabilities of the mobile phone for enhancing access to financial services. The rationale is to offer mobile phone users the opportunity to access banking services without necessarily maintaining bank accounts. The Guidelines provide for a bank-led, bank-based model where customer funds (float) reside with a financial institution.

Mobile banking in this note refers to a range of mobile phone based financial transactions including payments—actual payments that are made with a mobile phone—as well as using a mobile phone to access banking services.

2.0 Telco Partnered Mobile Banking Services

In line with the requirements of the Branchless Banking Guidelines, the following mobile network operators have collaborated with banks to provide mobile banking services:

2.1 MTN Mobile Banking Service

This product is being offered by Scancom Ltd. (MTN) in collaboration with the following banks: Calbank Ltd., Ecobank (Ghana) Ltd, Fidelity Bank Ltd., Guaranty Trust Bank (Ghana) Ltd., Access Bank (Ghana) Ltd., Stanbic Bank (Ghana) Ltd., United Bank For Africa (Ghana) Ltd. and Zenith Bank (Ghana) Ltd.

The MTN Mobile Money service operates over an independent platform (Mobile Banking and Payments Platform) provided by MTN and interconnects the mobile service provider and the partner banks.

The service comprises 5 features;

Ø Money Transfer	– Transfer from account to account
	– Transfer from account to person
	– Transfer from person to person
Ø Cash in/out	– Cash deposit into account
	– Cash withdrawal from account
Ø Account Management	– Balance enquiry
Ø Air top up	– Air time purchase
Ø Bill Payment	– Utility bills payment

The product was approved and launched on June 03, 2009 and July 21, 2009 respectively and is currently in operation.

2.2 Airtel Money Service

The product is offered by Airtel (Ghana) Ltd., formerly Zain Ghana Limited, in collaboration with Ecobank Ghana Ltd., Standard Chartered Bank (Ghana) Ltd., United Bank for Africa (Ghana) Ltd.

The service operates over an independent platform provided by Airtel and interconnects the mobile service provider and the banks. The service comprises 5 features;

- Person to Person funds transfer: - A person is enabled to store funds on a mobile wallet and transfer funds to another person's mobile wallet.
- Customer to Business funds transfer:- A person is able to make purchase of goods and services from a participating merchant using funds from the mobile wallet.
- Business to Business funds transfer:- A wholesaler business selling (goods supplies or services) to a retailing business and using the Mobile Wallet as a means to settle.
- Government-to-Consumer funds transfer:- Distribution of social safety net funds into general public's personal Mobile Wallets.
- Purchases of airtime:- Purchase of mobile network's airtime using funds from the Mobile Wallet.

The product was approved and launched on January 26, 2010.

2.3 Tigo Cash

Millicom Ghana Limited(Tigo) offers Tigo Cash services in collaboration with Ecobank, UBA and ADB. The product was launched in April 2011 and has the following features:

- Cash in and cash out – cash deposit into account, cash withdrawal from account
- Person to person transfers – transfer from funds on a person's mobile wallet into the mobile wallet of another person
- Coupon transfers
- Airtime – purchase of mobile phone air time
- Disbursement/payments – payment for goods and services

The GLO Mobile Money Service was approved and launched on January 26, 2010 and is yet to be launched for operation.

3.0 Payment Solution Providers

These are companies that harness the potential of information technology to provide an array of electronic payment solutions in partnership with banks.

3.1 Afric Xpress Ghana Limited
Afric Xpress Ghana Limited provides a transaction platform for banks to offer mobile money services to their customers. The system is based on the company's transaction technology called “txNpay”, and is aimed at promoting e-commerce and digital payments. It is based on mobile phone and enables users to top up air time on all mobile phone networks, undertakes cash deposits, cash withdrawals and funds transfers, and also carries out web-based transactions. Afric Xpress is currently working with Zenith Bank Ghana Ltd. (ZBG), Agricultural Development Bank Ltd. (ADB) and First Atlantic Merchant Bank Ltd. (FAMB).
The product was approved by the Bank of Ghana on January 16, 2009 and launched in April 2009. It is currently operating.

3.2 eTransact Ghana Limited
eTransact Ghana Limited provides an electronic payment platform that enables payments to be made with the use of mobile phone over the internet, POS and ATM.for payment of goods and services and also funds transfer . The system has a good audit trail of transactions between merchants and their customers, through their respective banks. The system supports interbank reconciliation and settlement of accounts relating to transactions on the platform on a daily and or weekly basis. The following banks are currently using the platform to provide mobile banking and other electronic payment solutions for their clients: AmalBank Ghana Ltd, Access Bank Ghana Limited, Unibank Ghana Ltd, United Bank for Africa Ghana Ltd (UBA) First Atlantic Merchant Bank, GCB Bank, Energy Bank, Zenith Bank, and Midland Savings and Loans Company.

Approval for the product was given by the Bank of Ghana on January 22, 2009 and launched on 27th March, 2009. The company is currently operating mobile banking.

4.0 Usage Trends in Mobile Banking and Payments

Mobile banking and payments enable customers to receive, transfer funds, make payments for goods and services, and obtain bank account information using their mobile phones. Whilst the use of mobile phone for financial transactions is generally on the increase in Ghana, mobile payments, popularly called mobile money, is experiencing a rapid increase compared with mobile banking and therefore has become synonymous with mobile banking.

4.1 Subscriber and Agent Base
Mobile money service was introduced in Ghana in 2010 with the launching of MTN Mobile Money. Tigo and Airtel also followed with Tigo Cash and Airtel money respectively. As at December 2014 there were 5,424,650 registered clients and 26,889 registered mobile money agents nationwide. These figures indicate 64.19% and 53.94% increase over the 2013 figures respectively. The proportion of 2014 registered clients and registered agents considered active were 43.68% and 77.06% respectively. These show marked improvement on the 2013 equivalents of 29.16% and 59.56% respectively. The proportion of active clients and agents for 2012 and 2011 were below 25% and 50% respectively.

Enrolment of mobile money clients and agents was slow between 2010 and 2012. However, 2013 marked a turning point in consumers' acceptance of the product, leading to the impressive increase in subscriber base in 2014. The advent of mobile money as a payment tool has made it possible for rural communities to access financial services where formal financial infrastructure is lacking. Mobile money is much more accessible to any ordinary Ghanaian because of the numerous agents spread all over the country.

The table below shows comparative figures for mobile money (MM) transactions.

