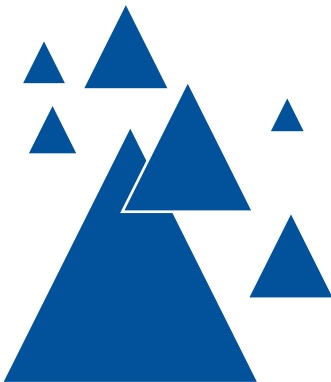


THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



The Accounting Profession in British West Africa

Researcher: Chibuiké Uche



**THE ACCOUNTING PROFESSION
IN BRITISH WEST AFRICA**

by

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F

OREWORD

This report traces the development of the accounting profession in Ghana, Nigeria and Sierra Leone in the context of their various political and social environments. The report raises important questions about the role of professional bodies in enhancing or possibly inhibiting economic development in developing countries. In particular, to what extent do the professional accounting qualifications, both of indigenous and international bodies, meet the needs of developing nations?

The report firstly considers theories of professional development before considering accounting and economic development in British West Africa. The level of economic, social and political development of any country usually determines the accounting needs of that country. The report argues that this was not the case in British West Africa, as it adapted the British legal and accounting systems, due to its colonial past and foreign investments. The resultant legislation and accounting profession did not meet the needs of small and medium scale businesses in the region, as it was based on its colonial past.

The next three chapters explore the development of the accountancy profession in British West Africa on a country-by-country basis, exploring the role of the profession in facilitating the economical development of the region.

The penultimate chapter explores the establishment of the Association of Accountancy Bodies in West Africa (ABWA). International accounting bodies, including the Association of Chartered Certified Accountants (ACCA), have prospered in the region, and compete against the indigenous professional bodies in British West Africa. The report identifies the need for a strong regional body which will highlight the accounting needs in the region.

Finally, the report concludes on the findings of the research. The author argues that the major failure in the region has been the inability of the professional bodies to train and develop sufficient accounting

manpower relevant to the level of economic development. In Ghana the failure of the profession to train enough accountants and obtain international recognition for its qualifications has resulted in the advancement of the ACCA and accountants not suited to the economic situation of Ghana. In Sierra Leone the author argues that the association of the Institute of Chartered Accountants of Sierra Leone (ICASL) with the ACCA brought prestige to the ICASL members, but has done little to adapt to the accounting and development needs of Sierra Leone. However, in Nigeria, the Institute of Chartered Accountants of Nigeria (ICAN) responded to the need to produce more accountants and a second tier of accounting professionals to service small and medium scale businesses has been established. The author argues that the attempt at cooperation by the indigenous professional bodies has been somewhat ineffective.

The author recommends that the indigenous accounting bodies should concentrate on the development of accounting manpower which is relevant to the level of economic development in British West Africa. In addition it is recommended that the ABWA plays a major role in this and brings to the attention of the International Federation of Accountants (IFAC), the peculiarities of accounting in developing countries.

This project was funded by the Scottish Accountancy Trust for Education and Research (SATER). The Research Committee of the Institute of Chartered Accountants of Scotland (ICAS) has also been happy to support this project.

The Committee recognises that the views expressed do not necessarily represent those of ICAS itself, but hopes that the project will contribute to the development of the accounting profession and the economy in developing countries.

David Spence
Convener
Research Committee
May 2007

A

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E XECUTIVE SUMMARY

In recent times, there has been a rising interest in the emergence of accounting professions (Chua and Poullaos, 1994, 1998; Walker, 1995; Boys, 1990). Based on such studies, it has been found that professional associations often define, organise, secure and advance the interest of their members, as well as the public interest. Perhaps the most important factor in the determination of the ability of professions to achieve their objectives is the influence of the State. The reaction of the State to the objective of professions could depend on factors such as: public expectations; developmental requirements of the State; knowledge base of the profession; social relationships; and professional lobbying.

Despite recent advances in the study and knowledge of the accounting profession, there has been very little research along these lines in developing countries. This is in part because of the relative youth of the accountancy profession in these countries. For instance, the first registered professional accounting body in British West Africa: the Association of Accountants in the Gold Coast (Ghana) was established in 1954. This body metamorphosed into the Institute of Chartered Accountants Ghana (ICAG) in 1963. In neighbouring Nigeria the Association of Accountants in Nigeria, which was incorporated in 1960, transformed into the Institute of Chartered Accountants of Nigeria (ICAN) in 1965. Similarly, in Sierra Leone, the Association of Accountants of Sierra Leone, which was established in 1960, transformed into the Institute of Chartered Accountants of Sierra Leone (ICASL) in 1988. Although these indigenous bodies have commissioned or supported some of its past presidents and members to research the history of the accounting profession in the various countries, many of their reports have tended to follow the official or partisan line. The works almost always stress the technical qualities of accounting while

underplaying the social and political formation of its practices and standards (Cf. Annan, 1988; Awuku-Darko, 1988; Boakye, 1988; Ani, 1990; Anibaba, 1990; Williams, 1990; Oni, 1991; Wallace, 1992; and ICASL, 2003).

This study, which is exploratory, by contrast, takes the view that the development of the accounting profession in these countries cannot be adequately understood independent of their political and social environment. It therefore traces the development of the accounting profession in Ghana, Nigeria and Sierra Leone in the context of their various political and social environments. To achieve its objectives, the report is divided into six chapters. Chapter one introduces the study and lays the theoretical foundation for understanding the various forces which motivate professional action and the entwining of accounting and economic development. Chapters two to four are case studies of the emergence and structure of the accounting profession in the Gold Coast (Ghana), Nigeria and Sierra Leone. Chapter five explores the various attempts at co-operation amongst the various professional bodies in West Africa and the motivations behind such attempts, while chapter six concludes the report.

In the main, the study shows that the development of company law and the accounting profession in all the three countries followed closely the development in the United Kingdom. The major difference is that in British West Africa, members of all the recognised professional accounting bodies, united in a marriage of convenience, to form one umbrella accounting body. In all cases, the difficulties caused by such an arrangement have been resolved in the interest of the wider goal of ensuring monopoly over the regulation and control of the accounting profession.

Perhaps because of the small size of the Ghanaian and Sierra Leonean economies and accounting professional bodies, there has been little serious challenge to the concept of one accounting body training accountants with the ability to practice all aspects of accounting ranging

from management accounting to auditing and taxation. The same however cannot be said about Nigeria, where such diverse expertise and specialities has become a major issue for bodies other than ICAN. This has led to the proliferation of accounting bodies claiming speciality in specific aspects of accounting. As at 2004, ICAN had identified nine such bodies, making its President conclude that 'the proliferation of professional associations within the accountancy profession had assumed frightening proportions'. The Association of National Accountants of Nigeria (ANAN) and the Chartered Institute of Taxation of Nigeria (CITN), which have both achieved Government recognition, now represent accountants as well as ICAN.

Perhaps the most formidable of the new entrants is the Institute of Certified Public Accountants of Nigeria (ICPAN). Despite representations by ICAN, the House of Representatives unanimously passed the ICPAN Bill in October 2005. After unsuccessfully trying to defend its unitary status, ICAN is now in the process of devolving its membership into faculties. How this will work in practice and how effective this scheme will be in recruiting new members remains to be seen.

Another challenge to the indigenous accounting bodies in British West Africa, particularly ICAN and ICAG, comes from professional accounting bodies operating internationally, especially the Association of Chartered Certified Accountants (ACCA). The emergence of indigenous accounting bodies in British West Africa was essentially a bi-product of political independence. Post independence nationalism fuelled the concept of indigenisation and nationalisation, which the indigenous accounting professions benefited from immensely. The consistent poor economic performance in these post independence African countries resulted in these policies being reversed. The result is that the initial advantages gained by indigenous accounting bodies in these countries have been lost. Accounting bodies, like ACCA, have now increased the tempo of their membership drive in these countries, to the detriment of

the indigenous bodies. The fact that the recognition granted to these international accounting bodies by their West African counterparts is not reciprocated, has further reinforced the supremacy of such international professional accounting bodies.

Perhaps because of the widespread consensus that the accounting needs of a particular country depends on the level of its social and economic development, the ACCA has now adapted its examinations to specific local conditions in a bid to ensure that its qualifications are both local and global.

However, African laws and taxes are too simple to be examined by the ACCA. This was the case in Sierra Leone where the local institute is partnering ACCA to conduct professional accounting examinations, but ACCA does not set local tax and law examinations unless these local laws are broadly in line with British practices. However, the accounting needs of businesses in Sierra Leone may be totally different from those in the United Kingdom.

Nigeria and Ghana have done little to adapt the company and tax laws inherited from the United Kingdom to their specific local conditions, and the professional bodies and their members, perhaps because of their training and origins, have become replacements for expatriate accounting personnel. Thus, indigenous accounting bodies like ICAG and ICAN have failed to positively impact on their environment by promoting and developing accounting expertise in areas relevant to their socio-economic environment.

Despite the push towards globalisation, the peculiarities of accounting expertise relevant for economic growth in developing countries like Nigeria, Ghana and Sierra Leone remain ever present. Indigenous accounting bodies need to understand this fact and try to develop along the above lines to remain relevant and ensure that their qualifications are not inferior to those of international accounting bodies.

The concept of regional accounting co-operation has been championed by ICAN and ICAG: two professional accounting bodies that have tried to mimick western practices and develop the accounting practices in their respective territories. Thus, not surprisingly, the Association of Accountancy Bodies in West Africa (ABWA) has sought recognition by the International Federation of Accountants (IFAC). In its attempt to recruit members in order to meet IFAC's minimum requirement for the recognition of regional bodies, it has approached accounting bodies in both Francophone and Anglophone countries, with little attempt to understand the similarities and peculiarities of their various accounting systems. Based on the above, it is not surprising that ABWA has hailed its attainment of regional membership of IFAC as a great achievement. In reality, however, such a status is of no consequence as explicitly shown by the letter from the IFAC President to the Chief Executive of ABWA dated August 4, 2003. Thus, membership of IFAC by ABWA is, in practice, futile.

Given the threat to ABWA members' territorial jurisdictions by international professional accounting bodies, especially the ACCA, there is need for the indigenous accounting bodies to re-invent themselves in order to remain relevant by encouraging and training accounting expertise in areas most relevant to their economic development. It is only when these indigenous accounting bodies adopt this strategy that they can meaningfully start thinking of regional co-operation. In this direction, the logical first step will be to study the differences and similarities in the real accounting needs of the West African states. When this is done, the professional bodies will be in a position, through the umbrella of ABWA, to make a strong case at IFAC for the need to recognise the accounting requirements of developing countries like Nigeria, Ghana and Sierra Leone.

1 INTRODUCTION

Background to the study

This monograph studies the development of the accounting profession in West African countries, and takes the view that these cannot be adequately understood independently of their political and social environment. This monograph traces the development of the accounting profession in Ghana, Nigeria and Sierra Leone in the context of their various political and social environments.

Theories of professional development

Over the years several, sometimes conflicting, theories attempting to explain the development of professions have emerged. Prior to the 1960s, for instance, the functionalist theory of professions dominated the literature (Macdonald, 1995). The functionalist theorists argue that professions can only emerge when a group of people are found to be practicing a definite technique founded upon specialised training (Greenwood, 1957). They are seen as coming together as a group in order to mutually guarantee their competence and to maintain a high standard of professional character and honourable practice (Carr-Saunders, 1928). Some scholars also emphasise the selflessness, philanthropic and altruistic nature of professions (Barber, 1963b). In other words, functionalists see the profession as an occupation, which is pursued largely for others and not merely for oneself (Barber, 1963a). Functionalist theorists emphasise the belief that professionals acquire the recognition of the society because of the specialised skills they possess and the close solidarity of its members (Goode, 1957; Hughes, 1963; Halmos, 1970;). They are not self-centred bodies and are seen to act in the interests of the general

community (Marshall, 1939). It is perhaps because of this characteristic that some sociologists of functionalist mode see professionals as a key ingredient in the stabilisation of society and maintenance of world order (Carr Saunders and Wilson, 1933; Lynn, 1963).

Although some of these functionalists are aware of the complexity of social organisations and the possibility that the acquisition of skills may not be the only determining factor in deciding members of any given profession, they do not consider it material. This is explained by Carr-Saunders (1928) as:

Those associations which date from the first half of the last century were in their early days sometimes truly exclusive in the sense that they sought to exclude would be members for reasons not strictly relevant to professional competence. Various devices were employed. But the exclusiveness of these bodies has been exaggerated. The member, it is true, desired to be recognised as forming the elite among the practitioners, and in general they justified their claim to be so regarded. Later the attitude of members of these older associations underwent a change. They came to desire that all professionals should possess at least the minimum qualifications admitting to the association. This has been the aim of the more recently formed associations from the beginning. With a few unimportant exemptions, professional associations can now be said to be exclusive only in the sense that they exclude the unqualified (Carr-Saunders, 1928, p.8-9).

With time however, this view began to change and more scholars started assigning more weight to the complexity of social organisations and the possibility that competence and community service may not be the only explanatory variables for the emergence of professions. This was the origin of the 'interactionist' theory of professions. People began to pay more attention to the process, rather than the product of professionalising (Timperley and Osbaldeston, 1975). One of the

pioneers of the interactionist theorists examined the history, complexity and forces that have helped create various sub professions within the main medical profession:

It is characteristic of the growth of specialities that early in their development they carve out for themselves and proclaim unique missions. They issue a statement of the contribution that the speciality, and it alone, can make in a total scheme of values and, frequently, with it an argument to show why it is peculiarly fitted for this task. The statement of mission tends to take a rhetorical form, probably because it arises in the context of a battle for recognition and institutional status. Thus, when surgical specialities such as urology and prostology, were struggling to obtain identities, independent of general surgery, they developed the argument that the particular anatomical areas in which they were interested required special attention and that only physicians with their particular background were competent to give it. Anaesthesiologists developed a similar argument. This kind of claim separates a given area out of the general stream of medicine, gives it special emphasis and a new dignity, and, more important for our purposes, separates the speciality group from other physicians. Insofar as they claim an area for themselves, they aim to exclude others from it. It is theirs alone (Bucher and Strauss, 1961, p.326).

Based on such assertions, more scholars started to move from a normative view of professions, i.e. what a profession should be, to a positive view of the professions i.e. what a profession actually is (Roth, 1974). Interactionists thus argue that professions mainly strive to protect their group's interests, which sometimes conflict with the interest of the wider society. The only way such groups could gain legitimacy was thus by convincing the wider society that they could offer some kind of special skill (Boreham, 1983). By examining how the beliefs and methods relevant for pursuing and securing the claim of professional

competence and recognition were constructed and projected, these interactionists had, as in the case of the medical profession, exposed the presence of competing interests within these professional organisations (Willmott, 1986). Some interactionists have also challenged even the claim of homogeneity within professions (Smith, 1958). Along these lines, it has been suggested that:

The assumption of relative homogeneity within the profession is not entirely useful: there are many identities, many values, and many interests. These amount not merely to differentiation or simple variation (sic). They tend to become patterned and shared; coalitions develop and flourish-and in opposition to some others. We shall call these groupings which emerge within a profession 'segments.' (Specialties might be thought of as major segments, except that a close look at a speciality betrays its claim to unity, revealing that specialties, too, usually contain segments, and if they ever did have common definitions along all lines of professional identity, it was probably at a very special, and early, period in their development) (Bucher and Strauss, 1961, p.325-6).

Interactionists have, however, been criticised on the grounds that they are indifferent to evidence and proof. Although their claims are usually plausible, it is not always evident that they are backed by empirical evidence (Saks, 1983). Furthermore, although interactionist scholars acknowledge the entwining of politics in the professionalisation process, they generally fail to explore the structural conditions under which various professional groups are liable to be successful (Willmott, 1986). Therefore, there is a need for more emphasis on the process of professionalisation (Boreham, 1983). In the attempt to enhance an understanding of the process and functioning of professions, some scholars have devised a more critical approach rooted in neo-Weberian principles.

Scholars of the neo-Weberian mode attempt to apply the Weberian concept of social closure to the development of professions. This notion of social closure broadly defines a situation where an interest group seeks to regulate market conditions in its favour by restricting access to specific opportunities to group members. This is usually done in the face of actual or potential competition from outsiders (Parkin, 1979). In other words, it is a process by which social collectivities attempt to maximise their reward by restricting access to certain economic and social opportunities to members (Johnson, 1977). These neo-Weberian scholars mainly focus on the various barriers that professions have erected in order to ensure social closure. Such barriers include examination, apprenticeship and entry qualification rules.