Indicators	2012	2013	2014	2015	Annual Growth 2015 (%)	Annual Growth 2014 (%)
Total number of mobile phone subscribers (Cumulative)[3]	25,618,427	28,026,482	30,360,771	32,826,405*	8.12	8.33
Registered mobile money customers (Cumulative)	3,778,374	4,393,721	7,167,542	13,120,367	83.05	63.13
Active mobile money customers[4]	345,434	991,780	2,526,588	4,868,569	92.69	154.75
Registered Agents (Cumulative)	8,660	17,492	26,889	79,747	196.58	53.72
Active Agents[5]	5,900	10,404	20,722	56,270	171.55	99.17
Total volume of transactions	18,042,241	40,853,559	113,179,738	266,246,537	135.24	177.04
Total value of transactions GH¢'Million	594.12	2,652.47	12,123.89	35,444.38	192.35	357.08
Balance on Float (GH¢'Million)	19.59	62.82	223.33	547.96	145.36	255.51

Source: BOG, Payment Sstem Statistics 2016

4.2 Transactional Analysis

In line with the growth in subscriber base, mobile money transactions in 2015 recorded high growth rate of 135.24% in volume and 192.35% in value compared with those of 2014 levels. Similarly, mobile money float increased from GH¢62,809,945 in 2013 to GH¢223,325,189 in 2014, representing an increase of 255.56%.

Though cash remains the preferred means of payments in Ghana, the appeal of mobile money as a secure, reliable, fast, affordable and efficient means of funds transfer is gaining wide acceptance among the population. Individuals and small and medium enterprises in particular, use the system to transfer funds for social and business purposes respectively. In many instances, business persons use mobile money as a secure wallet on which funds are stored for business travels to purchase goods for sale. The appeal of mobile money is enhanced in areas where financial infrastructure is lacking but mobile network is available; and where armed robbers harass traders.

Mobile money has not been significant for the payment of goods and services at the retail points. However, it is increasingly being used for the payment of utility bills and dstv bills. The use of mobile money for retail purchases is set to grow as partnership is forged with merchants for acceptance of mobile payments at point of sale and more online shops accept mobile money as a means of payment. Currently, Supershop, Zoobashop, Kaynu, Jumia and Hello Foods are some of the online shops that accept mobile money for online payment

4.3 Financial Institutions Products and Services

In line with the Guidelines, some mobile network operators have partnered with banks to offer banking services using the mobile phone as the access point. Airtel Money, for instance, has partnered with Standard Chartered, Zenith Bank and Ecobank, to allow subscribers transfer money from their Airtel Money wallet to their bank account and vice versa. Savings and loans repayment transactions are also executed on Airtel money platform with partner banks .This has extended the reach of banking services and assisted in deposit mobilization into the formal financial system.

Mobile network operators have also partnered with insurance companies to sell insurance products. Premiums are paid from mobile money wallets of subscribers. Tigo offers free life insurance to subscribers who sign on to the Tigo Family Care Insurance. By using more Tigo airtime, the subscriber and a registered family member get more insurance cover. Airtel money currently has over 100, 000 subscribers on its insurance product.

MTN mobile money subscribers can receive international remittances in cedis on their wallet through the Homesend platform of Belgacom International Carrier Service (BICS). The service is offered in partnership with Fidelity Bank Ghana limited which handles settlement and foreign exchange transactions issues. The limit per transaction per customer is US$500, and the monthly cumulative transaction limit per customer is US$1,500. The service provides a relatively cheaper but secure system for Ghanaians abroad to send money home without incurring high funds transfer charges which range from 3% to 10%.

Mobile money subscribers can also withdraw cash at ATMs without having an ATM card further widening cash access options for mobile money users.

4.4 Fraud and Service Interruption

Mobile money in Ghana has been safe from the activities of fraudsters in terms of system security and design. However, a few fraud cases have been reported, which were due to negligence or lack of vigilance on the part of subscribers in making payment to strangers for goods or services to be received later. Mobile money operators have stepped up customer education on making digital payments.

The mobile money industry had been relatively stable since 2010 until 2014 when Tigo Cash and MTN mobile money experienced disruptions in service delivery. MTN mobile money suffered the biggest disruption in the industry's history which lasted for three weeks, 18th September 2014 to 10th October 2014. The service disruption experience by both Tigo and MTN were related to USSD channel challenges.

5.0 Investment in Infrastructure

Within the past two years, mobile network operators have been investing in new infrastructure in order to meet the anticipated demand in mobile money services in Ghana. Airtel Money has migrated from the Zap platform it started with onto a new platform called Mobiquity. The new platform is expected to provide a secure and resilient mobile money services. Tigo Cash has spent approximately US$2.99 million within 2013 and 2014 to enhance its operations. During the same period, MTN spent a total of US$5.55 million to improve its infrastructure base. A total of US$1.55 million was spent on hardware expansion, whilst US$4.0 million has been spent on a new platform (Ericsson Converged Wallet Solution). The new platform is expected to be completed by the end of second quarter of 2015. MTN anticipates the new platform would position it to expand service reach and offerings.

6.0 Regulatory Concerns

The Branchless Banking Guidelines prescribes a mobile money delivery model which is bank-led, bank-base and many-to-many. This means that banks should lead in investing in the ecosystem, sign on and own agents, manage the agents, and must not sign exclusivity agreements with mobile network operators.

Since banks thrive on scope and scale, being responsible for a large number of these agents scattered across the country is not attractive in terms of cost, time and efforts, in view of the small values of transactions and returns. Also, non-exclusivity requirements mean that any investment by a bank in the many-to-many relationship would encourage free riding by the other banks in the relationship. Banks therefore shirked on investing in the space, accounting for the slow uptake of mobile money in Ghana. Most of the investments in the mobile money space in Ghana have therefore been undertaken by mobile network operators. These are in the form of advertisement, agents' recruitment and management, training, liquidity provision etc.

In order to provide the right incentives for scaling up mobile money in Ghana, the Banking Department of Bank of Ghana has drafted a document called electronic money issuers guidelines to address the problems with the Branchless Banking Guidelines. The draft document received a lot of inputs from mobile network operators, banks, and expert advice from international bodies such as Consultative Group for Assisting the Poor (CGAP), Alliance for Financial Inclusion (AFI) among others.

7.0 Challenges

Promoting mobile money is essentially a project of behavioural change. This requires the support of the state since the benefits of a cash-less society would bring enormous benefits to the country. Considering the cost involved in prosecuting this agenda, a lot of resources would have to be expended on public education to increase adoption and usage.

Also, the low transactions limits restrict the use of the product. A risk-based approach to setting the transaction limits would go a long way to encourage patronage. Furthermore, constant shortage of liquidity and digital money at agents' outlets detract people from the appeal of the product. Measures should be put in place to ensure regular availability of liquidity and digital money at agents' points to meet customer needs.

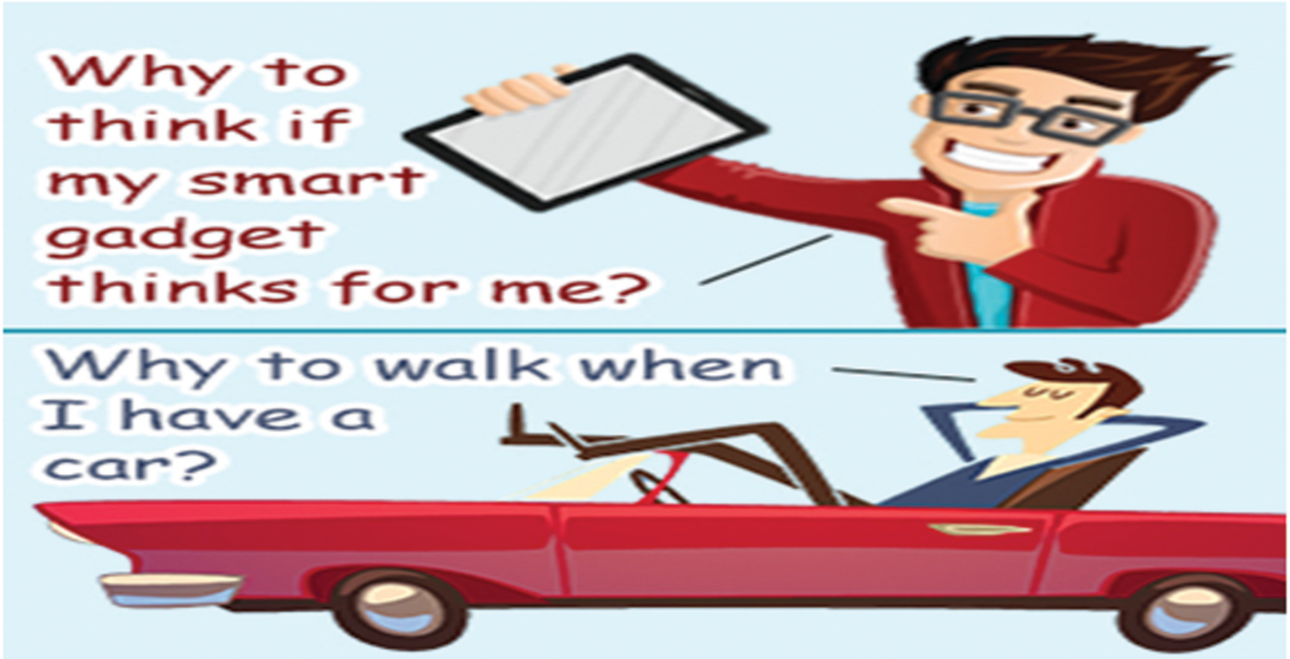
8.0 Risks in Mobile Money

In spite of the numerous positive impacts emanating from the use of products provided by Telcos, there are some associated risks which have to be managed since they have brought some mistrust in the payment system. These risks include the following:

- **Consumer Related**: Fraudulent customers blacklisted from one operator continuing to work under another operator due to lack of centralized blacklist management system. Also PIN secrecy rules are not enforced and therefore relatives and agents get access to customer account and defraud them.
- **Agent Related**: Agents access customer accounts while supporting them and withdraw additional funds when not authorized. Dismissed agents from one operator sometimes continue to work for another operator because of the absence of a centralized blacklist management system for agents.
- **System Related**: System unavailability prevents access to funds. There is also duplication of transactions especially during a power surge or some other system interruptions.
- **Money Laundering**: Mobile money platforms can be used as a major avenue for money laundering. The issue of money laundering can however be dealt with through the implementation of KYC provisions and transaction limits set for various categories of users.

4. TECHNOLOGY CORNER

4.1 Are Modern Inventions Making Us Lazy or Dumb?



Man is blessed with intelligence, and he has certainly harnessed it to invent devices that make everyday life easy and comfortable. However, as technology advances, does man depend on it so much that he forgets to think on his own? Or does it provide so much comfort that our physical activity becomes almost nil?
"It has become appallingly obvious that our technology has exceeded our humanity."
—Albert Einstein

Gone are the days when we used to wake up hearing a cock crow. Now, we wake up when our smartphone tells us to, and moreover, we can ask it to shut up too. If you want to know today's stock exchange rates, simply use the Internet. You need to buy something? Simply select the product with a click and you will get it at your doorstep. Obviously, such awesome inventions have saved us a lot of time in our daily lives. However, the above quote by Albert Einstein is enough to tell the tale. Even scientists and inventors of modern technology knew that man is eventually going to misuse technology to such an extent, that we will forget being human first.

When the telephone came into our lives, it was a moment of ecstasy, since communication was no longer dependent on telegrams and postcards. When mobile phones arrived, it became even easier to communicate. And then, these mobile phones became smarter.

Technology is becoming smarter day by day, and our dependence on it is making us dumber day by day. The million dollar question here is, are modern inventions actually making us lazy and/or dumb? Let's find out.

Video Games

Video games inspire us to spend our time in front of computer screens, and keep us engrossed doing 'productive work' combating enemies and teaching us war tactics that are so 'pivotal' in everyday life. Right?

The Idiot Box

Truly, the idiot box has entertained us so much, and made us 'idiots'. When we have nothing to do, we browse through the channels and spend hours just trying to pick the right channel to watch.

Computers

Okay, computers are next to God, one would argue! We are heavily dependent on computers these days, and want everything ready-made. Businesses need them to produce MIS reports, give calculations ready-made, and the like. But when was the last time we did mental calculations? When was the last time we did not rely on presentations and charts to make a business deal? When was the last time you did the math on your own, without any calculator or computer? When was the last time we chose to ditch the computer and instead go for a real game outside?

Microwave/Modern Kitchen Appliances

These are must-have equipment in everyone's kitchen. Yes, food processing has become much easier these days, but it has also given birth to the fast food culture. Nevertheless, we need to ask this question to ourselves: where are we headed? Fast food has brought in many diseases, and is also one of the reasons for the increasing rates of obesity around the world.

Automobiles

This has made us the most laziest, and devoid of all physical activity. We're not willing to walk even a few steps when we have a vehicle. Yes, it has made transportation much easier, yet, made us super-lazy in the bargain.