Many neo-Weberians have, however, been accused of failing to empirically substantiate their claims. Their studies therefore offer few improvements over those of the interactionists. Neo-Weberian sociologists have, for instance, tended not to study closure rules and to historically track their differential significance through time (Murphy, 1984; Chua and Poullaos, 1998). This tendency may have been aided by the prevalent feeling of anti-professionalism among the rank and file of sociologists belonging to this school. It has for instance been argued that it is common for sociologists of this neo-Weberian mode to distort and exaggerate the dangers of professional imperialism as part of a wider effort to diminish the status of monopolistic professional groups (Strong, 1979). It has thus been asserted that:

A satisfactory analysis of the wider sources of power underpinning professionalism is, therefore, still being awaited from the neo-Weberian school. At present sociologists working within this perspective appear not to have greatly advanced on the interactionist view that professionalisation is primarily a function of the bargaining skills of occupational groups seeking the status of a profession. In sum, then, the neo-Weberian sociologists of the professions have yet to exploit fully the potential of the approach.

The structural conditions under which professionalisation occurs clearly require more stringent examination. Proponents of this school also have not taken enough care in ensuring that their accounts of the current nature and role of professions in society are empirically sustainable. Far too often, therefore, what amount to thinly veiled attacks on professions and professionals have been presented without adequate supporting evidence (Saks, 1983, p.10-11).

Because of such problems, research into the sociology of professions should include the historical analyses of professionalism that capture historical specificities with the aim of generating theory that sees beyond 'just massive historical variation' (Collins, 1990). Such research should also investigate the structural conditions under which the professionalisation process takes place (Johnson, 1977). In order to achieve this, there is the need to critically study the relationship of the State and the profession (Klegon, 1978).

The relationship of the State and the profession is usually dynamic and complex. In some cases, laws have been put in place to bring the profession under the control of the State (Wallace, 1992). Such professions, thus, ultimately depend on the power of the State to protect their domain of 'expertise' (Larson, 1977). It has been pointed out that:

The state has been the most important friend of the professions (in order to domesticise them, of course) in some societies and it has been abhorred by them in others, at certain times. Knowledge has always been used by both state and industry in general terms, and the groups which have had the problem-solving capacities or, at least, have managed to give the impression that they have these have been asked, implored or ordered to help. Sometimes a group has diligently managed to manoeuvre strategically in this situation in

order to establish itself in a very privileged position, while another group has not been able to do so (Torstendahl, 1990, p.5).

On the relationship of the accounting profession and the state, specifically, it has also been suggested that:

A ...significant condition for the development of accounting practice and organisation has been the emergence of the modern state... Unfortunately, most of the literature on the work of professionals has neglected the role of the state or has regarded it as a neutral influence (Willmott, 1986, p.563).

As will be seen in the subsequent section, the ability of the accounting profession to aid the economic development agenda of the state, at least to some extent, influences the attitude and dispensation of the state towards the existence and welfare of the profession.

Accounting and economic development

The level of economic, social and political development of any country usually determines the accounting needs of that country. Therefore, there is a need to contextualise accounting by taking into consideration the peculiar characteristics of a country (Engelmann, 1962; Elliott *et al.*, 1968; Johnson and Caygill, 1972; Dev and Inanga, 1978; Enthoven, 1981b; Jagieta and Nwadike, 1983; Ghartey, 1987; Wallace, 1988; Hove, 1989; Wallace, 1990). Unfortunately, this has not been so for most of the former British West African colonies. Specifically, most of these countries, because of their colonial heritage, adapted the British legal and accounting systems despite the unsuitability of these for the various local terrains (American Accounting Association (AAA), 1977; Enthoven, 1979; Parker, 1989; Briston and Kedsle, 1997; Enthoven, 1981b; and Walton, 1986).

This is in part because of the fact that most of the big businesses that existed in the colonial era were essentially extensions of overseas

businesses. The reporting format for such businesses therefore followed closely the reporting format for those foreign businesses. The result was that the emergent company laws in British West Africa closely followed the provisions of British company laws. The need for sound accounting, however, was not limited to the larger corporate entities. Small-scale operations might be in even greater need. The requirements of small-scale industry are too often neglected, and this can have serious repercussions on a country's potential for economic growth (Enthoven, 1983).

It was also mainly because of the requirements of foreign businesses that the demand for accountants in British West Africa emerged. It was therefore not surprising that most of the pioneer accountants in West Africa were foreigners. Consequently, the pioneer accounting association in British West Africa, The Association of Accountants in the Gold Coast, was not formed with the intention of aiding African development. Rather it arose because rapid changes in the Gold Coast economy at the time made it necessary for accountants to speak with one voice in their dealings and interactions with the various government agencies. According to one of the founding fathers of the Association, Mr James Barnes of Deloitte, Haskins and Sells:

When I first came to the Gold Coast in 1939 there were very few qualified Accountants in the country. Most organisations only produced local returns, which were forwarded to their overseas bodies to be incorporated into final accounts. With the introduction of Income Tax in 1943, the production of accounts for tax purposes increased the demand for accountancy services both internally in organisations and externally as auditors and after the war... [members] increased in professional practice, the commercial firms, the mines, Government and Income Tax and the need for an Association whereby we could meet, discuss common problems and have a unified body to make representations to Government... grew... The Association was formed in 1954

and was based on a similar Association, which had been formed in East Africa previously (Barnes 1981, p.6).

From the above, it is clear that the association of Accountants in the Gold Coast was essentially formed to service the needs of foreign companies operating in the territory. Very little thought was given to the small and medium scale businesses which have dominated the economy since then.

As would be seen later, the interest of small and medium scale industries, which were the dominant businesses in the British West African sub-region, were also barely in contention in the development of the accounting professions in Nigeria and Sierra Leone. Even with Africans dominating these indigenous accounting bodies, such bodies did very little to promote the economic development of small and medium-scale businesses. In the case of Nigeria, for instance, it noted that:

There are numerous small businesses in Nigeria, many of which are run by people with little or no education, and the small firms see no need for accounting services nor managerial services. Generally, the standard of financial management is deficient, and the lack of financial management and control has been largely responsible for the failure of many firms in Nigeria. Accounts are often kept carelessly. This indicates a need not only for qualified accountants but also for a substantial number of skilled accounting technicians to assist small businesses (Dev and Inanga, 1978, p.128).

This was partly because most of the founding members of these emergent indigenous institutions were already affiliated with British professional bodies. Their training therefore did not prepare them for the socio-economic terrain of the British West African region. Rather than reinvent themselves in the context of their local terrain, the African pioneer accountants were content with seeing themselves as either competitors or alternatives to the foreign accountants whose influence

were bound to diminish with the achievement of independence. While Africans who joined foreign firms waited in the wings to replace their foreign masters, those who set up indigenous firms either employed nationalist sentiments or partnered with foreign firms in their attempt to increase their share of the audit market (Anibaba, 1990; Inanga, 1992; and Aborisade, 1994). The need to provide accountancy services to small and medium scale businesses and the impact on the economic development of the region was of little consequence in the calculations of both indigenous and foreign accounting firms.

Early Government concerns about the need to train low level accounting manpower which was crucial to the development of the local economy did little to sensitise these emergent indigenous accounting associations. In the case of Nigeria, for instance, the idea of granting ICAN monopoly over training and registration of accountants was opposed on the grounds that such an association was incapable of catering for small businesses. In this respect, a September 1964 letter from the Ministry of Finance of Northern Nigeria in Kaduna to the Federal Ministry of Education in Lagos, on the ICAN bill, asserted that:

In the North, it has not been the practice for businessmen and traders, particularly those with small operations, to maintain financial record books and accounts. The regional tax authorities have encouraged (as had the Ministry of Trade and Industry) such persons to initiate the practice of having someone prepare for them books and accounts even if such preparation consists only of a very simple statement of the finance of the business or trading operation. This is because the cost involved is much and there was a lack of qualified accountants and bookkeepers in the North. Services of persons who had a fair knowledge of arithmetic but a very limited knowledge of book-keeping and accountancy, have been sought in the preparation of such a simple set of books. While it is true that because of this practice a number of thoroughly unsatisfactory book-keeping and accounting records have been

submitted to Revenue in support of a statement of income for tax purposes, it is also true that Revenue had been able to secure in many instances a more satisfactory statement of the financial condition of a trade or business than had previously been the case (Anibaba, 1990, p.50).

It was on the basis of such opposition that the promoters of the ICAN Act had to compromise. There were thus provisions in the 1965 ICAN Act to accommodate some of the people who were, prior to the enactment of the ICAN Act, practicing accounting in the country but who were not affiliated to any of the recognised international accountancy bodies. Such persons were classified as 'Registered Accountants' (See Sections 8 and 19 of the ICAN Act of 1965).

According to a past President of the Institute:

We ran into some vested interests and upon Government insistence, we had to concede some recognition to individuals who had established practice as accountants and who were auditing the accounts of various small firms. This was the origin of 'REGISTERED ACCOUNTANTS.' We thought that since their number was small and certain to reduce over the years, it was better to accommodate them so as to be able to oversee their activities (Coker, 1990, p.24).

In other words, ICAN consented to the idea of registered accountants in the hope that this category could easily be phased out. It was therefore not surprising when, in 1972, the provision allowing for the recognition of registered accountants was abolished (section 1 a (iii) of the Institute of Chartered Accountants Amendment Decree of 1972). This effectively represented the beginning of the phasing out process. This was done without providing an alternative mechanism for training such middle level accountants. The Institute was in the main concerned

with maintaining the prestige of the profession and modelling itself on the accounting professions in the United Kingdom. By doing so the Institute implicitly limited its services to the provision of accountants for large corporations. The fact that the majority of Nigerian businesses fell outside this category was of little consequence to this strategy. Early suggestions that the Institute rethink its training strategy in the interest of economic development were rebuffed (Ezejelue, 1976; Dev and Inanga, 1978; and Kear, 1981).

In chapter three, it will be shown that the failure of ICAN to provide enough accountants at all levels to aid Nigeria's economic development became the most compelling reason for the proliferation of accounting bodies. Interestingly, the provision for registered accountants was also prominent in both the ICAG and ICASL Acts.

Given the above origins and ideals of the indigenous accounting professions in British West Africa, it is not surprising that they have all championed the adoption of foreign and international standards for mainly selfish reasons. It has, for instance, been argued that accounting professions in developing countries have a vested interest in encouraging such developments because of their own expertise and the interest of their main clients in persuading their countries to adopt the systems of the industrialised nations (Samuels, 1990). This has been so despite the fact that such standards may not be relevant to the local environment (Riahi-Belkaoui, 1994). It has, for instance, been asserted that:

Accounting information is not politically neutral, and there is a danger that in encouraging developing countries to adopt international standards which are ideal for a set of social, religious, political and economic circumstances different from their own, we may be doing more harm than good. We may be helping to destroy within the country the very economic system we are attempting to encourage. As accountants, we should be more interested in designing accounting systems that best suit the needs of a country

than in designing systems to suit world trade. We should not let the tail wag the dog (Samuels and Oliga, 1982, p.82).

As will be seen in chapter five, it is the need for recognition by international accounting bodies that has been the main driving force behind the drive to establish a British West African wide accounting body.

Subsequent chapters explore the development of the accountancy profession in British West Africa on a country-by-country basis, in the context of both the theories of professional development and how the pursuit of self-interest by the accounting professions in British West Africa has impacted on their role in facilitating the economic development of the region.

2 THE ACCOUNTING PROFESSION IN GHANA

Introduction

A landmark in the development of the accountancy profession in British West Africa was the establishment of ICAG in 1963. This Institute, which was established during the Socialist Regime of the then President Kwame Nkrumah, became the oldest professional accounting body in British West Africa. The support for the establishment of an indigenous accountancy profession by the Nkrumah Government was not surprising, given its eagerness to train local accountants in order to reduce the country's dependence on foreign labour. Unfortunately, ICAG failed in its prime responsibility of training enough Ghanaian Accountants to service the Ghanaian economy.

Although socialism has since collapsed and given way to capitalism in Ghana, not much has changed. The result is that, despite its early beginnings, it still remains at a crossroads. Under the current market oriented economic policy of the country, ICAG has now lost most of its initial government support. Its failure to produce enough accountants has created a huge market for other foreign accounting bodies like the Association of Chartered Certified Accountants (ACCA). The result is that there is now a real possibility that the ACCA may over time overtake ICAG as the largest producer of accountants in Ghana. The ICAG has now recognised the fact that the above development is a threat to its existence. Particularly, this threatens ICAG's statutory function of regulating and organising the accountancy profession in Ghana. The response of ICAG has been to defend the status quo at all costs. According to a Past President of the Institute:

The Council of ICAG has been making frantic efforts to get Chartered Accountants who are parliamentarians closer in useful and strategic discussions about the future of the ICAG as the only institution with legitimate function to organise and regulate the accountancy profession in Ghana (Report of Council to the 36th AGM of ICAG, 2000, p.8).

This chapter argues that this is an erroneous approach that will yield no positive result. This is because ICAG has failed to effectively address the underlying fundamental problems that have given rise to this threat, that is its inability to train enough accountants for the Ghanaian economy and to gain international recognition for its qualifications. For the Institute to remain relevant, it should try to focus on the training of middle level accountants for the small and medium scale industries in Ghana. Interestingly, both indigenous and foreign accountancy bodies have generally neglected this sector, which employs the majority of the Ghanaian workforce and is vital for the achievement of sustainable economic development of the country. Focusing on the production of accountants to service the needs of this important sector will enable the Institute to positively contribute to the economic development of the country and in so doing gain relevance. This chapter examines the origins of ICAG and critiques its enabling Act, and also examines the operations of the Institute over the years.

Origins of the Institute

The need for the establishment of professional associations in the Gold Coast (Ghana) that would coordinate and regulate the activities of such bodies was recognised at the beginning of the twentieth century. Specifically, the 1911 Census Report classified occupations into three groups: professional and clerical; commercial, industrial and manual; and unskilled. At the time, only 9.4 percent of the labour force belonged to the professional and clerical group. Seventy nine percent of this

subset was classified as clerks', with the remaining 21 percent classified as professionals. The professional group, at the time, consisted of six surveyors, three doctors, 27 lawyers, 26 Ministers, 24 photographers and one nurse (Ghartey, 1988). There were no African Accountants at this time. With the rise of nationalism and the emergence of indigenous African businessmen and entrepreneurs, the need for book-keeping gradually became evident. African traders therefore encouraged their literate and semi illiterate relatives to record their accounts, and gradually, more Africans got involved in book-keeping. With the rise of nationalism in the 1940s, Africans also wanted to be part of the accounting profession in the Gold Coast. In 1942, a Government Report that investigated the scope for the Africanisation of senior posts in the colony identified accounting as one of the professions with great promise for the training of Africans. According to the Report:

Africans are said to display special aptitude for work involving the keeping of accounts and in all departments I visited, which had accounting branches, it was agreed that the work was of a kind for which Africans were especially suitable. The departments concerned are the Accountant General's Department, the Post and Telecommunications Department, the Public Works Department and the Railway. All of them have somewhat different requirements owing to the specialised nature of their accounting work. But the general principles of accounting are applicable to all and it is obvious that it would be of much advantage if a standardised scheme of training could be devised in co-operation with the Education authorities. If a suitable college course culminating in a diploma or a certificate could be instituted, African candidates for senior posts in the various departments would then have had valuable training in the principles of the profession before entering the departments. The special techniques of the various departments could then be quickly mastered (Quoted in Ghartey, 1988, p.46).

The Government subsequently began to encourage Ghanaians to study accounting. This resulted in the award of several scholarships to Ghanaians to undertake accounting studies in the UK. Despite the efforts of the Government, the 1948 Census recorded no Ghanaian Accountant (Ghartey, 1988). It was not until 1950 that Mr Harry Doodo became the first Ghanaian to qualify as a chartered accountant (Doodo, 1988). By 1954, the Association of Accountants in the Gold Coast was established. The emergence of indigenous accountants however had little to do with the establishment of the Association of Accountants in the Gold Coast. Rather, as already mentioned, the body was essentially formed to service the needs of foreign companies then operating in the territory. Very little thought was given to the small and medium scale businesses, which have dominated the economy since then.

Given the orientation and origins of the Association, it was not surprising that early attempts at getting the body to metamorphose into a local examining body failed. Shortly after independence, in 1957, a sub committee of the Association was appointed to investigate this possibility. The report of the subcommittee acknowledged that the then practice of writing British professional examinations were undesirable for several reasons. These included the fact that locally based Ghanaians aspiring to be accountants were precluded from sitting the examinations of most professional accounting bodies in the UK. The only notable exception was the examination of the ACCA. Furthermore, it acknowledged the fact that a local institute would be more able to design the curriculum to provide for the specific needs of the country. In this direction, it specifically noted that the syllabuses of the professional accounting bodies covered subjects like executorship law and accounts, which was of little practical relevance to the Ghanaian environment. Despite the above, the sub committee concluded that the time was not ripe for the establishment of a local examining body. Reasons given for this position included, among others: dearth of practical training facilities; dearth of competent

people to prepare examination papers; lack of necessary facilities and incentives to attract students; and anticipated difficulty in acquiring international recognition for such a venture (Ghartey, 1988).