Social Networking Sites

Kids, these days, are not willing to engage themselves in outdoor activities. Gone are those days of childhood when we used to enjoy nature, build tree-houses, and wander around everywhere. Today, kids will spend time updating their social networking profiles instead of playing or engaging in real sports and other activities. Goodbye to the' Good Old Library' The dust on old books, the smell of pages; I'm sure we all miss this. Yet, we want to spend more time browsing our mobile apps. Sadly, even our libraries are replacing books with e-books, CDs, and DVDs, thanks to technology.

Smartphones

Smartphones have indeed made life easy, and made us dumb, literally. We want all our gadgets to think for us, make decisions for us, and give us the output immediately at our behest. Yet, sometimes, when I wonder that these gadgets were supposed to save our time, why is it that we still don't find time for ourselves? We use that 'saved' time to simply browse through our phones, and spend our time chatting. Moreover, instead of connecting with a person who is physically present close by, we want to 'connect' with the entire world, virtually. We don't know about our neighbors, but have friends thousands of miles away on social networking sites.

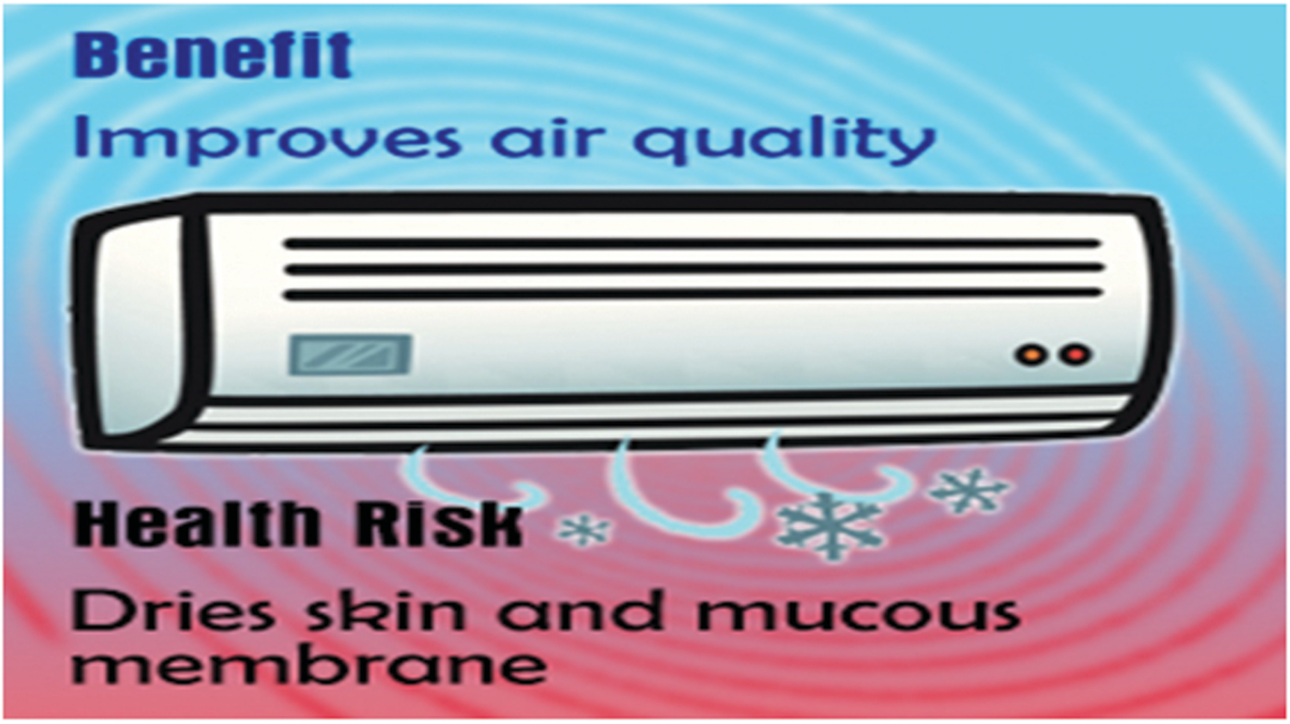
However, does technology cause laziness, or do lazy people create technology? Well, both are equal. Someone must be lazy enough not to accept the manual, monotonous work system. Even the development of technology requires intelligence. Nevertheless, it is a few intelligent minds that do the thinking for all of mankind.

Well, obviously, you cannot say that technology is bad. It is its mismanagement by man which is incorrect. It is technology that has helped man reach the moon, explore planets, help the disabled with prosthetic parts, made everyday life easy, and added comfort all around. It is up to us how much to depend on it, at the cost of our health and lifestyle.

Read more at Buzzle:
http://www.buzzle.com/articles/are-modern-inventions-making-us-lazy-or-dumb.html

5. HEALTH CORNER

5.1 Health Benefits and Risks Associated with Air Conditioners



Air conditioners, not only help keep the temperature of a room or an entire building at a constant level, but also improve indoor air quality and reduce episodes of asthma and allergies. However, if not maintained and cleaned properly, they can pose some potential health risks as well.

Air conditioners add to ambient or background noise and thus contribute to noise pollution. Today, air conditioners have become an indispensable home appliance to beat the scorching heat of summer. They can not only make those hot, miserable summer months pleasant, but can also improve the quality of indoor air.

Basically, air conditioners can change the temperature of air to provide a comfortable environment in all seasons. However, they do pose some health risks, especially when they are not maintained and cleaned properly. On the other hand, properly maintained air conditioners can offer several health benefits. Let's discover more about the health benefits and risks of air conditioners in this article.

Health Benefits of Air Conditioners

Protects Against Heatstroke and Dehydration

Excessive heat can cause heat strokes, where the body fails to regulate its temperature. If not treated immediately, it can damage the brain and other vital organs. Air conditioners can help prevent the occurrence of heat strokes by lowering the temperature of the air. Dehydration is another problem associated with exposure to excessive heat. Profuse sweating due to high temperatures can cause dehydration, if the lost water is not replenished. Air conditioners can minimize the risk of dehydration by reducing sweating and the consequent loss of water.

Increases Productivity

By making the hot summer days bearable, air conditioners can help reduce heat-related fatigue and stress, which can go a long way in increasing productivity.

Extreme heat can have a negative effect on both physical activity and intellect. Air conditioners can increase performance by providing a cool and comfortable work environment. Further, they can help you sleep comfortably and thus avoid fatigue and other problems associated with sleeplessness.

Improves Air Quality

Air conditioners help improve indoor air quality significantly. They can filter dust, pollen, and other environmental allergens, and check the growth of mold and mildew by reducing the level of humidity. In areas where air quality is poor, air conditioners can create a cleaner and healthier atmosphere.

Helps Reduce Asthma and Allergies

Air conditioners filter and disinfect the air we breathe. They can help reduce episodes of asthma and allergies by removing dust and pollen, and inhibiting the growth of mold and mildew. Exposure to mold is one of the most important factors that can increase the risk of allergic reactions, asthma, and other respiratory problems. While using air conditioners, we keep our windows closed, which helps prevent the entry of dust, bacteria, and environmental allergens. This can be beneficial for people who are suffering from environmental allergies.

Risks Associated with Air Conditioners

Skin Dryness

Spending long hours in an air-conditioned environment can cause dryness and irritation of the mucous membrane. The skin can also lose its natural moisture in such an environment and become dry and sensitive.

Exacerbation of Respiratory Diseases

It has been observed that a sudden change in temperature and humidity can aggravate the symptoms of some respiratory diseases. This problem can be avoided to a great extent by setting your thermostat to a higher temperature and then gradually decreasing it to a comfortable level.

Allergies and Respiratory Tract Infections

Excessive exposure to cold air from air conditioners can cause sinus problems, a runny nose, a sore throat, and other flu-like symptoms. Some air conditioners cannot humidify the air, which can cause the air to become very dry. Such dry air can cause irritation of the lining of the mouth and nose. Sometimes, the air filters can become dirty, if the air conditioners are not cleaned regularly. Such dirty air filters can harbor dust, pollen, and bacteria, and re-circulate them in the building. This can increase the incidence of respiratory tract infections, besides creating problems for allergy and asthma patients.

Sick-building Syndrome

‘Sick-building syndrome' is more commonly observed in buildings that use air conditioning systems, but do not have proper ventilation. In such buildings, people often experience symptoms like breathing difficulties, irritation of the skin and mucous membrane, headache, and excessive tiredness or fatigue, which are collectively referred to as 'sick-building syndrome'. It is believed that this peculiar syndrome may be caused by the mold and other harmful microorganisms that accumulate in the air conditioning systems and then circulate in the air we breathe.

Legionnaires'disease

Legionnaires' disease is a type of pneumonia caused by the bacteria *legionella pneumophila*. One of the major health concerns associated with air conditioners is that the warm water found in central air conditioning systems (especially those in hotels and hospitals) can harbor this bacterium. The most common symptoms of Legionnaires' disease are cough, body aches, high fever and chills, fatigue, and headache. If not treated on time, Legionnaires' disease can lead to life-threatening complications.

Weight Gain

This may sound a little weird, but a study conducted by biostatisticians at the University of Alabama at Birmingham observed that air conditioners can contribute to weight gain. According to this study, when we use air conditioners to keep the temperature of our home at a constant level, our body no longer needs to expend energy or burn calories to adjust to the changing temperature of the environment. This in turn can cause weight gain.

Not so Environment-friendly

Most air conditioners use Freon or CFC, which is known to cause ozone layer depletion. However, new-generation air conditioners are known to emit less greenhouse-gas, and so have a reduced impact on the climate.

The only way to reduce the risks associated with air conditioners is to clean them at regular intervals. The dirty filters of air conditioners can spread dust and trapped microorganisms in the air. In addition to the filter, the drip pans and the cooling coils can also harbor germs and pollutants. So, be sure to keep these parts of your air conditioner clean. In general, portable air conditioners are easy to clean and maintain than expensive air conditioning systems. Air conditioning systems with hidden ducts and inaccessible areas require professional cleaning at regular intervals, in order to minimize the risks associated with their use.

Read more at Buzzle:
http://www.buzzle.com/articles/health-benefits-and-risks-associated-with-air-conditioners.html

6. TECHNICAL MATTERS

Auditing Expectation Gap and Corporate Governance: The Role of Higher Education in Accountancy

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Abstract
Stemming from Andersen, Enron, WorldCom and other debacles coupled with the repercussions of the 2008 financial crisis, the performance and functions of auditors have attracted varying public comments and opinions. A careful review of the public's discussions and opinions on the performance and functions of auditors suggests that the public in general and the Corporate Governance Participants (CGP) in particular have a different understanding of auditors' duties and responsibilities. Interestingly, this lack of knowledge seems to have caught up even with accountancy students in Tertiary Institutions (TI) or Higher Educational Institutions who are seen as potential CGP as they are currently being prepared for corporate life. Upon this backdrop couples with the enormous role auditing plays in allocation of resources in economies across the globe, this paper sought to argue out the case that auditing is an essential tool and/or mechanism for achieving goal congruence in corporate organizations. It further outlines why audit expectation gap exists among corporate governance participants and at the same time bringing to bear the practice of auditing based on prevailing regulatory frameworks. Finally, this paper calls for an improved role of Higher Education in elucidating the audit expectation gap (AEG).

Introduction

In today's world, the auditing function has become a critically indispensable tool in business, corporate governance in particular and/or corporate life in general (Okafor & Otalor, 2013). Auditing has been explained as an independent examination (or review) of records and financial statements of an entity and expression of opinion thereon by a qualified person external to the entity being audited (reviewed) known as an auditor as to whether records and financial statements as prepared by management of the reporting entity reflects the true and fair state of affairs of that entity and that the financial statements are prepared in accordance with the applicable regulatory frameworks and standards (ICAG, 2008; Omane-Antwi, 2009; Agyei, Aye & Owusu-Yeboah, 2013; Okafor & Otalor, 2013; Gbadago, 2015). Corporate governance on the other hand could be explained as the overall systems, procedures, and structures in place within and outside a corporate organization with the sole objective(s) of achieving success in terms of effective and efficient utilization of resources as well as goal congruence across the organization (Watson & Head, 1998; Kim, Nofsinger & Mohr, 2010; Agyemang, Aboagye & Ahali, 2013).

However, a close observation of how corporate organizations operate and function reveals that other tools and mechanisms available to the corporate controllers and managers as control and management tools in corporate governance cannot function effectively without the auditing function. In the light of the above, auditing has assumed much attention in corporate and legal status books (commonly referred to as companies' codes) and other ancillary legislation such as corporate governance codes of almost every nation (Saladrigues & Grañó, 2014; Gbadago, 2015). As posited by Saladrigues and Grañó (2014), auditing is considered a critical tool in corporate governance. This is due to the fact that governance tool auditing ensures alignment of corporate participants' objectives with that of the overall corporate goals, in this case the shareholders' value maximization agenda (Lee, Gloeck & Palaniappan, 2007; ICAG, 2008; Omane-Antwi, 2009; Kim *et al.*, 2010; Okafor & Otalor, 2013; Ramlugun, 2014).

In addition, as the corporate participants (especially the agents namely employees and all those entrusted with the stewardship function) are aware of the fact that they shall be audited they may want to be seen as performing the roles expected of them. That is, they may be compelled to maximize their shareholders' values.