After the attainment of independence, the country began to change and the need for an indigenous institute became ever more pressing. Perhaps the greatest stimulant towards the establishment of such an institute was the decision by the Gold Coast Government to revise the Companies Act of 1907. Political independence had brought about an increase in the number of registered companies operating in the Gold Coast at the time. Given the advent of taxation, there was a need to ensure that these companies adhered to the existing tax regulations. Based on the above, it was therefore not surprising that the 1963 Companies Act re-examined the auditing requirement for registered companies. Specifically, the Companies Act stipulated that a person was not qualified for appointment as an auditor of a public company, whether or not the person may have been appointed auditor of the company while it was a private company, unless the person was recognised as a chartered accountant under the Institute of Chartered Accountants (Ghana) Act (section 296). For private companies, however, both chartered accountants and registered accountants recognised under the Institute of Chartered Accountants (Ghana) Act were allowed to act as auditors (section 179). Given the rising number of private companies in Ghana, coupled with the fact that the accounting profession in the country was at its infancy, the Act empowered the Registrar of Companies to, if necessary, suspend the requirement that auditors of private companies must be members of the Institute of Chartered Accountant (Ghana). Specifically, the Act asserted that:

If at any time, within ten years from the commencement of this Act, the Registrar is satisfied that the Provisions of sub section (1) of this section have become or about to become unworkable by reason of the shortage in Ghana of persons with the requisite qualifications, the Registrar may, by legislative instrument suspend the operation of

that subsection (1) for the period or periods, not exceeding in all a total period of five years, as the Registrar shall think fit, and so long as the suspension is in operation any person shall be qualified to be appointed auditor of a private company unless disqualified under subsection (3) of this section. Those disqualified under Section 270 (3) of the 1963 Companies Act from acting as auditors of a private company include, among others, any person who is: an officer of the company or an associated company; a partner of or in the employment of an officer of the company or of an associated company; found by a competent court to be a person of unsound mind; and an un-discharged bankrupt.

Despite such liberal provisions, some Ghanaians still felt that the increased demand for accountants created by the new Companies Act could only lead to the proliferation of expatriate accountants, which would be to the detriment of Ghanaians. Such a development was also considered to have implications for Ghana which, under President Nkrumah, was a socialist state. According to one such proponent of the above view, the clause requiring auditors of public companies to be chartered accountants recognised under the Institute of Chartered Accountants [Ghana] Act of 1963 would:

Prevent Ghanaians from applying for appointment as auditors. Already, in the Government service, accountants are not required to possess the chartered accountancy qualification and do not receive as much as £G2000 per annum. In this country, the general policy is that commercial firms and the government pay the same salary to their employees holding similar posts or having similar qualifications. Therefore we do not want to see somebody with the same qualifications being paid more in the commercial field as against his counterpart in the civil service. And for this purpose, we are at present trying to lay down that individual employers of labour should strictly follow the Labour Code and pay the same

daily rates as obtain in the civil service. I think this has a great bearing on this clause of the Bill, which disqualifies any body who has not got the Chartered Accountancy qualification to be employed as an auditor or accountant. This will give private enterprises or companies the chance to resort to appointing expatriates to fill posts of auditor in their establishments. The only answer to this problem is that the Ghana Government should without delay, embark upon large-scale award of scholarships to deserving Ghanaians to train as Chartered Accountants (Ghana Parliamentary Debate, 13 March 1963, Columns 323-4).

The Government was however quick to reassure the above speaker that this was the prime reason for the introduction of the Institute of Chartered Accountants [Ghana] Bill to parliament. This would essentially enable Ghanaians to qualify as Chartered Accountants and thus be able to perform the responsibilities imposed on chartered accountants by law (Ibid).

From the above, it is clear that the anticipated consequences of the new Companies Act of 1963 was one of the major reasons for the enactment of the Institute of Chartered Accountants [Ghana] Act of 1963. Although the Companies Act Bill was passed by Parliament before the passage of the ICAG Bill, some of its provisions assumed the existence of an Institute of Chartered Accountants [Ghana] Act. The Institute of Chartered Accountants Act was therefore fully supported by the Government with the objective of helping promote the training of Ghanaian Chartered Accountants in order to meet the increasing demands for accountants in Ghana. According to the first Ghanaian to qualify as a Chartered Accountant:

It was easy, the Government gave its support willingly as the need for qualified accountants was strongly felt after the emergence from the Colonial times (Doodo, 1988, p.17).

During the Parliamentary debate on this bill, the then Minister of Finance and Trade, Mr F.K.D. Goka explicitly explained the essence of the proposed Institute asserting that:

The main functions of the Institute shall be to provide for the conduct of local examinations for the accountancy profession. The need for the accelerated training of accountants to man the various accountancy positions demanded by the growth of industry and commerce in this country has been for a long time the concern of the Government. Several questions... have been asked in this House about numbers of Accountants being trained in the United Kingdom. This method of producing accounting personnel, while it has served the country well, has is shortcomings. The UK training has been, as indeed it ought to be, geared to the needs of commerce and industry in the United Kingdom.... While Ghanaians who have undergone this training have without any doubt acquired a sound background in accounting, it has been necessary for them when they settle into their jobs in this country to adapt their knowledge to the special requirements of developing and fast growing economies such as ours. It is commonly held by experts in this field of study that local training infused with the study of local problems would render the newly trained Accountant much more quickly available for service to this country than overseas training or training based on foreign examination syllabuses. Furthermore, it cannot be gainsaid that local examinations will facilitate local research into matters of accounting including cost accounting, taxation and the entire body of commercial law appertaining to these subjects (Ghana Parliamentary Debates, 19th March 1963, columns 427-8).

Based on the above Government support, the Institute of Chartered Accountants Act of 1963 was swiftly passed by the Legislature on 26th

March 1963. President Kwame Nkrumah subsequently signed it into law on 19th April 1963.

Under the 1963 Act, the ICAG was established as a body corporate with perpetual succession that could sue or be sued in its name (section 2). Membership of the Institute was limited to those who: (a) had passed the qualifying examinations, conducted by the Council of the Institute and completed practical training of such description and for such period as prescribed by the Council; or (b) were members of any society or institute of accountants by whatever name called and approved by regulations made by the Council as being in the opinion of the Council, an Association of equivalent status to the Institute (section 4). Another membership category recognised by the Act was the category of practicing accountants. The history of this category is almost as old as the history of the predecessor association of ICAG: the Association of Accountants in the Gold Coast. Soon after the above body was established in 1954, another group of accounting practitioners who had some practical knowledge or experience but who did not qualify for membership of the Association of Accountants formed themselves into the Society of Practicing Accountants and Auditors. This body, like the Association of Accountants, had among its objectives the promotion of the accountancy profession and the provision of local training and education for accountants in Ghana (Ghartey, 1988). In preparing the Institute of Chartered Accountants (Ghana) Act, the Government in its wisdom chose to accommodate all the 13 members of the Society of Ghanaian Practicing Accountants. They were to be referred to as Practicing Accountants (section 13). This was explained as:

The nucleus of the new Institute of Chartered Accountants will be formed by the existing members of the Association of Accountants in Ghana and the Society of Ghanaian Practicing Accountants. It has been necessary to have the thirteen members of the Society of Ghanaian Practicing Accountants admitted into the Institute even though some of them have no recognised accountancy qualifications

in order to avoid hardship to persons who have had long standing practice in Accountancy in this country. Upon the coming into effect of this Act, subsequent membership of the Institute shall be limited to persons properly trained in accounting.... Further, upon the coming into effect of this Act, all persons who are not automatically members of the Institute as authorised by the Act, and who wish to be enrolled as members on the ground that they have an accountancy practice will have to submit applications for membership to a Committee of the First Council of the Institute and on approval for membership shall be admitted as Practising Accountants (Ghana Parliamentary Debates, 19th March 1963, columns 428-9).

Based on the above recognition, the Act stipulated that once the Bill came into law, the Association of Accountants in Ghana and the Society of Ghanaian Practising Accountants, being Companies registered under the Companies Ordinance, would cease to operate under the Ordinance, and accordingly, their names would be struck off the registrar of companies. Furthermore, all the assets and liabilities of, and any property vested in both bodies immediately before the coming into operation of the Institute of Chartered Accountant [Ghana] Act, would be vested in the Council of ICAG. All employees of the Association of Accountants in Ghana and the Society of Ghanaian Practising Accountants would, as far as possible, and subject to the direction of Council, continue as employees of the new body (section 26).

The Act also provided that the Governing body of ICAG was the Council, which should constitute eleven members, all of whom should be members of ICAG. Four members of the Council should be appointed by the Minister and seven members, of whom not more than four should be accountants in active practice, should be elected by members of ICAG at a general meeting (section 7). Council members should hold office for a period of two years from the date of appointment or election. After

the expiration of the two years, such Council members were eligible for re-election or re-appointment.¹

Under the Act, the Council was charged with the administration and management of the Institute. Specifically, it was the duty of Council to:

- conduct or provide for the conduct of qualifying examinations for membership of the Institute or for registration as a registered accountant under the Act and to provide or approve courses of study for such examinations;
- to supervise and regulate the engagement, training and transfer of articulated clerks;
- to specify the class of persons who should have the right to train articulated clerks and to specify the circumstances in which any person of that class might be deprived of that right;
- to maintain and publish a register of chartered accountants and of practicing accountants;
- to secure the maintenance of professional standards among persons who were members of the Institute and to take such steps as might be necessary to acquaint such persons with the methods and practices necessary to maintain such standards;
- to maintain a library of books and periodicals relating to accountancy and to encourage the publication of such books; and
- to encourage research in the subject of accountancy and generally to secure the well-being and advancement of the profession of accountants (section 9).

The Act further stipulates that no person should carry out practice as an accountant unless he was the holder of a current certificate to practice issued by the Council of the Institute (section 20). Such certificates

were to be renewed annually. For the purposes of the Act, a person was deemed to be in practice if, in consideration of remuneration, he:

- engages himself in the practice of accountancy or holds himself out to the public as an accountant;
- offers to perform or perform services involving the auditing or verification of financial transactions, books, accounts or records or the preparation, verification or certification of financial accounting and related statements;
- renders professional service or assistance in or about matters of principle or detail relating to accounting procedure or certification of financial facts or data; or
- renders any other service which may be prescribed by the Institute by regulation to be a service constituting practice as an accountant.

The Act however made it explicit that a person who was a salaried employee of the Government or of any other employer should not, by reason only that he does any act referred to in the preceding subsection in his capacity as such employee, be deemed to practice as an accountant (section 23).

Operations of the Institute

From the preceding section it is clear that the main objective of ICAG was to accelerate the training of accountants in order to provide for the expanding requirements of industry and commerce. From inception, ICAG thus recognised the need to extensively focus on the training of local accountants. According to the first President of the Institute, Dr. Amergashie:

The training of accountants was experiencing severe difficulties because work here was not providing the trainees with enough practical experience to enable them to face the examination

questions set from abroad. Besides, yearly changes in the UK Finance Acts were making it tedious for our students to cope appropriately. They were not equipped properly to grasp local succession laws and practices. There was a generous consensus for the establishment of local training (Amegashie, 2003, p.69-70).

Despite the early recognition of the above difficulties, ICAG could not immediately start its own examinations. This was because of the dearth of manpower to undertake such a task. The problems initially identified by the 1957 Committee of the predecessor body, which considered the idea of indigenous examinations, were still present (Addo-Nkrumah, 1997).

It was therefore not until 1968 that ICAG, with technical support from the Institute of Chartered Accountants in England and Wales (ICAEW), started its own examinations:

The Institute of Chartered Accountants in England and Wales... gave every help in the conduct of examinations. An arrangement was agreed such that, for every examination subject where the English Institute appointed an Examiner, the Ghana Institute would appoint a Moderator and vice versa, so that every examination paper was scrutinised by an Examiner and by a Moderator. We were bent on keeping our examination standards equal to, if not better than the English Institute's. This went on with all examinations of the Ghana Institute from 1968 to 1978 when the English Institute of Chartered Accountants, gave our Institute its independence, satisfied that we could carry on on our own (Amegashie, 2003, p.70).

In that year, two out of the seven candidates passed the examinations. Subsequent examinations witnessed both low patronage and low qualification rates. By 1970, only 5 persons had passed the qualifying

examinations of the Institute (ICAG, 2003). Thus, despite the establishment of ICAG, and its efforts to recruit students, the national concern over the rate of production of professional accountants in Ghana continued to grow.² This led to extensive discussions with the School of Administration in the University of Ghana on how both institutions could collaborate in order to help remedy the situation. The result was the introduction of a fourth year Bachelor of Science in Administration scheme to help accelerate the training of accountants. Later in the year, three polytechnics were also approved to participate in the accelerated training programme for accountants (Boakye-Agyeman, 1988). Despite this, there was no material improvement in the training of accountants by the Institute, and even the fourth year B.Sc. Administration Scheme to help accelerate the training of accountants had to be suspended. The poor performance in ICAG examinations and the suspension of the Accelerated Training Scheme were explained thus:

The continuing attempt to train accountants locally have met with numerous problems including: (a) inadequate supply of qualified teaching personnel; (b) inadequate funds for the educational institutions providing tuition for the ICA (Ghana) examinations and other recognised accountancy qualifications; (c) non availability of teaching materials, books and other teaching aids and (d) inadequate or inappropriate structure for the training and education of accountants. Consequently, the number of accountants qualifying locally through the ICA (Ghana) examinations... has been substantially below that desired. In an attempt to solve the problem, the Institute of Chartered Accountants (Ghana) in conjunction with the School of Administration introduced a fourth year course in Accounting in 1973 whereby B.Sc. Administration graduates, with accounting option, would take an additional year's training in accountancy and take thereafter an abridged final examination of the Institute. This programme unfortunately had to be suspended in 1978 as

a result of the exodus of accounting lecturers from the School of Administration (Owusu, 1988, p.4).

Aside from lacking the necessary manpower to run an examination system, ICAG was also faced with dire financial difficulties. Although section 11 of its enabling Act made it explicit that the Government was expected to subsidise its operations, this had not always been so. Early attempts to get practicing firms to donate one percent of their turnover to the Institute yielded little fruit (Forson, 1991). Diminishing Government grants therefore constituted a major source of worry for the Institute. Between 1991 and 1993, the Government's yearly subsidy to the Institute fell from 35,237,586 Cedis to 13,241,483 Cedis. This represented a drop of over 60 percent. This forced the Council of ICAG to increase subscription and practicing fees for members by 25 percent during the 1994 financial year (Report of the Council to the 30th AGM, 1994). By 1997, the situation had not changed much. In its report to the 33rd Annual General Meeting, the Council noted that:

The Institute currently depends almost entirely on its own resources for funds. Government subvention, which used to constitute over 5 percent of the annual budget, has now been reduced to an insignificant 3 % at 16m [Cedis]. All efforts to get Government to review its level of contribution having regard to the escalating cost of running the Institute have fallen on deaf ears (ICAG, 1997, p.4).

Since then, things became worse, and Government subsidy has now stopped entirely. Luckily for the Institute, the gradual decline in Government subsidies over the years have made it more reliant on internally generated funds. This has greatly mitigated the impact of the stoppage of the Government subsidy. According to a Past President of the Institute:

During the year 2000, Government through the (NIRP) National Institutional Renewal Programme decided to remove the Institute from Government subvention. A final decision is yet to be taken. Since Government subvention forms a minuscule part of the Institute's finances at the moment, this does not create a major problem for the Institute. However, with our monitoring and supervisory roles entrenched in the Act, we are working hard to get our sector ministry to realise the need to have Government recognition of our roles and to make it possible for us to be considered for inclusion in major economic programmes through the World Bank and other funding agencies (Report of ICAG Council to AGM, 2002, p.7-8).

The implication of the above is that the body has had to rely mainly on membership subscriptions for its survival. Given the rate at which it qualifies accountants, this has not been an enviable source of funds. By its 40th anniversary, in 2003, only 759 persons had passed the Institute's final examinations (Amegashie, 2003, p.70). As at 31st December 2004, the Institute had approximately 7,000 students and 1,146 members (ICAG Annual Report and Accounts for year ended 31 December 2004, pp.5 & 14).

Furthermore, the financial situation of ICAG has further been complicated by the fact that at least 200 accountants who, by virtue of the fact that they belonged to other recognised accountancy bodies, qualified for direct admission into the Institute, had chosen not to be part of it (Annan, 1987).