Further, as the ownership of corporate organizations is mostly not involved in daily operations and management of their organizations, they may want to be assured that their organizations are being managed effectively and efficiently by the engaged agents. That assurance can only be given if there has been an auditing function performed. Thus, auditing ensures goal congruence among corporate participants. Does this explain why auditing is widely taught in all business schools in our colleges and universities as one of the compulsory electives? If yes, then why do most corporate participants and the public at large still exhibit a lack of knowledge and understanding of what auditing is and the responsibilities and duties of the auditor? As most participants entrusted with the management of the corporate organizations (i.e. the employees and management alike) have been trained in auditing and accountancy in business schools in Ghanaian colleges and universities, it is expected that they would exhibit adequate knowledge and understanding of auditing and the responsibilities and/or duties of the auditors.

According to literature, this is not the case (Lee *et al.*, 2007; Noghondari & Foong, 2009; Onumah, Nana Yaw & Babonyire, 2009; Agyei, Aye & Owusu-Yeboah, 2013; Saladrigues & Grañó, 2014; Gbadago, 2015). There seems to be a knowledge gap between what auditors responsibilities and duties are and, in fact, what auditing is all about. This paper therefore attempts to fill this gap by helping to understand what auditing is within the auditing regulatory framework.

Thus, the rest of this paper is organized as follows: the immediate next section discusses (portrays) how auditing ensures goal congruence in corporate organizations; a discussion of auditing expectation gap, the actual responsibilities and duties of auditors in any auditing engagement follows; the roles of higher education in eliminating the auditing expectation gap among corporate participants is then suggested; and conclusions are reached.

Emergence of auditing and its roles in corporate governance

Literature asserts that auditing began as far back as the early 15th century during the days of Pacioli, Lucas who is believed to be the father of accounting (Wood & Sanger, 2008; Omane-Antwi, 2009) when merchants and/or estate owners were in search of an assurance that their businesses and estates were being managed as efficiently as they expected. Thus, auditing of an entity and its operations achieves various purposes and/or roles (Lee, Gloeck & Palaniappan, 2007; Kim *et al.*, 2010; Okafor & Otalor, 2013; Ramlugun, 2014). These purposes can be grouped mainly as primary purposes and secondary purposes (ICAG, 2008; Omane-Antwi, 2009; Kim *et al.,* 2010) as discussed below.

According to extant literature, the primary purpose of an audit is to express an opinion on the truth and fairness of the financial statements and the underlying books of accounts (ICAG, 2008; Omane-Antwi, 2009; Gbadago, 2015). This gives credence to the various users of the financial statements, most importantly the owners (shareholders) of the business entity. Again, it gives creditability to management, the appointed agents entrusted with the stewardship and/or management of the organization's resources (Gbadago, 2015).

The secondary purpose of auditing however are to detect and prevent errors and frauds; detect errors and frauds inherent in the entity's operating system; identifying internal control weaknesses; and to suggest improvement to the internal control systems (Kim *et al.,* 2010).

On a larger scale, auditing based on its assurance and confidence and trust repose leads to effective allocation of resources within an economy and across continents (Lee *et al.,* 2007; Okafor & Otalor, 2013; Saladrigues & Grañó, 2014; Ramlugun, 2014; Agyemang, Aboagye & Ahali, 2013). Thus, auditing helps in facilitating the efficient functioning of the capital markets and/or financial systems across the globe (Agyemang, Aboagye & Ahali, 2013). Given the significance of auditing, there is therefore the need for all financial information users, including the general public, to have an adequate understanding of auditing and what auditors do (Gbadago, 2015).

The audit expectation gap and corporate governance participants' knowledge of the responsibilities and duties of auditors

Stemming from the Andersen, Enron, WorldCom, etc debacles and the repercussions of the 2008 financial crisis, the performance and functions of auditors have attracted varying public comments and opinions (Charitou, Neophytou & Charalambous, 2004; Lee, Gloeck & Palaniappan, 2007; Appiah, 2013; Ramlungun, 2014). A closure analysis of these comments suggest that both the users and the public at large have different expectations and understanding of auditors' duties and responsibilities (Lee *et al.,* 2007; Noghondari & Foong, 2009; Onumah, Nana Yaw & Babonyire, 2009; Agyei *et al.*, 2013; Saladrigues & Grañó, 2014; Gbadago, 2015). Thus, there are differences in expectation(s) in respect to what users of audited financial information and the public expect from the auditor(s) and what auditors actually do in practice. That is, the level of audit performance, how the auditor(s) actually perform their audits, the effectiveness of an audit engagement(s) as well as the auditor's ability to detect and prevent fraud coupled with what the auditor believes is his responsibilities as supported by the various auditing standards and status (Lee *et al.,* 2007). This is what is termed the audit expectation gap or simply put expectation gap (Millichamp, 1996; Lee *et al.,* 2007; ICAG, 2008; Noghondari & Foong, 2009, Omane-Antwi, 2009; Agyei *et al.,* 2013).

Although the audit expectation gap has been empirically established to exist in Ghana (Onumah, *et al.,* 2009; Agyei *et al.,* 2013) just like other studies elsewhere, it appears no Ghanaian study have been able to investigate the audit expectation gap and the role of higher education in Ghana. Meanwhile literature suggests that education is the panacea for resolving AEG (That is, the misconception on the duties and responsibilities of auditors) (Porter, 1993; Pierce & Kilcommins, 1996). Therefore, the objective of this paper is to contribute to this call by being one of the few that have taken the audacious step to fill this gap. Accountancy students in higher education will soon be at the fore front of the auditing and accounting profession as CGP in Ghana, being the auditors and accountants in the near future. It is believed that their exposure to what auditing entails, and the duties and responsibilities of auditors may lead to elucidation of AEG from among the public. This is the motivation for this paper given the importance of the expectation gap to the audit practice (profession) and industry (i.e. users of financial information) and its consequences on trust and confidence of the public and users of audited financial information. This paper is therefore arguing that accountancy training and education of potential CGP in higher education (i.e. the nature of training given to future auditors and accountants at their incubation period) is likely to help tackle the AEG (Porter, 1993; Pierce & Kilcommins, 1996; Dixon & Woodhead, 2006; Onumah *et al.,* 2009; Olagunju & Leyira, 2012; Agyei *et al.,* 2013; Ramlugun, 2014).