As a result of its dwindling financial fortunes, ICAG has been unable to effectively undertake its fundamental responsibilities under its enabling Act. For example, section 9 of the Institute's Act makes it explicit that the body should maintain a library of books and periodicals relating to accountancy, despite this, no serious library existed until about 1986. According to the Librarian of the Institute:

The origin of the library can be traced to the time the Secretariat was at the Cocoa House. That was around 1964. Library books were by then shelved in the Executive Secretary's office and only members of the Institute had access to them. Only newspapers were placed at the disposal of the students at the reception. The situation remained the same when the Secretariat moved to the Swanmill Building. Faced with the initial difficulties in securing a suitable accommodation to house the library, the Council of the Institute made a request to the Armed Forces Revolutionary Council Confiscated Assets Disposal Committee in August 1979 for the allocation of a building to house the Institute's Secretariat, its school and the library. House No. 659/4 Adjabeng Road was accordingly allocated to the Institute for the purpose in the same year... On Monday, February 3, 1986, the library was opened for the first time (Addae, 1988, p.19).

From inception, it was clear that there was no sustainable way of servicing the library, in fact, financing of the Institute's library has essentially been ad hoc, relying to some extent on donations from both local and foreign bodies. While such appeals have in the past resulted in book donations notably from the ACCA and the Valco Trust Fund, the library remains in dire need of materials (Ablorh, 1988; Boye, 1988).

It is this dearth of training materials, that is, at least in part, responsible for both the low patronage of the Institute by Ghanaians and the poor performance of students in the examinations of the Institute. This has resulted in an increasing preference by prospective Ghanaian accountants for the qualification of international professional accounting bodies like ACCA. This preference is so despite the various foreign exchange difficulties students face in enrolling for the examinations of such bodies. The interest of Ghanaians in the qualifications of such bodies has also been reinforced by the international recognition usually granted to the certificates issued by them. According to a founding member of the Institute:

The main reason seems to be that some students consider that the local qualification has a limited recognition and that with overseas qualification they have better prospects of future employment outside Ghana. Also some register with overseas bodies because they can commence studies without obtaining the approved attachment letter required by our Institute and others who have local degrees from University of Cape Coast started with overseas bodies because at the time of their commencing studies, our Institute had not decided on the exemption applicable. Generally, the view seems to be widespread that tuition facilities and textbooks are lacking here and they therefore prefer correspondence courses for overseas examinations (Barnes, 1981, p.8).

The preference for foreign accountancy qualifications has also been reinforced by the apparent superiority of foreign accounting firms compared with indigenous firms, especially in attracting and executing large accounting jobs. Although there are several indigenous accounting firms in Ghana, most of them are sole proprietors with little specialisation. The result is that the accounting market in Ghana continues to be dominated by the few foreign accounting firms in the country (Ghartey, 1988). Attempts at ending the domination of the accountancy market in Ghana by these foreign firms has yielded little fruit. An example was the directive issued by the Auditor General in the early 1990's aimed at the promotion of indigenous accountancy firms in Ghana. This was explained as:

In order to meet the demand of these up and coming accounting firms, the present Auditor General has come out with a guideline that no one accounting firm should audit any government organisation for more than five years. Even though the guideline is not enforceable under our companies law, it is a bold step towards bridging the already widened gap between the expatriate firms and

the indigenous Ghanaian accounting firms, some of which can hardly make ends meet much more to employ qualified staff. In Ghana, [there are] a few examples of firms which have changed jobs through rotation by the Auditor General.... A look at the ... examples shows [with a few exceptions] a clear picture of 'a round robin situation' i.e. from one multinational to another (Boateng, 1993, p.6).

Attempts by ICAG aimed at getting international acceptability have also not been very successful. Currently, the Institute recognises the qualifications of at least six international accounting bodies for direct admission to membership. These are: The Institute of Chartered Accountants of Scotland; the Institute of Chartered Accountants in England and Wales; the Association of Chartered Certified Accountants; the Institute of Chartered Accountants in Ireland; the Chartered Institute of Management Accountants; and the American Institute of Certified Public Accountants. Unfortunately none of these recognitions have been reciprocated. Previous attempts by the Institute to develop closer relationships with most of these bodies has rarely gone beyond the preliminaries, and an early attempt to establish such a relationship with the ACCA failed despite its early promise. The failed attempt to develop such a close relationship was aptly described by Mr D H Simpson who was President of the Institute from 1978 to 1980:

I refer to the visit made to Ghana by the President of the Association of Certified Accountants arising from which proposals were made to the effect that a very close relationship be developed between the two bodies. This relationship to be such that a successful student of the Ghana Institute on qualification as a CA would then be entitled to prepare for two additional examination papers only of the Association, which, on successful completion thereof would entitle one to membership of the Association and the designation of the letters ACCA. A number of meetings were held in Accra and

London and accommodations were made whereby a form of joint examining procedure was proposed at certain levels and agreement was reached in principle.... However in the final analysis some momentum was lost and events elsewhere introduced new priorities with the result that the goodwill and interest generated to a point of expectation could not be sustained; the concept was placed in suspense and now remains only in the record book (Simpson, 1988, p.11).

Given the above failure, the Institute has taken consolation in the fact that they are normally invited to the annual meetings and dinners of some of these international institutes.³ Not much success has been achieved in its relationship with the accountancy bodies of neighbouring British West African countries, which are arguably at the same level of development and have the same colonial heritage. A clear example is the relationship between the Institute of Chartered Accountant (Ghana) and its Nigerian equivalent: the Institute of Chartered Accountants of Nigeria (ICAN). Despite the shared similarities of the two bodies, they are yet to agree on mutual recognition. This is so despite the fact that ICAG grants automatic membership to members of accounting bodies in the United Kingdom and the United States of America. These are countries that have far less socio-economic similarities with Ghana when compared to Nigeria. Members of the ICAN are still required to take some examinations of ICAG before they can be admitted into membership of that Institute. The Nigerian Institute has also reciprocated the same treatment. The fact that these two West African accounting bodies were the founding members of the Association of Accountancy Bodies in West Africa (ABWA) has not changed this position. The Report of Council to the 1992 Annual General Meeting of ICAG remarkably asserted that:

The Council has endorsed the conditions stipulated in the letter from the President of ICAN for the mutual recognition of the qualifications of the products of the two Institutes. Members of the

ICAG seeking ICAN membership would be required to write Law II (Nigerian Company Law) and Taxation II. Similarly, members of ICAN who intended to become members of ICA (Ghana) will have to write and pass examination subjects in Ghana Company Law and Taxation... The Council has approved the admission of holders of the American Institute of Certified Public Accountants qualification into membership of ICA (Ghana). Holders of AICPA admitted as members of ICA Ghana will enjoy the same conditions and privileges as those enjoyed by holders of qualifications awarded by the ACCA or ICA (England and Wales) etc. (Report of ICAG Council to AGM, 1992, p.7).

Erratic Government policies have also negatively affected the well-being of the Institute. An explicit example of this is Government actions in relation to the Institute's head office building in Accra which, as already mentioned, was allocated to it by the Armed Forces Revolutionary Council Confiscated Assets Disposal Committee in 1979. This property has now been returned to its original owner and the Institute has again become a tenant. It has been asserted that:

The Government allocated to the Institute an unfinished confiscated property in the early 1990s. The Institute built a four-storey office block with funds provided by the World Bank under the FINSAC [Financial Sector Adjustment Credit] Programme. The property has been de-confiscated and with the assistance of CHRAJ [Commission on Human Rights and Administrative Justice] and the High Court, ownership of the property has been returned to the original owner. The Institute has now attained tenant to United Mattress and Foam Company Limited, in accordance with the High Court's decision. The accumulated rent arrears have been set off against improvements carried out by the Institute on the ICA House. Solicitors of IGAC and United Mattress and Foam Company are in the process of negotiating for future rents against

the balance of money spent on improvements (Report of ICAG Council to AGM, 2002, p.7).

The Institute has therefore been forced to embark on building an accountancy village which will, among other things, house its secretariat, library, computer rooms and examination halls. Although the foundation stone has since been laid, even the Institute acknowledges that funding this project will be an uphill task especially given its limited membership size and lack of government support. In his speech during the foundation stone laying ceremony of the Accountancy Village, the then President of the Institute asserted that:

The Institute views the Accountancy Village project very much as a national project but as the saying goes: 'charity begins at home.' So the members of this Institute have been levied to contribute to the funding of this project. The snag, however, is the full membership of the Institute is around 1000 members and it would be almost impossible for them to carry this national problem. Which is estimated at over ... 60 billion [Cedis].... It is the belief of Council of the Institute that when we call on all of you soon to provide support to this project, you will quickly rush to our aid. We also believe that the authorities will consider support, particularly from the private sector, as donations towards education and would be willing to grant them some tax breaks. We would like to specially appeal to the Government through our sector Minister, to come to our aid for a project, which will yield so much dividend to the country in terms of education and improved financial management of our scarce resources (Klinogo, 2003 (c), p.63-64).

Despite these difficulties, ICAG has, in the main, been judged on its ability to produce enough accountants for the Ghanaian economy. The Government, for instance has not been very happy with the Institute

in this regard. In 1974, a year in which the Institute qualified only two accountants it was asserted that:

There is a wide gap between the requirement of accountants in the country and the rate of their development. In fact at the Annual Dinner last year, in an address on behalf of the Head of State by Lt. Col. Festus Addae, the Institute of Chartered Accountants was charged with the responsibility of producing 2000 qualified accountants within 10 years, that is 200 in a year (Quoted in Ghartey, 1991, p.15-16).

Even the Council of the Institute has long recognised the need to increase its membership in order to help facilitate the economic development of Ghana. A particular concern has been the high failure rate in examinations. In the Report of Council to the 1996 Annual General Meeting of the Institute, it was asserted that:

The high failure rates of the students continue to give Council much concern. Council, in its wisdom, has set up a sub committee to look into the issue as a major assignment. Contacts have also been made with the ACCA and the World Bank on this issue for the necessary guidelines and support. Council is determined on the poor performance of students at the exams and to improve on the pass rate. The Act which set out the Institute spells out our functions clearly as examiners. However we cannot continue to operate at this low rate of exam passes... High exam standards we have to maintain and at the same time meet the country's need for more accountants. Our existence therefore becomes irrelevant if we cannot meet the two (Report of ICAG Council to AGM, 1996, p.4).

The Institute has, over the years adopted various practical strategies aimed at improving the pass rate in its examinations with the objective of boosting its membership size to better serve the Ghanaian economy.

In 1997, for instance, the Institute Council approved and adopted the subject credit system for the Institute's examinations. This now allows students to be credited with passes in individual subjects (Report of ICAG Council to AGM, 1998). Another initiative has been towards ameliorating the scarce local examination materials. In this direction, for instance, it was asserted that:

The Institute has commissioned writers for students study manuals to cover the part four examination syllabus. This is being supported by the World Bank under its Non Bank Financial Institutions [NBFI] credit with the Institute matching the funds provided by one-third. It is intended that local manuals will be produced which reflect local concepts and laws. It is our belief that the students will understand better the concepts explained in the localised text. Although this demands an initial high investment, it is anticipated that worthwhile dividends in the form of increased production of accountants will be reaped in the medium to long term (Report of Council to AGM, 1999, p.4).

Other initiatives adopted by the Institute aimed at boosting its membership include, among others: the publication of examiners reports; and improving the working conditions of both examiners and assessors (Report of Council to the 33rd AGM, 1997).

Although the above efforts by the Council have yielded some fruits, the production of accountants by IFAG is still far below the national requirement. Although yearly production of accountants has now risen to over 100, it is still by far below the 200 recommended by the Government in 1973. Perennial inability of the Institute to meet the accounting manpower needs of the Ghanaian economy, has led to accusations that the body is a monopoly that is only interested in the welfare of its members (Hyde, 1997). The Institute, on its part, has argued that while it is not unaware of the need to produce

more accountants, the body is unwilling to increase the production of accountants to the detriment of standards, as ICAG notes:

The continuing growth of both our student and membership numbers is one of our strategic objectives. Apart from the fact that there is a dearth of qualified professional accountants in the country, we know that we can do more for the country as a larger Institute than a smaller one, and we can exercise more influence representing larger numbers than smaller numbers. We also believe that there is intrinsic merit in the accountancy qualification. Not only can all newly qualified accountants make a contribution to our economy but the qualification also brings a sense of fulfilment to each individual, their families and friends. We have always emphasised and would continue to emphasise that there will be no dilution in our standards while we strive to improve our membership statistics. The fact that those who qualify command a high demand, salaries and clout indicates that the market and the society do not disagree with us (ICAG Annual Report and Accounts, 1992, p.1).

The situation has been worsened by the fact that the national demand for accountants has increased materially since 1973. This is especially so given the economic growth and influx of foreign direct investments and aid the country has been witnessing for some time now. It is these developments which made the immediate past President of the Institute to assert that:

It is the view of Council that the Ghanaian economy needs more professional accountants than we currently produce. This view is informed by the increasing number of companies that are registered annually on the Registrar General's Department. This averages about 6,000 per annum. Additionally, the Public Sector also requires a sizeable number of chartered accountants to

help better manage resources at the headquarters, the regions and the districts.... Indeed there are also many other Organisations like the NGO's and bilateral donors and also projects, which are on the increase and would need accountants to better manage them financially. The Stock Exchange has become a reality and will certainly grow. Tremendous efforts are being made by His Excellency John A Kufour, the President, to attract investments into Ghana ... The Institute does not believe that we want all these laudable efforts to collapse on account of bad financial management or indeed poor corporate governance (Klinogo, 2003 (c), p.61-62).

The growing opportunity for accountants in Ghana coupled with the large number of Ghanaians wishing to undertake accountancy training has however attracted other professional accountancy bodies like the ACCA and the Chartered Institute of Management Accountants (CIMA) to the country. In 1997, for instance, delegations from both CIMA and ACCA visited Ghana with the view of exploring the vast market of accountancy students in the country. ICAG has, however, since made it clear to both bodies that they would not support the establishment of a rival accountancy body in the country. ACCA has however set up a local office in Ghana with the objective of getting more Ghanaians to take its examinations. Given the international recognition granted to ACCA qualifications, attracting students has not been a very difficult task. This is now a major concern for ICAG, according to its 1999 report:

Council is still concerned about the operations of ACCA in Ghana. Although we recognise the efforts of ACCA in helping students pass their examinations locally, we must continually be mindful of protecting the long-term welfare and image of the ICAG. It should never happen that the ACCA should grow bigger than ICAG within the geographical boundaries of Ghana (Report of ICAG Council to AGM, 1999, p.6).

The concern by the ICAG Council is not surprising, especially given the growing number of Ghanaian students sitting ACCA examinations in Ghana. In 2005, for instance, ACCA had over 2500 students taking examinations in Ghana every six months. By 2005, the number had risen to 4000 (Email from Edgar Collin (ACCA) dated August 15, 2006). The increasing numbers of Ghanaian students sitting ACCA examinations is, at least in part, explained by students' concerns about whether the ICAG qualification is a valid international qualification given that reciprocal recognition is not given to ICAG by international professional accountancy bodies (Report of ICAG Council to AGM, 2000).

Summary

Despite the concerns of ICAG and the various strategies it has devised to check the continuing growth of foreign professional bodies within its domain, this trend is likely to continue. Given its current market economics credentials, it is unlikely that the Ghanaian Government will, as it did in the 1950s and 1960s, seriously consider aiding the ICAG purely on nationalistic grounds in its bid to stifle the growth of internationally recognised accountancy bodies within the country. Furthermore, ICAG recognition of some international professional accounting bodies on a non-reciprocal basis could be interpreted as an implicit acknowledgement that ICAG qualifications are inferior to those of such bodies. It has also been suggested that people in developing countries are generally status conscious and prefer accounting qualifications from internationally recognised bodies (Lowe, 1967).

Despite the growth in foreign direct investments and multinationals in the Ghanaian economy, international companies continue to prefer accountants with internationally recognised accountancy qualifications. It is therefore difficult to see how ICAG can meaningfully compete in this market. For ICAG to be relevant to the Ghanaian economy and enhance its chances of survival, it must aim to service indigenous capital.

Most of this capital is, however, located in the small and medium scale enterprise sector.

A way forward would therefore be for the Institute to re-invent itself by becoming more relevant to the economic needs of the country by aiding small and medium scale businesses. In this direction, the Ghana Accounting Technicians (GAT) Scheme, which was set up by ICAG holds great promise. Although the Scheme was established over ten years ago, it still produces accounting technicians in trickles. In 2001, for instance, the scheme produced only 13 accounting technicians. The number rose to 43 in 2004. For the GAT scheme to meaningfully contribute to the economic growth and development of Ghana, there is need for it to be reinforced and strengthened. This will, at the very least, provide that level of intermediate accounting manpower that is so much needed in industry, commerce and the public sector (Olukoya, 1990; Nwankwo, 1999). Achieving this above objective will correspondingly result in the development of a strong, virile and effective institute. This is because the laws of market forces necessitate that, unless an institute can create value and contribute to the economic development of a country, holders of its certificates are unlikely to be appreciated by the market.

ENDNOTES

1. Section 8. For the transitional Council, the Act stipulated that: 'the Council of the Association of Accountants in Ghana on the date of coming into operation of this Act, enlarged by the addition of three members of the Council of the Society of Ghanaian Practising Accountants, shall be the first Council of the Institute and shall within three months of the coming into operation of this Act, convene a general meeting of members of the Institute for the purpose of electing a new Council' (Section 26).
2. A public advert by the Institute aimed at attracting more students read: 'ARE YOU NOT A BRIGHT STUDENT? ... Why go to the University before becoming an Accountant? WHY NOT BECOME AN ACCOUNTANT WITHIN THE SHORTEST POSSIBLE TIME? A reputable Profession. A Decent Income. WHAT MORE DO YOU NEED?' (quoted in Ghartey, 1976, p.167).

3. According to the President of ICAG (1986-1988), Mr. Annan: 'For myself, the most exciting experience in the international relations was the invitation from the Chartered Association of Certified Accountants to attend the Association's President dinner at Guildhall in the city of London on 26th March 1987. The Chartered Association had reserved accommodation for my wife and I at Marlborough CREST hotel, Bloomsbury Street where most of the other invited guests were staying. As soon as we checked in at the hotel reception, a gentleman walked up to me, inquired whether I was Mr. Annan from Ghana and... handed a sealed envelope marked 'urgent' to me. I quickly dropped my luggage as soon as we entered our room and tore the envelope open. It was from the Chartered Association and read among other things as follows: ' Our President would be pleased if you and Mrs. Annan would join him at the top table at his Dinner.' Being among 500 invited personalities selected from leading members of Overseas and UK political, academic professional, and business communities were enough to be a great honour. But the top table – the thought had until then never crossed my mind' (Annan, 1988, p.15).

3 THE ACCOUNTING PROFESSION IN NIGERIA

Introduction

Nigeria, with a population of 133 million, is by far the most populated country in the West African sub-region. With the aid of the enormous revenue earned from oil, it is also the largest economy in the region. Its Gross National Income of \$38.7 billion is far ahead of that of Ghana (\$5.4 billion) and Sierra Leone (\$0.7 billion) (World Bank, 2004). Based on the above, it is not surprising that Nigeria, which became independent in 1960, has been, at least when compared to its West African neighbours, a very active arena for the struggle for both the training of accountants and the regulation of accounting. In the development of accounting in Nigeria, the country's colonial heritage has been vital. Specifically, the country's company law has mirrored the company law of the United Kingdom without taking into consideration its suitability for the local environment (Okike, 1994).

The development of the Nigerian accounting profession was also influenced by UK practices. In fact, the champions of the establishment of the maiden local institute, ICAN, were mainly Nigerians that were members of recognised accountancy bodies in the UK. These were the Institute of Chartered Accountants in England and Wales (ICAEW); The Institute of Chartered Accountants of Scotland (ICAS); the Institute of Chartered Accountants in Ireland; the Association of Certified and Corporate Accountants (now the Association of Chartered Certified Accountants (ACCA)); the Institute of Municipal Treasurers and Accountants (now the Chartered Institute of Public Finance and Accountancy (CIPFA)); and the Institute of Cost and Works Accountants (now the Chartered Institute of Management Accountants (CIMA)). Despite the differences between these bodies and their members, it was convenient for them to unite in Nigeria. Unification under one

umbrella of accountants of varying background, exposure and training no doubt suggests a marriage of convenience, and one objective of the merger was to avoid the multiplicity of accountancy bodies (Ezejelue, 1976; Dev and Inanga, 1978).

The above arrangement, however, opened up ICAN to internal and external attacks. Although most internal disagreements have always been settled in the interest of the broader professional goal of ensuring monopoly, the same cannot be said about the external attacks. This, coupled with the inability of the Institute to produce enough accountants for the country, has led to the proliferation of other accounting bodies. In the struggle for recognition and supremacy, the support of the state has been critical. The essence of this chapter is to examine the underlying processes and forces that have shaped the various episodes in the struggle for the control of accounting regulation and training in Nigeria. To achieve its aim, this chapter examines the origins of the Institute of Chartered Accountants of Nigeria and explores the various attempts at proliferation.

The origins of ICAN

In general, the accounting profession and the State in Nigeria have always been entwined. Before Nigeria gained political independence in 1960, there was no registered body of professional accountants in the country. The development of the accounting profession in Nigeria became feasible only with the movement towards political independence in the country. Along these lines, it has been asserted that:

The development of the accountancy profession in Nigeria became a feasible venture at the Constitutional Conference held in London in May and June 1957 to draft the Constitution of an independent Nigeria. Paragraph 44, Item 20, of the Report of that Conference (Cmd. 207) provided that rules could be created which would allow certain professions to be designated (i.e., practised), and

provided for the registration and disciplinary control of members of the professions so designated. It was agreed at the conference that auditors and accountants be added to the initial draft list of professions. The enabling law- Concurrent Legislative List (Designated Professions) Orders, 1955 to 1957- to recognise accountancy and auditing as designated professions was passed in 1957. The effect of these Orders was that the qualifications, registration and disciplinary control of members of the professions so designated became a matter for federal government legislation. Consequently, no designated profession could self-regulate without the agreement of the federal government (Wallace, 1992, p.34).

Comparatively, however, the accounting profession lagged behind most other professions in Nigeria. It was observed that:

Although clergymen, lawyers and doctors have been recognised as professionals in Lagos as far back as the later part of the nineteenth century.... Accountants were not so recognised because the handful of this group of skilled practitioners at that time, were either civil servants or employees of the foreign trading companies based in Lagos (Anibaba, 1990, p.3-4).

Furthermore, the handful of accountants in the country at the time were foreigners and it was not until 1950 that Mr Akintola Williams became the first Nigerian to qualify as a chartered accountant when he was admitted into the ICAEW. By 1960 there were 15 Nigerian members of ICAEW, one Nigerian member of the Institute of Municipal Treasurers and Accountants (now the Chartered Institute of Public Finance and Accountancy) and 24 Nigerian members of the Association of Certified and Corporate Accountants (now the Association of Chartered Certified Accountants).

Based on the above numbers, it is not surprising that it was the Nigerian members of the ACCA which first moved to set up a

professional accountancy body in Nigeria in 1957, when they applied to form a local branch of the ACCA. This plan was endorsed by the ACCA in London in 1960. By that time however, the idea had been overtaken by events. Nigerian members of ACCA saw clear advantages in the idea of forming a local accountancy body that would bring all Nigerians with overseas accountancy qualifications of equivalent standards together. This shift was explained in the following terms:

The social status of the ACCA qualification in Nigeria was (as in the UK itself) inferior to that of the three UK chartered accountancy bodies. By Independence, no member of the ACCA had attained a status comparable to that achieved by the fewer Nigerians with UK chartered accountancy qualifications. So, when a suggestion was made to form an independent local association of accountants, which would bring all Nigerians with overseas accountancy qualifications of equivalent standards together, the Nigerian members of the local branch of the ACCA gladly embraced the idea (Wallace, 1992, p.35).

In other words, the ACCA members, who were in the majority, embraced the idea of a central accounting association in Nigeria mainly because it had the potential of eroding the stigma of inferiority of their original qualification. Indeed, the idea of establishing an umbrella association for all Nigerian accountants emerged in 1959 at a party in honour of Mr Keeling, a full time borough treasurer in Worthing, England and a member of the British Council delegation then visiting Nigeria to advise on the setting up of public libraries (Coker, 1990).

By November 1960, this idea culminated in the setting up of the Association of Accountants in Nigeria, which was incorporated under the companies ordinance then in existence. The objectives of the association included:

- to provide a central organisation for accountants and auditors in Nigeria and generally to do such things as may from time to time,

be necessary to maintain a strict standard of professional ethics amongst its members and to advance the interest of the accountancy profession in Nigeria;

- promote generally, a higher sense of the importance of systematic and modern accounting and to encourage greater efficiency therein; and
- to provide for the training, examination and local qualification of the students in accountancy (ICAN, 1985).

The qualification for membership of the Association was membership of any of the following accounting bodies then existing in the UK: ICAS; ICAEW; ICAI; ACCA; CIPFA; and CIMA.

The Association soon recognised the importance of the State in its bid to gain monopoly over the regulation of the accounting profession in Nigeria, as it was not possible to regulate accounting practice without the agreement of the federal government. In 1963, the Council of the Association decided to explore the possibility of obtaining a Government charter for the Association with the aim of achieving its monopoly objective. This in itself caused serious rancour among the members of the association. Some people found it difficult to comprehend how members of the various professional bodies, with all their differences, could be brought under one umbrella and possess similar rights and privileges (Anibaba, 1990).

Despite this, the wider interest of obtaining a charter which would help the body to regulate the accounting professions, prevailed. All parties therefore compromised in order to ensure that the charter was granted by the Government. It was perhaps because of such a compromise that the 1965 ICAN Act did not contain any provisions as to which foreign accounting bodies should be recognised by ICAN. Under the Act, ICAN was allowed to make such decisions from time to time (section 8b). This certainly did not solve the problem, and it only postponed the date when a decision had to be taken on the issue.

In the meantime, the monopoly of regulating the accounting profession had been secured by ICAN.

The ICAN Act of 1965 also empowered the body to determine the standards for persons wishing to become members of the accountancy profession and to maintain the register of persons entitled to practice as accountants and auditors. Specifically, the enabling Decree charged the body with the following functions:

- (a) determining what standard of knowledge and skill are to be obtained by persons seeking to become members of the accountancy profession and raising these standards from time to time as circumstance may permit;
- (b) securing in accordance with the provisions of this Act, the establishment and maintenance of registers of fellows, associates and registered accountants entitled to practise as accountants and auditors and the publication from time to time of lists of those persons; and
- (c) performing through the council under this Act the functions conferred on it by this Act (Section 1 of the 1965 ICAN Act).

The implication of this was that ICAN had acquired a monopoly over the practice and regulation of accounting. ICAN started conducting exams in 1971, and according to a former President of ICAN:

At the first examination, we only had three passes, two in intermediates and one in final part 1. The Institute of Chartered Accountants in England and Wales advised us not to be bewildered, they told us that the first examination of Ghana, also moderated by them, recorded no passes at all (Owoseni, 1990, p.31).

Apart from the internal disagreements, there was also opposition from the outside. Until the enactment of the ICAN Act, no organisation had the duty of regulating the accounting and auditing profession. Under

the Companies Ordinance of 1922 anybody could act as an auditor for a company. The only exception was that officers and directors of a company were usually prohibited from auditing that company. There were also no restrictions with respect to the practice of accounting. It was this lack of regulation which resulted in people having no formal qualifications and/or links, with recognised foreign accountancy bodies setting up practices as accountants. This group resisted the legislation of the ICAN Decree and the monopoly it offered ICAN with respect to the determination of who could practice accounting. Their resistance attracted Government sympathy and culminated in ICAN's reluctant recognition of some practitioners as registered accountants. Given the attitude of ICAN at the time, it is not surprising that registered accountants are now almost extinct. As will be seen in the next section, failure of the Institute to provide enough accountants at all levels to aid the Nation's economic development has become the most compelling reason for the proliferation of the accounting bodies in the country.

Attempts at proliferation

The importance of the State in the development of the accounting profession in Nigeria is perhaps best brought out by the various attempts by non-ICAN accounting groups to get recognition. Such groups, some of which are as old as ICAN, regularly urged the Government to intervene in order to break the monopoly of ICAN. Perhaps because of its history, disenchantment as to the very nature and structure of ICAN dates back to its foundation. Threats to the monopoly enjoyed by ICAN came from the inside and outside. For example, not all persons who were qualified to be members of ICAN were willing to join the body initially. Once the ICAN Act was passed into law in 1965, the battleground shifted from the outside to the inside. This was because, under the ICAN Act of 1965, only ICAN members could be appointed as auditors in Nigeria. Under this scenario, even those that opposed the idea of people with various international accounting qualifications

consolidating into a single body, had little choice but to join ICAN. This was especially so where such persons had any intentions of practicing as auditors in the country. At its first annual general meeting in 1966, the controversial issue of uniform recognition of divergent accountancy bodies came up. According to a Past President of ICAN:

No sooner was the present Institute incorporated in 1965 than some members of the Institute started to advocate the exclusion of those qualifications that do not confer on their holders the right of 'public' practice in the home country. The 'showdown' came at the first annual general meeting of the Institute held in June 1966, when, against the proposals of the Council, the majority of the members present voted for the exclusion of members of the Institute of Cost and Works Accountants and the Institute of Municipal Treasurers and Accountants, on the ground that they are not entitled to public practice as accountants. Since then Council started the battle for the re-unification of the profession in the country, in the firm belief that the exclusion of these two qualifications which enjoy international recognition can only lead to disintegration which is not in the best interest of the profession in Nigeria (Anibaba, 1985, p.19).

It was not until 1973 that the decision to exclude members of the Institute of Cost and Works Accountants and the Institute of Municipal Treasurers and Accountants, from ICAN membership was reversed. This was made possible partly by the promulgation of the Institute of Chartered Accountants (Amendment) Decree Number 30 of 1972. According to the explanatory note of the decree, a person: 'with a qualification granted outside Nigeria and for the time being acceptable to the Institute could be enrolled as a chartered accountant even though that person may not by law be entitled to practice accountancy in the country granting the qualification'. The fact that the ICAN leadership influenced this amendment is not in doubt. This revision was perhaps

possible because of the existence of an external threat to the monopoly of ICAN (Uche, 2002).

Shortly after ICAN was recognised by the Government, some Nigerians who were not qualified for membership of the Institute under ICAN rules, but were members of some unrecognised accounting bodies in the UK, started to agitate for membership of ICAN. These bodies were: the Association of International Accountants (AIA); The Society of Company and Commercial Accountants; and the British Association of Accountants and Auditors. The most vocal of these groups was the Association of International Accountants, and some of their members subsequently formed the Nigeria Society of International Accountants (SIA). Their protests culminated in a petition to the then Federal Military Government. In the petition, dated 3rd May 1972, the Institute called on the Government to amend the 1965 ICAN Act in order to force ICAN to admit their members as ICAN members. ICAN replied urging the Government not to grant this request. Among other things ICAN argued that:

It is a well known fact that neither the Federal Government of Nigeria nor the United Kingdom Government recognises the Association of International Accountants (to which members of the Nigerian Society of International Accountants belong) as qualification for professional appointment. The body is not listed as one of the recognised bodies of the Accountants whose members could be appointed as company auditors under the Companies Act 1948 and 1967 of the United Kingdom, the country where the body is established. Apart from the Governments mentioned above, public corporations, companies and other financial organisations do not seem to recognise 'International Accountant' qualification as being suitable for a professional appointment. This can be deduced from the particulars of numerous advertisements for accountancy positions in commerce and industry, both here in Nigeria and in the UK.. While the Institute has given concessions in certain

conditions for enrolment of students and members in view of the present condition of the country, it is not in the interest of the nation to lower standard to such a level that the accountancy qualification obtainable in Nigeria should be considered inferior to that of any other country (Anibaba, 1990, p.149-150).

The Federal military Government subsequently decided against the petition, and thus ICAN continued to maintain its monopoly. Despite this victory, ICAN recognised that the SIA represented a real threat to its monopoly of regulating the accounting profession in Nigeria. ICAN therefore became receptive to dialogue with the SIA with a view to reducing their differences. According to a former president of ICAN:

The Association of International Accountants on 12th October, 1972 sent its syllabus and past examination question papers to the Council of ICAN for assessment and evaluation with a view of obtaining automatic membership.... After an exhaustive examination of AIA'S syllabus, past examination papers and their own existing method of training by the Education and Membership Committees of ICAN, it was found that- (a) the syllabus and the course contents of the AIA had no depth (b) the standard of examination papers was far too low, and was not comparable with those set by ICAN or any of the bodies recognised for direct admission by ICAN. The final examination of the AIA was found to be just about the standard of the intermediate examination of ICAN (c) as regards professional training the AIA virtually had none. The above apart, further enquiries revealed that a substantial number of the membership of the AIA did not even sit for the examination of that body. They were just awarded the diploma for having had a 'considerable experience' in the work of accountancy nature (Ani, 1977, p.16).

Given the above findings of the ICAN committees, the Council of ICAN still refused to grant direct membership of ICAN to holders of the AIA certificate. The ICAN Council however decided to exempt members of AIA, who qualified through examination, from the intermediate examination of the ICAN. In other words, they were eligible to sit for the final examination of ICAN. Furthermore, such persons were granted a shorter practical training period in order to qualify as ICAN members. This ICAN decision was duly communicated to the Council of AIA and indeed some of their members subsequently applied for, and were granted, exemption from the intermediate stage of ICAN (Ibid.).