As accounting attempts to provide comprehensive information about the economic and/or financial activities of business enterprises via financial statements to various users, there is the need for an independent person known as an auditor to express an opinion on the financial statements together with the underlying records and books of accounts prepared by the managements (directors) of the reporting entity. These are to be presented to the various users to determine whether it presents a true and fair view of the state of affairs of the reporting entity (Okafor & Otalor, 2013) or otherwise.

Auditing is said to have started when shareholders and other stakeholders of businesses attempt to find out whether management of their business enterprises are operating their entities and/or resources made available to them within the laid down rules, regulations, practice, and norms and/or to achieve agreed targets (profitability) etc (Kim *et al.*, 2010). Thus, the need for an audit primarily started when the separation of ownership and control of business entities (in which shareholders nominate directors to run the affairs of their entities) commenced (Millichamp, 1996; Watson & Head, 1998; ICAG, 2008; Omane-Antwi, 2009; Kim *et al.,* 2010). There is an abundant body of literature suggesting that, while the shareholders (who are the owners of the business entity) have the goal of value maximization as their primary objective, the managers (appointed employees) have different objectives which are mostly self gratification and are opposed to that of the shareholders. From the above discussions, shareholders and stakeholders expect the auditor(s) to meet their expectations. Bearing this in mind, any audit performance that falls short of these perceived expectations of users of financial information would be seen as a sub-standard performance (Lee *et al.,* 2007; Noghondari & Foong, 2009; Agyei *et al.,* 2013). Conversely, auditor(s)' regulatory frameworks such as the companies law, auditing standards and ethical guidelines define the roles, responsibilities and duties of the auditor(s) and, in some cases, indicate the sort of audit work and programmes to be carried out in varying audit engagements which may differ greatly from the public's perceived responsibilities expected of the auditor. This situation is usually referred to as the audit expectation gap (Porter, 1993; Epstein & Geiger, 1994; Millichamp, 1996; Leung & Chau, 2001; Lin & Chin, 2004; Fadzly & Ahmad, 2004; Chowdhury *et al.,* 2005; Dixon *et al*., 2006; Lee *et al*., 2007; ICAG, 2008; Noghondari & Foong, 2009, Omane-Antwi, 2009; Agyei *et al.,* 2013; Saladrigues & Grañó, 2014). The auditors' failure to meet the public's perceived expectations undermines the public's confidence in the auditor as well as the audit function (Limperg, 1932; Lee *et al.,* 2007; Agyei *et al.,* 2013).

The fear is that, if confidence is betrayed, the audit function will be destroyed as it becomes a futile exercise (Limperg, 1932; Lee *et al.,* 2007; Agyei *et al*., 2013). This is because the stakeholders and users of audited financial statements need to place reliance on the audited financial statements for purposes of an entity's economic performance evaluation, investment decisions among others (Godsell, 1992; Lee *et al.,* 2007; Libby *et al.,* 2008).

A host of studies, both theoretical and empirical, have put forward that the audit expectation gap does exist suggesting that the public (mostly the users of audited financial statements and the auditors) have different expectations about audit performance (Liggio, 1974; Humphrey *et al.,* 1993; Gloeck & De Jager, 1993; Porter, 1993; Epstein & Geiger 1994; Millichamp, 1996; Leung & Chau, 2001; Lin & Chin 2004; Fadzly & Ahmad, 2004; Chowdhury *et al.,* 2005; Dixon *et al*., 2006; Lee *et al*., 2007; ICAG, 2008; Noghondari & Foong, 2009, Omane-Antwi, 2009; Agyei *et al*., 2013; Saladrigues & Grañó, 2014). As observed by Lee *et al*. (2007) and Noghondari and Foong (2009), most of the above mentioned studies were conducted in the developed economies (Liggio, 1974; Humphrey *et al.,* 1993; Porter, 1993; Epstein & Geiger 1994; Leung & Chau, 2001; Lin & Chin 2004; Fadzly & Ahmad, 2004; Chowdhury *et al.,*2005; Saladrigues & Grañó, 2014) while just a few were undertaken in developing economies like South Africa (McInnes, 1994; Noghondari & Foong, 2009), Egypt (Dixon *et al*., 2006), or Nigeria (Adeyemi & Oloowokere, 2011; Olagunju & Leyira, 2012; Okafor & Otalor, 2013). However, in recent times, there has been an emergence of empirical studies in Ghana investigating the audit expectation gap. Notably among these are Onumah *et al.* (2009), Agyei *et al*. (2013) and Gbadago (2015). The few Ghanaian studies available only examined the existence of the audit expectation gap among financial information users and auditors. For example, Onumah *et al*. (2009) evaluated the gap among the preparers and users of audited financial statements and observed that, whereas financial statements users have significantly different perceptions about assurances provided by auditors' reports, the views of company accountants are somehow quite close to those of auditors.

Agyei *et al.* (2013), in a similar manner, looked at the expectation gap among users (specifically stock brokers) and auditors and affirmed that there exists an audit expectation gap in Ghana particularly in respect to auditors' responsibilities relating to fraud detection and prevention and soundness of internal control systems of the audited entities. It was thereafter proposed that the audit profession regulators formulate such standards, rules and regulations required to adequately guide the auditors in fulfilling the reasonable expectations of various user groups. It appears that the Ghanaian studies (Onumah *et al.,* 2009; Agyei *et al*., 2013; Gbadago, 2015), like most other studies elsewhere, observed that the wrong perceptions of the users of financial information about auditors' responsibilities continued to account for the existence of the audit expectation gap among the stakeholders of financial statements (Epstein & Geiger 1994; Pierce & Kilcommins, 1996; Humphrey, 1997; Noghondari & Foong, 2009; Okafor & Otalor, 2013; Ramlugun, 2014). However, analyzing Onumah *et al*. (2009)'s assertion that the views of company accountants are quite close to those of auditors further, one could conclude that, since the company accountants have received the same training and education as the auditors, they have the same views as the auditors. This was confirmed by Gbadago (2015b). Epstein and Geiger (1994) and Humphrey (1997) also concluded that the technicality of terms and concepts used in auditing by the auditors and the users' inability to appreciate the nature and limitations of audit respectively are responsible for the existence of audit expectation gap. In addition, Agyei *et al*. (2013) indicated that the shift in audit objectives and responsibilities in the late 20^{th} century from fraud detection to verification of financial statements, largely accounted for some of the audit expectation gap. It is apparent from the foregoing that lack of knowledge (Noghondari & Foong, 2009; Okafor & Otalor, 2013; Ramlugun, 2014) on the responsibilities of auditors on the part of the users; and the lack of tact by the auditors and the auditing profession to get users to appreciate their roles, duties, responsibilities, and what they are required to do within the arm-bit of the regulatory legal status and other frameworks continue to give credence to the existence of the audit expectation gap.