The matter however was not laid to rest. In July 1975, a new military government came to power in Nigeria. Colonel Ahmadu Ali was appointed the Federal Commissioner for Education. This was the supervisory ministry of ICAN. Colonel Ali was a 'great friend' of Mike Odedina, the then President of SIA (Ani, 1990). It was perhaps because of this relationship that AIA launched a massive campaign to get the Government to reopen the issue. In the main, the body requested the Government to excise the regulatory function imposed on ICAN by the 1965 ICAN Act and vest it in the Federal Ministry of Education. This would have helped facilitate the recognition of SIA by the Federal Government.

Colonel Ahmadu Ali, perhaps because of his personal relationship with Odedina, supported the above proposal. He however needed approval from the Federal Executive Council in order to implement it. Once ICAN was informed of Ali's intentions, it employed the press in order to forestall Colonel Ali. According to the then ICAN President:

My task as the President was to forestall Ali's move and this was done beautifully. I had employed the services of Gbolabo Ogunsanwo as ICAN's public relations consultant and his task was to mobilise the press and electronic media on behalf of the Institute. A press conference was to be held a day before the meeting of the federal executive council and my researched paper was to be

advertised in all the dailies so that it could appear along with the briefing of the press conference on the day of the Federal Executive Council (FEC) Meeting. One way or the other, we were to ensure that every member of the FEC saw the newspaper before attending the meeting...I was later told that Ali's paper at FEC did not take off the ground as members were dubious of the qualifications and integrity of AIA. I was told also that FEC asked one of its members to enquire whether what I had written was correct. And this member went to no other person to make his enquiry than D O Dafinone [an ICAN member] and of course my assessment of AIA was correct (Ani, 1990, p.33-34).

Such tactics, by ICAN, gives credence to the view that professional associations are primarily, though not exclusively, political bodies whose purpose is to secure and advance the interest of their members (Willmott, 1986; Boys, 1990). The tactics certainly worked as the bid by the SIA for Government recognition failed. This was perhaps the last major move by the SIA to seek Government recognition. In January 1979, members of SIA spearheaded the formation of a wider accounting body named the Association of National Accountants of Nigeria (ANAN). SIA subsequently became redundant and ANAN became the umbrella body for agitating an end to the ICAN monopoly.

The return to civilian rule in 1979 created an opportunity for ANAN to fight for recognition through the legislature. In 1980, ANAN members sponsored a bill on the floor of the Federal House of Representatives for the recognition of ANAN. An ANAN supporter in the National Assembly listed the general considerations and objectives of the ANAN Bill as follows: to end the ICAN monopoly of the accountancy profession which was claimed to be a hindrance to the nation's economy, particularly small scale businesses and rural semi-urban economies; and because of the cult-like nature of the ICAN, and its monopolistic behaviour, auditing of public accounts by ICAN auditors was subjected to unchallenged dishonest manipulation and selective

inclusion. This was so mainly because there was no competing body to cross audit; the ICAN manpower production capacity was grossly too slow to meet the present need in Nigeria of professional accountants. This resulted in the importation of less well qualified accountants from places such as the Philippines, Sri-Lanka, Pakistan and India; and the qualifying examination of all the three stages of the ICAN examination were internal and subjective. This was seen as so since they were set, examined, supervised and marked by ICAN officials without any input from external independent assessors (National House of Representatives Debates, September 8, 1981).

Although most of the above claims were frivolous, a few were indeed sensitive. One such claim was the inability of ICAN to produce enough accountants to satisfy the needs of the nation. Between 1965 and 1980, only 180 persons passed the ICAN final examination. Since then, the number of persons qualifying has, on the average, been on the increase. For instance, only one person qualified in 1972, but by 1979, the number had risen to 25. It was perhaps criticisms from ANAN that sensitised ICAN to the need to increase the number of chartered accountants in Nigeria. This led to a rethink of the training system of ICAN and the introduction of the accelerated training scheme which was approved by the ICAN Council in 1977. In a letter published in an ANAN newsletter, it was claimed that:

...any body who has been following ICAN's activity closely from its inception will surely agree with me that it has failed the nation in meeting the objectives for which it was incorporated. They are now beginning to raise useful suggestions about making their graduates undergo practical training, an idea they stole from ANAN programmes. This and other observations has shown that ICAN has been panicking and trying to improve overnight ever since the first move to incorporate ANAN was made. This goes to confirm the old saying that 'competition is the mother of invention' meaning that the existence of another legal accountancy body side

by side with ICAN will achieve a lot in improving the general standard of the profession in the country (Okoh, 1981, p.37).

The aim and operating mechanism of the accelerated training programme has been explained thus:

In order to further accelerate the production of qualified accountants, a Training Programme was devised whereby the Universities, and Colleges of Technology were to undertake the theoretical academic part of the student's education with the Institute being responsible for the professional aspect. On the successful completion of the theoretical courses with the Institutions of Higher Learning, the students are attached to Recognised Training Centres (RTCs). These are specifically selected after a thorough inspection, to provide the practical training under close supervision by the Institute. In completion of the one year of attachment, the students are required to take only the Professional Examination II of the Institute. After one further year's practical attachment with the RTC (making 2 years altogether) a student who has passed the Professional Examination II is eligible for full membership of the Institute (Olukoya, 1990, p.19).

In detail, the objectives of the new programme were as follows:

- streamlining the core of professional subjects and expansion of core of supportive subjects to include pure and applied economics, management, sociology, law, mathematics, and human relations;
- streamlining the training system so as to ensure adequate supervision thereby introducing Recognised Training Centres;
- making more effective use of the facilities provided in the universities and colleges of technology. Upgrading the syllabus of the universities and colleges of technology so as to enable graduates

take only the final examination of the Institute instead of two or three examinations as was presently done;

- achieving greater interaction with universities by formation of Joint Consultative Committee (JCC) with Universities;
- reducing the period the graduates would train to become Chartered Accountants from 3 years to 2 years; and
- producing 500 Chartered Accountants annually as from 1985 (Ani, 1990).

Although the Accelerated Training Scheme was approved by the ICAN Council in 1977, it only commenced in 1982. This was after the ANAN Bill had been debated in the House of Representatives. At the time the ICAN Council approved the accelerated training scheme, however, the Government endorsed it and this helped to reduce the pressure on ICAN at the time. Brigadier Shehu Musa Yar'Adua, the then Chief of Staff, Supreme Headquarters (Vice President), in the military junta, conveyed this Government view:

I must say that your Institute has on occasions been criticised for the slow rate of producing chartered accountants through your examinations. One would have liked to hear a much more encouraging report. As you are all aware, our economy has been growing very rapidly in the last few years and the role of qualified accountants in the development and sustenance of the economy of this great country cannot be over-emphasised. I am delighted, however, to learn that in its efforts to increase the number of qualified accountants in the country, the council of your Institute has approved a new training programme in which the Universities and Colleges of Technology will do the academic part of the training while the Institute takes care of the professional aspect and that arrangements for the take-off of the accelerated training programme had reached an advanced stage. The Federal

Military Government will watch with keen interest, the progress and successful implementation of the programme (Yar'Adua, 1977, p.12).

Unfortunately for ICAN, the Accelerated Training Scheme was still to commence when the ANAN Bill was introduced in the National Assembly in 1980. The promoters of the ANAN Bill thus did not hesitate to highlight the inability of ICAN to satisfy the national need for accountants. Along these lines, one of the promoters of the bill argued that:

ICAN.... qualify accountants at the rate of twelve per annum. They put Accountants on their register at the rate of twelve persons, twelve Nigerians, from all parts of Nigeria per annum. For how long are we going to allow them to continue to do this? We are now throwing out young men and women from the different Universities in this country. They come out as qualified Accountants with B.Sc. in Accountancy from various Universities in this country and these young men and women are being qualified at the rate of twelve per annum. Are we going to allow that? (National House of Representatives Debates, September 2, 1981, p.4).

Some supporters of the ANAN Bill even suggested that the poor pass rate recorded in ICAN examinations had to do with the poor calibre of their students, and that registering ANAN would lead to improved standards. Along these lines, it was asserted that:

The Committee on Education has carefully considered raising the standard of accountancy in this country. From the records submitted by ICAN, it is clear that out of 9180 people enrolled, only 194 are able to pass Part II examination. And out of 4483 who took the examination, only 1000 passed it. 3000 failed. The Committee on Education believes that it is poor standard of recruitment. Therefore we have to establish a specific standard.

For instance, in the case of ANAN, you will see that out of the 335 registered members, 215 are graduates. Whereas in the case of ICAN, out of the 195 members, less than 5 percent are graduates. This means anti-intellectual association. The word ambiguity does not arise because any University person understands that a university degree is not equivalent to Institute of Book-keepers, London Chamber of Commerce. From records we have seen that very many of the so-called professional accountants in the ICAN passed through mushroom institutions like the Institute of Accountancy and all that. This country wants to raise the standard of Accountancy (House of Representatives Debates, September 8, 1981, p.5).

The suggestion that ANAN would be in a better position than ICAN to improve standards is rather far-fetched. This is so, especially given the fact that several of the ANAN members had previously tried unsuccessfully to join ICAN (ICAN, 1981).

During the debate, the House of Representatives became the venue of intense lobbying to either retain or break the monopoly of ICAN. Both bodies accused each other of trying to influence the legislative process through unfair means. In this regard, an ANAN member suggested that:

It is noteworthy that throughout the occasions, the ANAN Bill, 1981 was tabled in the House of Representatives for discussions ICAN officials and executives with their hired mercenaries of non-accountants were all parading around the corners of the public gallery, moping and causing unnecessary commotions that disrupted the activities of the honourable members (Njoku, 1981, p.14).

Further, according to Alhaji Yanusa Kaltungo, a member of the Federal House of Representatives:

...there has been a lot of lobbying going on from both sides, and a lot of blackmail of individuals including myself is being carried on by the members of the organisations, but I do not think blackmail is going to hamper the National Assembly from doing its work. I think we should allow the ANAN Bill to be debated fully and let the people with upper hand take the day (National House of Representative Debate, September 3, 1981, p.9).

Unfortunately for ICAN the bill was passed by the House of Representatives. ICAN explicitly acknowledged that it lobbied the members of the House of Representatives to reject the bill. After its passing in the House, ICAN blamed corruption among the members of the House of Representatives for that result. In this regard, the then President of ICAN noted that:

I found myself spending days outside the assembly chambers in the National Hall at Tafawa Belewa Square, lobbying legislators and praying and hoping that they would not vote for mediocrity. In the end, I was disappointed but not surprised when in spite of all our efforts, the House of Representatives passed the ANAN Bill! This was because it soon dawned on me, in the course of visits to the House, that we and the legislators were not, at all, on the same wave length and that the only language the so called 'honourable members' understood or cared to understand was that of Naira and Kobo [money] (Adebayo, 1990, p.38).

Once the ANAN Bill was passed by the House of Representatives, the battle shifted to the Senate. After giving the Bill a second reading in September 1983, the Senate referred it to the Committees on Education, Industry and Finance for further hearings and discussions (Odumeru, 1997). In effect, this meant that the Bill had been side-lined. The Bill

was still with the above Committees when the military overthrew the then civilian Government on 31st December 1983. This brought an end to the ANAN debate and represented temporary relief for ICAN and a set back for ANAN. The above analysis reiterates the view that professional associations are, at least in some respects, political organisations, which aim to advance the interest of their members. For such professional associations to be successful, they often need the support of the State (Larson, 1977; Torstendahl, 1990). From the experience of Nigeria, this support is not guaranteed but depends on factors such as: political connections; personal friendships; lobbying; and the developmental needs of the State. The next section further substantiates this view.

Further attempts at proliferation

The impact of the power structure of military governments in Nigeria on the development of the accounting profession was perhaps best felt during the period leading up to the promulgation of the Companies and Allied Matters Decree in Nigeria. In 1987 the Federal Military Government, then headed by General Ibrahim Babangida, deemed it necessary to review the 1968 Companies Act and set up a consultative committee on the issue. ANAN members immediately saw this as an opportunity to resuscitate their demand for the recognition of a second accountancy body in Nigeria. Again, their argument was partly based on the fact that ICAN was incapable of producing enough accountants to service the needs of a developing country like Nigeria:

One of the problems identified in the 4th National Development Plan is lack of adequately trained manpower in every field. In her recent statement published in the New Nigerian issue of 28/7/81, the Minister of National Planning, Chief (Mrs) Ebun Oyagbola revealed that Nigerian requires additional accountants of 5,600 to supplement her manpower need for the fourth plan.' It will not go without asking how the number could be attained having regard

to ICAN's monopolistic and share envious spirit in its life. With these restrictive measures, ICAN has no concern and foresightedness in the National objective. It is not committed to the manpower problems of this country (Njoku, 1981, p.14).

ICAN immediately countered the ANAN memorandum to the committee. According to the then President of ICAN:

We put up a very powerful memorandum and debate and succeeded in securing the support of all other members of the Assembly to reject the obnoxious suggestions contained in their [ANAN] memorandum which were calculated to proliferate and dilute the profession (ICAN, 1980, p.2; Williams, 1990, p.47).

When the Companies and Allied Matters Decree was finally signed into law in 1990, by the Military Government, the provisions contained therein with respect to the accounting profession and the maintenance of the ICAN monopoly were different (Okike, 1994). To the amazement of ICAN, the Decree lay the foundation for the recognition of a second professional body for accountants. For instance, Section 2 (c) of the Decree, which dealt with membership of the Corporate Affairs Commission, stated that the representative of the accountancy profession in the body shall be appointed by the Minister after necessary consultation with the ICAN and any similar body. There was also a similar provision in Section 358 (1), which dealt with the qualification of auditors.¹ This meant that there was a possibility that in the future the Government could register other accounting bodies, thus ending the monopoly of ICAN.

Incidentally, the pressure for change in the monopoly and scope of the activities of ICAN did not only come from ANAN. In fact, Section 358 (C) went on to disqualify the following category of persons from being appointed auditors of companies:

A person or firm who or which offers to the company professional advice in a consultancy capacity in respect of secretarial, taxation or financial management.

This indeed was a threat to the accountancy profession as these auxiliary services are sometimes more profitable than auditing and accounting assignments. It was under the above circumstances that a former President of ICAN asserted that:

It is a matter of regret that notwithstanding the efforts of ICAN delegates and the support for its case at the floor of the Assembly, what came out of the Decree Number 1 of 1990 on Companies and Allied matters differed significantly in all matters affecting accounting profession from what was contained in the final recommendation to the government by the Consultative Assembly. The Institute is fighting hard to expunge from the new decree, certain obnoxious clauses which were never discussed at the Consultative Assembly stage but subsequently found themselves into the Body of the Decree. Until it is amended, the Decree No. 1 of 1990 Companies and Allied Matters will stand out as the greatest threat to the foundation and future well-being of our profession in Nigeria (Williams, 1990, p.47).

In April 1990, the ICAN President led a powerful team, which included sixteen past presidents of the institute to visit General Ibrahim Babangida, the then military ruler, in order to protest against some of the provisions of the 1990 Companies Decree. In her speech, the then ICAN President argued that there was no need for the proliferation of accounting bodies in Nigeria at a time when accountancy bodies in some other countries were making efforts to come together under one umbrella (Kuforiji-Olubi, 1990).

This represented an additional argument for the continuation of its monopoly over accounting regulation in Nigeria. Previously, ICAN's

fight for the retention of its monopoly was hinged on the assertion that its members possessed superior technical skills. In his reply, President Babangida promised to look into their concerns. This promise culminated in the promulgation of the Companies and Allied Matters (Amendment) Decree Number 32 of 1990. Specifically, the provisions disqualifying auditors from acting as consultants to their clients and those which gave room for the possible recognition of a second professional accounting body in Nigeria were removed.

Unfortunately for ICAN, its victory did not live long. On 25th August 1993, a day before President Babangida stepped down, he quietly signed a Decree recognising the Association of National Accountants of Nigeria. The Decree empowered the body with the general duty of advancing and regulating the accountancy profession (Section 1 of the 1993 ANAN Decree). These duties were similar to the statutory duties prescribed for ICAN. So far, ICAN has tried without success to get the Government to abrogate this law (2003 ICAN Annual Report). Several other groups have, with some success, also been attempting to gain recognition as professional accounting bodies in Nigeria.

The concentration of all aspects of accounting in one professional body as in the ICAN case has exposed the body to the risk of losing jurisdiction over some aspects of its practice to more focused groups. Along these lines, the Chartered Institute of Taxation of Nigeria (CITN) was formed by a combination of some ICAN members and non-ICAN members. In 1992, under the military regime of General Ibrahim Babangida, the government recognised this body. The main objective of CITN was to regulate the practice of taxation in Nigeria (CITN Decree 1992, section 1). Since 1999, CITN has been threatening to enforce sections of its enabling Act, which stipulates that only its members can be engaged in tax practice (New Nigerian, June 8, 1999). This has caused immense concern in ICAN circles especially given the fact that prior to the establishment of the body, such taxation practices were dominated by ICAN members.