To minimize the expectation gap's persistence and possible escalation (Onumah *et al.,* 2009), educating both the users and auditors may be seen as the best solution (Noghondari & Foong, 2009; Olagunju & Leyira, 2012; Okafor & Otalor, 2013; Agyei *et al*., 2013; Ramlugun, 2014) more importantly the young and upcoming ones still in schools. This therefore sets the scene for the focus of this paper on audit expectation and corporate governance and the role of improved higher education in accountancy as a remedy for elucidating AEG from among potential CGP.

Following the Andersen, Enron, WorldCom and others debacle and the 2008 financial crisis auditing profession has now assumed new dynamisms. The frequent legal battles and public calls for tighter regulations and monitoring (Porter, 1993; Pierce & Kilcommins, 1996) as well as emergence of new International Standards on Auditing (ISAs) as being thought in business schools and colleges all over the world is believed to be the sure way for eliminating auditing expectation (Pierce & Kilcommins, 1996). Therefore conceited efforts for improved role of higher education in accountancy and/ or business related courses will improve the knowledge of the public in general and CGP in particular on the responsibilities and duties of the auditors (Porter, 1993; Pierce & Kilcommins, 1996; Noghondari & Foong, 2009; Olagunju & Leyira, 2012; Okafor & Otalor, 2013; Agyei *et al*., 2013; Ramlugun, 2014). This may reduce the existence of audit expectation gap. To achieve this however, requires that we sharpen how accountancy, auditing and business courses in higher education are taught in business schools within Ghanaian colleges and universities in the future. In addition, it is necessary to find out if the current teaching of accountancy and auditing at such business schools is able to correct the erroneous perceptions about the responsibilities of auditors beginning from the classroom.

The practice of auditing within the prevailing regulatory framework

In practice, the auditor performs an audit engagement(s) in strict adherence to the following regulatory framework:

a) The engagement contract(s) that indicates the terms of reference upon which the auditor is appointed. The engagement contract or letter sets out the extent of work to be undertaken by the auditor for the client and reminds the client of the liabilities of both parties (Millichamp, 1996; ICAG, 2008; Omane-Antwi, 2009). According to ISA 210 (as cited in ICAG, 2008; Omane-Antwi, 2009), the engagement letter thus serves as the contract document that usually covers the functions of the auditor and the responsibilities of the directors; discovering of fraud and defalcations; and details of other services, charges, reporting authority as well as the time frame within which the report is expected. The golden rule for auditors is that they should avoid being side tracked.

b) The provisions of the local legislation governing auditors as provided in the Companies Code, 1963 (Act 179). In Ghana, an auditor's duties and responsibilities are governed by Act 179. Thus, he is said to have performed his duties if he had complied with the Act, specifically Section 136 (1).

c)The Ethical and Professional Guidelines. This serves as a conceptual framework that requires the auditor, in performance of his audit engagement, to maintain the highest integrity, professional competence while remaining objective, confidential, and exercising due care (IFAC Handbook, 2007 as cited in ICAG, 2008; Omane-Antwi, 2009).

d) The International Standards on Auditing (ISA) stipulates the attitude the auditor should assume in the course of his audit performance (ISA 200 and 240). Thus, he is said to have performed his duties if he is seen to have assumed the recommended attitude and skillfulness.

As it were, literature conjectures that those with education in accounting, finance, business, and commence usually possess adequate knowledge and awareness on the responsibilities, roles, functions, and duties of an auditor as well as what auditors do (Porter, 1993; Pierce & Kilcommins, 1996; Noghondari & Foong, 2009; Olagunju & Leyira, 2012; Okafor & Otalor, 2013; Agyei *et al*., 2013; Ramlugun, 2014). Stated differently, audit expectation gap cannot exist among those with prior training (academic qualification) and education in accounting and auditing.

The role of auditing education in reducing AEG

The implications arising from the above discussions present wake-up call for better and improved role(s) of higher education (Porter, 1993; Pierce & Kilcommins, 1996; Noghondari & Foong, 2009; Olagunju & Leyira, 2012; Okafor & Otalor, 2013; Agyei *et al*., 2013; Ramlugun, 2014) as the only remedy for the elucidation of the AEG among most of the corporate governance participants (CGP), if not all. This is due to the fact that almost all the CGP have passed through higher education and will continue to do so. It is therefore necessary for Ghanaian universities' administrators, policy makers and the regulators of the accounting and auditing profession to re-examine what is being taught in their business schools (Gbadago, 2015). This may assume many forms. First, in order to solicit a better and improved understanding of the concept of auditing and the responsibilities and duties of auditors among potential corporate participants, there must be a call for the re-structuring of course components, and a re-designing of various course descriptions and syllabi, possibly re-training of course lecturers in auditing and accountancy with much emphasis on the concept of auditing and the demonstration of adequate knowledge of the responsibilities and duties of auditors. This is because, as potential corporate governance participants, they are expected to study this in the course of their studies during higher education.

Further, national regulators of auditing and accountancy training and education could be of assistance by way of collaborating with higher education. In this case, prior to approving and/or accepting programs for collaboration greater emphasis should be placed on those programs reflecting largely the understanding of auditing, responsibilities and/or duties of the auditor. This may be a sure way of elucidating AEG.

In addition, the National Accreditation Board (NAB) have a role to play in elucidating AEG among the potential CGP and consequently from the general public. That is, in their review of accountancy, business and related programs and courses, much emphasis should be placed on understanding auditing, and the responsibilities and/or duties of the auditor by approving and accrediting only those programs and courses that seem to meet this agreed criterion.

Administrators and evaluators of higher education, while assessing programs and faculty members in accountancy, business and related programs and courses, should direct attention to the understanding of auditing, auditors' responsibilities and/or duties as one of the expected teaching and learning outcomes.

Faculty members, in evaluating (or assessing) their students' learning outcomes, must strategically ensure that the problem of this study becomes one of their focus areas in assessment(s). This is believed to invoke students' (i.e. the potential CGP) efforts in understanding the concept of auditing and the responsibilities and/or duties of the auditor and hence elucidation of audit expectation from among the public.

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……………………………. UNQUOTES

You can never cross the ocean until you have the courage to lose sight of the shore.
(Christopher Columbus)

The best time to plant a tree was 20 years ago. The second best time is now.
(Chinese Proverb)

I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.
(Maya Angelou)

Whether you think you can or you think you can't, you're right.
(Henry Ford)

Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it.
(Johann Wolfgang von Goethe)

The mind is everything. What you think you become.
(Buddha)

The two most important days in your life are the day you are born and the day you find out why.
(Mark Twain)

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