With no explicit direction from ICAN, several of its members seized the opportunity of the grace period for automatic CITN membership. The result is that ICAN members now dominate the CITN membership. According to a former ICAN President:

CITN is a creation of ICAN. About 80% of membership of CITN are members of ICAN, so we cannot really be fighting ourselves and we are in dialogue with them to make sure that members of ICAN are recognised. The certificate issued by ICAN should be recognised as being adequate to practice taxation in the country. We used to say we didn't want our members to become their members, but 80 per cent of their membership are voluntarily ICAN members. I am a member of CITN myself. I became their member ages ago because I was one of the people who came here to launch CITN. I am a financial member of CITN, I pay my subscription up to date. So I cannot fight against my body. All we are saying is that they should recognise ICAN certificate and there is a lot of dialogue at an advanced stage to make sure that we resolve the issue amicably as members of the same family (The Sun Newspaper, December 13, 2004).

Over time, however, the strategy of ICAN has changed from negotiation to outright declaration of war. Initially, ICAN and CITN agreed in principle to sign a Memorandum of Understanding. Under this arrangement, the Council of the CITN was to offer:

- direct membership of the institute up to 31st December 2004 to members of ICAN who became Associates of the Institute on or before March 31st, 2001;
- members of ICAN that qualify after 31st March 2001 will be offered direct admission to membership of CITN subject to such applicants attending its two weeks induction program after two years post qualification experience; and

- that after the expiration of the deadline of 31st December 2004, ICAN members can only become CITN members provided that they have acquired two years post qualification experience in practicing taxation and have recorded at least 70 per cent attendance of the two week intensive induction program organised by CITN (Vanguard Newspaper, January 7, 2005).

The signing of this Memorandum of Agreement was, however, halted by a last minute disagreement on the timing of the agreed practical experience of ICAN members who wished to join the CITN (2004 ICAN Annual Report). Matters then deteriorated and ICAN President, Otumba Lateef Owoyemi, ordered all ICAN members who were also members of the CITN to pull out of CITN. According to him:

At a meeting held on 21st July 2005, Council of ICAN passed a resolution with respect to the hostile, inimical and incompatible actions of the CITN. The Council's resolution is to the effect that 'The Executive Coordinating Committee of the Council should take all necessary and further actions that it may deem necessary, to continue to protect the sanctity of the ICAN Act and the integrity, public esteem, and well being of the Institute and its members....' Members of the ECC at its meeting held on 18th August, 2005 further reviewed the negative statements made on various Television Stations, in Newspapers and letters circulated by the CITN on the above issue. It is evident that the CITN is not interested in the amicable resolution of this long-standing issue. It is also apparent that the CITN is determined to destroy the corporate existence of ICAN, which it views as a rival organisation. In consequence of the above, at the said meeting of ECC, it was unanimously resolved on behalf of the Council to direct and it is hereby directed that all members of ICAN who are members of CITN should immediately withdraw their membership of CITN

in the overall interest of the Corporate image and existence of the Institute and to prevent further humiliation and subjugation by CITN.... In the interim, the ECC has requested me to reiterate on behalf of Council, that all chartered Accountants have inalienable right to practice Accountancy which, universally and in Nigeria, has always included and will continue to include Taxation amongst others (letter from ICAN President to all ICAN members dated 18th August 2005).

On its part, in a letter from the President of CITN to members dated August 12, 2005, CITN accused the ICAN leadership of arm-twisting and intimidation, arguing that its charter explicitly granted it the sole responsibility to regulate the practice of taxation in Nigeria. How this will be resolved remains to be seen.

ANAN and CITN are however not the only threats to the jurisdiction of ICAN. As at 2004, ICAN had identified nine bodies, making ICAN's President conclude that the proliferation of professional associations within the accountancy profession had assumed frightening proportions. Perhaps the most formidable of the new entrants was the Institute of Certified Public Accountants of Nigeria (ICPAN), which claimed to be affiliated to the AICPA, but was rebutted by the AICPA at ICAN's request. Despite the above representations by ICAN, the House of Representatives unanimously passed the ICPAN Bill in October 2005, although it needs to be passed by the Senate.

From the above, it is evident that the State has been the most influential factor in the development of the accounting profession in Nigeria. ICAN recognises this and has used various overt and covert means in seeking the support of the State in order to maintain its monopoly over the regulation of accounting in Nigeria. The Institute has, for instance, increased the production of accountants in order to satisfy the developmental needs of the State. It has also explicitly lobbied the State in order to prevent the recognition of rival professional accounting associations by the State. Unfortunately for ICAN, this

lobby weapon is also available to its rivals. This perhaps explains the recognition of ANAN by the State in 1993 and the recent passing of the ICPAN Bill by the House of Representatives. The current status of the professional accounting regulation arena in Nigeria has therefore been a product of the diverse interests that impact on the dynamics between the State and the institutions of the profession.

Summary

The analysis in this chapter has attempted to highlight some of the factors that have influenced the development of the accounting profession in Nigeria. It shows how societal expectations, interest groups and government actions have impacted on the development of the accountancy profession. For instance, accusations that ICAN was incapable of producing enough accountants to serve the nation was partly responsible for its introduction of the Accelerated Training Programme which reduced the training period for accountants and increased the rate of qualification. Despite this, such criticisms helped to provide some credibility to rival bodies of which ANAN is the most prominent. Recognition of the CITN by the Government and the consequent struggle for tax practice jurisdiction has also made ICAN realise the difficulty of uniting the regulation and training of manpower for all faculties of accounting under one umbrella. It is perhaps because of this ANAN threat that ICAN has now become more sensitive and pro-active towards the accounting needs of the nation. In 1989, for instance, ICAN introduced the Accounting Technicians' Scheme (ATS), which is aimed at producing a second tier of accounting professionals.

Such a scheme, at the very least, is supposed to put ICAN in a position where it will be better able to satisfy public expectations with respect to its role in providing accountancy services to the generality of the country. The ATS also provides an opportunity for non-qualified accountants who have in the past provided valuable services to small enterprises in the country to improve their accounting skills and to be

brought under the regulation of ICAN. Despite its promise, the scheme has not yielded the expected results. This is partly because it is generally seen as a transit qualification for aspiring chartered accountants who do not have the relevant qualification for direct admission to ICAN examinations. Furthermore, ICAN, in a reactive move, is now in the process of devolving from its principle of universality of practice to having six specialist faculties: Audit; Management Consultancy; Taxation; Investment Business; Business Recovery/Insolvency, and; Information Technology. The process of this devolution has not yet been made public, and how this move will help ICAN hold on to its diminishing spheres of influence remains to be seen.

ENDNOTE

1. A person shall not be qualified for appointment as an auditor of a company for the purpose of this Act unless he is a member of a body of accountants in Nigeria established from time to time by an Act or Decree (5358 (1) Companies and Allied Matters Decree, 1990).

4 THE ACCOUNTING PROFESSION IN SIERRA LEONE

Introduction

Compared to Nigeria and Ghana, Sierra Leone has been more politically unstable and less viable economically. Since the country gained its independence from Britain in 1961, it has moved from one crisis to another. At independence, Milton Margai became prime minister of Sierra Leone. He died in 1964 and was succeeded by his brother, Albert M. Margai. Following the 1967 general elections, Siaka Stevens was appointed prime minister. A military coup led by Brigadier David Lansana however ousted Stevens shortly after he was sworn in. The Lansana government itself was soon toppled and replaced by a National Reformation Council (NRC) headed by Colonel Andrew Juxom-Smith. In 1968, an army revolt overthrew the NRC and returned the nation to parliamentary government, with Siaka Stevens as prime minister. After an attempted coup in 1971, parliament declared Sierra Leone to be a republic, with Stevens as president. Stevens' All People's Congress (APC) swept the 1973 elections, creating a de facto one-party state; a 1978 referendum made the APC the only legal party. Major General Joseph Saidu Momoh succeeded Stevens as president in 1986. Momoh was subsequently overthrown by Captain Valentine Strasser whom himself was ousted in January 1996, by Brigadier General Julius Maada Bio. Promises of a return to civilian rule were fulfilled by Bio, who handed power over to Ahmad Tejan Kabbah, of the Sierra Leone People's party, after the conclusion of elections in early 1996. Kabbah's government reached a cease-fire in the war with the Revolutionary United Front (RUF), which had launched its first attacks in 1991. However, rebel terror attacks continued, apparently aided by Liberia. Kabbah was overthrown in May 1997, by a military junta headed by Lieutenant

Colonel Johnny Paul Koroma. The junta soon invited the RUF to participate in a new government. The United Nations imposed sanctions against the military government in October 1997, and the Economic Community of West African States (ECOWAS) sent in forces led by Nigeria. The rebels were subdued in February 1998, and President Kabbah was returned to office in March the same year. Kabbah was re-elected President in May 2002.

Given its crisis ridden political history, it is perhaps not surprising that the country also scores low in almost all indices used in the measurement of development. With a Gross National Income of \$0.7 billion; a per capita income of \$140; a life expectancy of 40 years and an infant mortality of 150 per thousand births, the country ranks as one of the poorest countries in the world (African Development Bank, 2001; World Bank, 2004).

This chapter traces the emergence of the accounting profession in this impoverished African country. It shows the various social, political and economic dynamics that have impacted on the development of the accountancy profession in the country. Furthermore, it shows how the development of the accounting profession, especially in the United Kingdom, Ghana and Nigeria has influenced the development of the profession in Sierra Leone. To achieve its aim, this chapter traces the origins of the accountancy profession in Sierra Leone, and critiques the various development strategies adopted by the ICASL since its formation.

Origins of the accounting profession in Sierra Leone

There is a widespread belief that the level of economic development is positively correlated with the level of accounting development in any country (Samuels and Oliga, 1982, p.76; Enthoven, 1967, p.109). Given the above, it is not surprising that the accountancy profession was not very popular in Sierra Leone during the colonial era. For example:

...families that were able to provide their children with post secondary education chose to send them to university to read arts and science and later proceed to the fields of law, divinity, engineering and medicine (ICASL, 2003, p.1).

Given the colonial history of Sierra Leone, it was also not surprising that the country's legal and accounting system developed along the lines of those in Britain. The 1938 Companies Ordinance in Sierra Leone, which is still operational to date, closely follows the 1929 Companies Act in the United Kingdom (Gower, 1961, p.3). Perhaps because of the lack of economic development in Sierra Leone, this Act has not been repealed despite the fact that it has since been replaced in the United Kingdom. This has been explained thus:

The concept of accountability is alien to a large section of the business community in Sierra Leone. There is a thriving underground economy (we are told that this is as much as 60% of the economy); this has no requirement to keep proper accounting records or to account for its activities and sees no need for a system of independent certification. This situation has been assisted by the absence of the regulatory framework, which is an important pre-requisite to orderly business life and an effectively functioning accountancy profession. The only companies legislation in place is based on the UK Act of 1929 and its updating, although recognised in government circles as desirable, is not regarded as a priority matter (ACCA Consultant's Report, 1992, p.7).

It has further been asserted that:

The way in which natural practices develop is open to conjecture with a number of factors operating in conjunction. Nobes... cites 'the nature of the legal system, the prevalent types of business organisation and ownership, the influence of taxation, and the

strength of the accounting profession' but also notes the existence of 'unnatural influences'. Perhaps most obvious and least natural is the adoption of various British Companies Act ... by developing countries with a negligible number of the sort of public companies or private shareholders which have given rise to the accounting practices contained in these laws (Walton, 1986, p.353).

The 1938 Companies Act stipulates that every company shall, at each annual general meeting, appoint an auditor or auditors to hold office until the next annual general meeting of the company (section 130 (1)). Auditors appointed under the Act are required to make a report to the members at annual general meetings on the accounts examined by them. Such report shall explicitly state: whether they obtained all the information and explanations they required; and, whether in their opinion, the balance sheet referred to in their report was properly drawn up so as to exhibit a 'true and correct view' of the state of the company's affairs according to the best of their information and the explanations given to them and as shown by the books of the company (section 132 (1)). The Act specified no qualification for auditors. It however disqualified the following persons from being appointed as auditors: a director or officer of the company; a person who is a partner or in the employment of an officer of the company except where the company is a private company; and a body corporate (section 131). It was the provisions of this Act that culminated in the emergence of professional accounting firms in Sierra Leone. Given the fact that most of the organised businesses were foreign owned, it was not surprising that foreign accountancy firms emerged to provide auditing and accountancy services to the said firms. The first such firm to be established in Sierra Leone was Peat, Marwick, Mitchell and Co. (now KPMG) in 1945. The establishment of Pannell Kerr Forster, another foreign firm, in 1963 followed this. In the same year, Mr Salai Jusu Sheriff, who was one of the pioneer Sierra Leonean chartered accountants, teamed up with two Ghanaians: Messrs Amorin and Agyeman, to set up Sheriff, Amorin

and Co, which became the first indigenous accounting firm in Sierra Leone. Since then, this firm has undergone several restructurings and is now currently known as King Walker and Associates.¹ Since then, Sierra Leoneans have been qualifying as accountants in relatively small numbers.

Based on the above history, it was therefore not surprising that foreign accountants working in Sierra Leone pioneered the establishment of the Association of Accountants of Sierra Leone in 1960. The main aim of this Association was to regulate and advance the interests of the accountancy profession in Sierra Leone (ICASL, 1993). The qualification for membership of the Association was membership of any of the following accounting bodies then existing in the UK: ICAS; ICAEW; CIMA, CIPFA; ACCA; and ICAI.

Perhaps because of the small number of Sierra Leoneans qualifying as accountants, coupled with the unstable political climate, the transformation of the Association into an Institute was relatively slow, compared with the other British West African colonies of Nigeria and Ghana. Despite the fact that the Association of Accountants of Sierra Leone was founded in 1960, it was not until the 1980s that its draft bill submitted to the Government of Sierra Leone began to receive serious attention (see Jusu-Sheriff to Minister of Finance, 1981).

In its draft bill, which followed closely the Institute of Chartered Accountants of Ghana Act of 1963 and the Institute of Chartered Accountants of Nigeria Act of 1965, the Association maintained that only members of the recognised professional bodies, already mentioned above, should be qualified for direct admission into the proposed ICASL. This it argued was the only way to promote international acceptability of the new body and ensure reciprocity of qualification recognition between the proposed ICASL and other professional accountancy bodies outside Sierra Leone.

Despite the above, special provision was made to cater for non-qualified accountants who were already in practice before the idea of

an Institute emerged. These persons were categorised as 'Registered Accountants'. The idea of registered accountants was made explicit by the then President of the Association of Accountants of Sierra Leone, in a letter to the then Finance Minister:

Persons entitled to be admitted to the Institute as Registered Accountants shall be persons who apply in that behalf within six months of the coming into force of the proposed Act and who satisfy the Council of the proposed Institute that for the three years next, preceding the commencement of this Act, they have as their main source of livelihood been in continuous active public practice on their own account in Sierra Leone as Accountants, or in partnership with other Accountants and are otherwise fit persons to be registered as Registered Accountants. The thinking behind this provision is that subject to the public interest no citizen should be deprived of his main source of livelihood on which he has in the past depended and is a concession to unqualified and partly qualified persons who have in the past engaged in some aspects of accountancy in public practice on their own account (Jusu-Sheriff to Minister of Finance, 13th May 1981, p.2).

Despite this, however, the promoters of the Institute were careful in ensuring that the activities of such registered accountants were closely scrutinised in order to ensure that they had some degree of accounting competence. This was necessary given the concern openly expressed by the Sierra Leone Government at the time, especially with respect to the quality of tax consultancy and income tax computations. Essentially, the Government was worried that tax practitioners were not subject to any professional control or regulation nor any discipline for professional misconduct. Furthermore, the Government was worried that some of these tax consultants who also doubled as auditors had no recognised qualification and experience as accountants (Jusu-Sheriff to Minister of Finance, 13th May 1981).

While bringing registered accountants under the control of the proposed Institute solved the problem of lack of professional control, the promoters of the ICASL Law suggested a review mechanism in order to help ensure and promote good practices by these registered accountants. According to the then President of the Association of Accountants of Sierra Leone:

The second [concern] can be met under the general power given to Council in Section 20 (3) to issue practicing certificates with such restrictions as it shall deem fit. One possible restriction is that Council may require that for a specified period of time, or until after a specified number of assignments after his admission as a registered accountant, any reports and certificates on the audit and verification of any accounts, or financial statement required to be prepared, audited, verified or certified under the law shall not be signed by a Registered Accountant member, unless such report or certificate is also countersigned by a chartered accountant member of the Institute who holds a valid practicing certificate. Such countersignature will only be given after a review of the work actually carried out by the Registered Accountant and if after the specified period of number of assignments, the countersigning Chartered Accountant reports to the Council of the Institute that the restriction of the countersignature is no longer necessary such restrictions may be removed (Jusu-Sheriff to Minister of Finance, 13th May, 1981, p.4).

Another issue in the emergence of the professional accounting body in Sierra Leone was the fact that under the then proposed Act, members of foreign professional bodies who did not have the right of public practice in their base countries, like CIPFA and CIMA, were qualified for admission into the Institute. In Nigeria, this was a hotly debated issue both at the formative stages and early years of the ICAN.

A similar problem was also witnessed in the development of the accounting profession in Ghana. In this case, for instance, it was not until 1973 that automatic membership into ICAG was granted to members of CIMA (Boakye-Agyeman, 1988). ICASL no doubt learnt from the experiences of both Ghana and Nigeria. From inception, therefore, the promoters of the Institute allowed members of those professional bodies not entitled to public practice in their territories to be members once they were willing to be attached for two years with a member or firm in practice. Even this practical attachment could be shortened or waived under certain circumstances. The Bye-Laws of ICASL states that:

[45] Any member who was a member of the Association of Accountants in Sierra Leone prior to the formation of the Institute shall be entitled to apply for a practicing certificate provided either that he is entitled to practice under the rules of any of the societies or institutes mentioned in bye-law 17... [46] (a) an member to whom bye-law 45 does not apply shall be obliged to have had at least two years practical experience with a member or firm in public practice. (b) The requirement of paragraph (a) shall not apply in any case where in the opinion of the Council, compliance therewith would give rise to hardship or where the Council is satisfied that it would be proper to waive the requirements, either completely or in part, to such extent as the Council may in its discretion deem appropriate (Sections 45-6).

In practice, however, it has not been always easy to interpret the quality and recognisability of various international accounting qualifications. Controversies in this area made a Past President of ICASL to explicitly assert that:

Whilst it is the policy of the Council to ensure that all eligible accountants continue to be registered in accordance with the provisions of Section 3 Sub-section 1 (b) of the Act, it is of

equal importance that qualifications from overseas countries are properly assessed and rated excluding unquestionable accountancy bodies in the UK, USA or elsewhere. Even with the USA, it has been established that the acceptable qualification is the AICPA. Awarded for the American national examinations as opposed to the CPA which is a membership qualification of individual states as is the case of Canada too. Where doubts occur, recourse should be made to IFAC of which Sierra Leone is a member (ICASL President's Report to AGM, 1991, p.1).

With the clearance of the above issues, the Institute of Chartered Accountants of Sierra Leone Act was formally passed into law in 1988, much later than in Ghana or Nigeria.

Under the Act, the Institute was given the sole right to regulate and control the accountancy profession with the aim of ensuring and maintaining standards in the practice of accountancy in the country. The Act specifically stated that:

The Institute shall be responsible for: (a) determining what standards of knowledge and skill are to be attained by persons seeking to become members of the accountancy profession; (b) maintaining the standards so established; (c) raising those standards from time to time as circumstances may permit; (d) securing in accordance with the provisions of the Act, the establishment and maintenance of the Register of Fellows, Associates and Registered Accountants entitled to practice as Accountants and Auditors; (e) publishing from time to time, a list of enrolled or registered persons; (d); and performing through the Council, the functions conferred on it by this Act (section 6).

In order to reinforce the above, the Act makes it explicit that only members of the ICASL shall be qualified to act as auditors when this

is required by the Companies Act of Sierra Leone. According to the Act:

Where the Companies Act makes provision for the inspection or audit of the affairs of any company, that Act shall be deemed to require that any such inspection or audit be carried out by persons or firms of Accountant who are, or are managed by, members of the Institute and are holders of practicing Certificates and ordinarily resident in Sierra Leone (Section 23).

Despite this explicit provision, it was not until 1997 that the Institute, with the assistance of the Government was able to enforce this. In this regard, it has been noted that:

With persistent persuasion through dialogue with the Ministers of Finance and Health by making visits and corresponding with the holders of such high offices, the Institute has been able to put a stop to the hijacking of audit jobs which are meant for accountancy firms practicing in Sierra Leone with the requisite qualification for this purpose. This was achieved with the co-operation of government by the application of section 21 of the Institute of Chartered Accountants of Sierra Leone 1988 Act (ICASL President's Report to AGM, 1997, p.6).

The Act further provides that the Institute should be governed by a Council, which should consist of 11 members, all of whom should be members of the Institute. Three of the eleven members should be appointed by the Minister of Finance while the remaining eight should be elected by members of the Institute at the Annual General Meeting. The Act further stipulates that, at any point in time, not more than five of the elected members should be accountants either in private practice or not in private practice. The tenure of council members is two years. Members are, however, free to present themselves for re-election. The

Council should, among itself, elect a President and a Vice President (sections 7-8). The Council is charged with the administration and management of the Institute and is responsible for enforcing the provisions of the Act and for ensuring due compliance by the Institute with the provisions of any law affecting it.

Specifically, the Council is charged, among others, to:

...conduct or provide for the conduct of the qualifying examinations for membership of the Institute or for registration as a registered accountant and to prescribe and approve courses of study for such examinations; supervise and regulate the engagement, training and transfer of students under a training contract; specify the class of persons who shall have the right to train students under a training contract and specify the circumstances in which any person or class of persons may be deprived of that right; maintain a Register of Chartered Accountants and of Registered Accountants and publish the names of persons on the register from time to time; secure the maintenance of professional standards among persons who are members of the Institute and take such steps as may be necessary to acquaint such persons with the methods and practices necessary to maintain those standards; maintain a library of books and periodicals relating to accountancy and encourage the publication of such books; and encourage research in the subject of accountancy and generally secure the well being and advancement of the profession of accountants (Section 9).

The development of the accountancy profession in Sierra Leone

Despite the above statutory recognition by the Government, the Institute had a slow and painful growth. Essentially one of its main constraints has been finance. The promoters of ICASL realised that this

would be an imminent handicap even before the passing of the ICASL Act. It was therefore not surprising that they made a case for Government support before the passage of the Act. Essentially this hinged on three points: the practice with comparable professions in Sierra Leone; the practice in other countries; and the important role of the accountant in the economy of the country. In his letter to the Minister of Finance, one of the founders of the Institute, Jusu-Sheriff explicitly asserted that:

Your predecessor and I discussed the subject of finance for the Institute and agreed that because of the public revenue importance and implications of the work of its members, the Institute may qualify for special financial consideration by Government; notwithstanding the potential of similar applications from comparable professional associations. It must here be pointed out that with the legal profession, there is a hidden government subsidy in the form of the registration and regulatory services performed by the Hon. Chief Justice and the Hon. Attorney General. In the same way, the Ministry of Health performs similar services for the medical profession. To summarise the case for financial assistance, I can do no better than quote section 11 (6) and (7) of the Institute of Chartered Accountants of Ceylon Act as follows: ‘...As soon as convenient after the appointed date, the Government shall donate to the Council, a sum of two hundred thousand rupees.... The Minister of Finance may, from time to time, decide that a temporary loan shall, subject to such conditions as he may determine, be made to the Council from the consolidated fund of Ceylon in order to enable the Council to meet any current liabilities pending the receipt of income by the Council... Provided however that the total amount of such loans to the Council, outstanding at any time shall not exceed ten thousand rupees (Jusu-Sheriff to Minister of Finance, 13th May 1981, p.5-6).

This plea was based on the argument that the ICASL Act contained a provision, making it possible for the Government to support the Institute. On its part, the Institute was required to be accountable and submit audited annual accounts to the Government of Sierra Leone (section 11). Despite the above provision, ICASL witnessed immense financial difficulties at the beginning. This was in the main because the Government did not live up to its responsibilities under the ICASL Act, at least at the very beginning. It was, for instance, not until the mid 1990s that the Government started extending financial assistance to the Institute. In his 1997 Presidential Report, the then President of the Institute explicitly noted that:

We seem to be in the good books of the Sierra Leone Government at the moment and we should therefore endeavour to sustain the momentum. Within the past year we have made breakthrough with the Sierra Leone Government by successfully appealing to them to fulfil her commitments towards the Institute. First, the Government has been able to give, due to persistent appeals, Le 30m (thirty million Leone) to the Institute for its operational activities. Secondly, Sierra Leone Government declared void a contract which would have been given to non resident Accountancy Firms. We commend Government for cooperating with us by applying the laid down requirements of our 1988 Act of Parliament (ICASL President's Report to AGM, 1997, p.5).

Aside from Government funds, the Institute was not in the position to do much for itself financially. This was in the main because of the small size of the Institute. As at May 2003, for instance, the Register of the Institute recorded only 38 members as active and two as retired. Three resident and four distant members were recorded as being inactive. Finally, only 10 of the 15 registered firms were active (ICASL President's Report to AGM, 2003). The number of active ICASL members is rather unimpressive given the fact that there are over 100 qualified members

of the Institute (ICASL 15th Anniversary Celebrations, 2003). The subscription paying members of ICASL are therefore far too minimal to make any meaningful contribution to the development of both the Institute and the accountancy profession in Sierra Leone. It was therefore not surprising that ICASL, from its establishment in 1988 to the early 1990s, neither had a permanent office nor permanent staff. Rather, it was run by volunteers and was housed in the office of member firms. Although it finally acquired an office of its own in 1993, its financial difficulties remained and it was essentially unable to carry out most of its statutory responsibilities. It was in light of the above that the ACCA and British Council, at the request of ICASL, commissioned a study on Accountancy Development in Sierra Leone in 1992.

This study had the following terms of reference:

- to review the training arrangements for professional accountants operated through the Institute of Public Administration and Management (IPAM), a local training institute focusing on public sector issues, and also the University accountancy courses to assess their adequacy or otherwise;
- to advise on the desirability of the Institute conducting its own examinations taking account of the available resources and the possibility of conducting exams through ACCA and the relative costs;
- to advise on the optimum method and approach to be adopted for an ICASL training programme to be operated through IPAM;
- appraisal of the structure and organisation of ICASL with regard to providing the full range of services to members and to meeting its responsibilities on examination and training standards;
- the provision of technical and secretarial support by ICASL particularly in the setting up and maintaining of an up-to-date

reference library and for identification and procurement of suitable equipment;

- the setting up of recruitment and training programmes amongst major employers in order to secure and train suitable students; and
- to identify possible sources of financial and technical assistance to meet with the desired objectives.

On the issue of examinations, for instance, the report supported the position adopted by ICASL that there was need for ICASL to be identified with a credible examination process in order to enhance its own credibility. The report also commented on the preparations of ICASL to run its own examinations and the wisdom in such an exercise. According to the report:

The Institute has prepared an outline examination syllabus. While this is not in a form which enables us to assess the depths at which subjects would be covered, it appears to be closely modelled on the ACCA syllabus. Four papers do however have new syllabuses; these deal with the subjects of Information Technology, Taxation (two papers) and Law. The Institute recognises however the resources and security problems of running its own examination scheme and that this is not a realistic option for the foreseeable future. Setting, marking and monitoring professional examinations is a costly process. The Institute's current income is limited to the small number of members and practicing firms on which it can call. It would, in our opinion be sensible to broaden the membership base before attempting to launch a full fledged examination programme... Although it has excellent links with the professional bodies in Ghana and Nigeria, it does not feel that they could (or would wish to) provide an appropriate examination service. It also takes the view that now that there is an ACCA Course in place at

IPAM, and students are familiar with the ACCA Programme, it would not be sensible to seek to go down a different route. Many people we spoke to confirmed this preference of students for an internationally recognised accountancy qualification (ACCA Consultants Report, 1992, p.13).

Based on the above, the ACCA report advised a three-phased approach for the introduction of examinations by the Institute. The first phase was the setting up of a joint examination between ACCA and ICASL whereby the names of both bodies were printed on the ACCA examination question papers and related stationary. On successful completion of the examination and experience requirements, students would become members of both ICASL and ACCA. This was also the arrangement in Trinidad and Tobago (Annisette, 2000). This practice was supposed to metamorphose into a second phase, which would involve the substitution of local tax and law papers for the UK papers. The modalities and difficulties associated with the movement towards this phase was explicitly spelt out in the report, thus:

If the students are to achieve membership of the ACCA as well as the local body, the tax and law must be of equivalent complexity to that in the UK. The Institute accepts that this phase will only be possible when economic and legislative change can provide an adequate underpinning for local tax and law papers; it will not be possible to model suitable examination papers on the equivalent of the 1929 Companies Act and in the absence of national authoritative regulations and modern tax legislation. We note that the Commissioner of Taxes is a member of the Institute's Council and we hope that he may be prepared to take the lead in helping in the area of taxation (ACCA Consultants Report, 1992, p.14).

This second phase was expected, within five years, to metamorphose into the third and final stage, which would involve ICASL putting in place its own examination scheme, perhaps taking some papers from ACCA on a service basis.

The main difference between stage one of the above proposal and the pre-existing arrangement was minimal. Both required that prospective Sierra Leone students took the ACCA examination. The only major difference was the fact that under the new arrangement, ACCA undertook an extensive review of training programmes for its examinations in Sierra Leone. IPAM, which was already preparing students for the foundation and intermediate stages of the ACCA Examinations, noted that:

The ACCA Professional Level 2 examinations were introduced for the first time in the 1990/91 academic year. The original impetus for this came from the Institute but much of the credit for their successful implementation goes to the Canadian VSO teacher Brian Mitchell. Staffing resources at IPAM are insufficient at present to provide tuition for the full range of ACCA Level 2 and even Level 3 subjects. Consequently IPAM is currently offering 'bundles' of level 2 subjects in consecutive years to enable eligible students to cover all nine papers over a three-year period. IPAM has indicated that it wishes to provide Level 3 tuition from 1992/93 academic year but it is very clear that the teaching resource is not sufficient to sustain the continuation of Level 2 provision alongside the introduction of an entirely new final level group of papers (ACCA Consultants Report, 1992, p.22).

In other words, the IPAM Staffing position, although appropriate for its level of development, was considered inappropriate if it was to expand its tuition to level 3. In order to enable it to offer the full range of ACCA courses, it was recommended that IPAM seek donor agency support that would enable it to appoint two expatriate staff that

would help train local trainers. It was also further recommended that IPAM should seek possible affiliation with some higher Institutions in the United Kingdom, in its bid to strengthen its infrastructure for the training of local accountants. The ACCA report was, however, more critical of the facilities provided for the training of accountants by the Accounting and Finance Department at the University of Sierra Leone. According to the report:

Although we were briefly introduced to the teaching staff in the accounting and finance department, we were not afforded the opportunity of any detailed discussion with them. Our conversations with the Dean and the Head of Department left us with an impression of a department which is afforded only minimal resources by the University (to the obvious detriment of the students), whose outside academic contacts are limited to the annual visits of external examiners and where the style of academic leadership is not such as to enhance academic standards. We have no doubt that if the Degree course is to be brought up to modern standards, and made more relevant to the needs of Sierra Leone, there needs to be a change of policy on resource allocation and in the style of academic leadership. Although the basic degree structure appeared to us to be sound and the departmental managers appeared willing to support changes designed to provide a firmer base for degree students wishing to proceed to professional qualifications, we have serious doubts as to their ability to develop a sufficiently rigorous examination scheme. We have to say also that our reading of the research project outline... had the effect of confirming our conclusions, so did our conversations with the external examiners (ACCA Consultants Report, 1992, p.18).

Subsequent to this report, ICASL signed an agreement with ACCA, with the objective of enhancing the training of Chartered Accountants

in Sierra Leone. Under the agreement, ACCA granted ICASL its license and consent:

...to publish in the Territory only all or any of such of the ACCA works as may be notified to ICASL in writing by ACCA from time to time as being available for publication by ICASL under the terms of this agreement ('the ACCA works as aforesaid') or any parts of them in their original form and ... (subject to the prior approval in writing of ACCA in respect of any and every intended alteration or adoption) to alter and adopt the ACCA works as aforesaid or any of them or parts of them and to publish the same or any of them or any parts of them in their altered or adapted form in the Territory only (1993 ACCA/ ICASL Agreement).

On the basis of the ACCA report and the above agreement, ICASL contacted donor agencies requesting assistance for the upgrading and strengthening of the accountancy profession in Sierra Leone. This culminated in a grant of \$96,000 from the World Bank. The Government of Sierra Leone agreed to provide \$10,700. This funding provided real opportunity for the effective development of an indigenous accounting Institute in Sierra Leone. Two sub-Committees of the Institute were subsequently mandated by Council to undertake the implementation of the programmes in accordance with the terms of reference. The terms of reference included:

- (a) revision and/or enactment of relevant legislation establishing standards and codes of ethics for better monitoring and regulation of the accountancy profession;
- (b) increasing and improving the training capacity and quality of the local training Institute for accountants, IPAM, through provision of initial training for trainers at IPAM; and

- (c) increasing the capacity of ICASL to ensure sustainability in the monitoring of the accountancy profession (ICASL President's Report to AGM, 1996, p.3).

Unfortunately, this development was short lived and the project was never completed because of the political crisis in the country:

After the initial start-up problems had been resolved, consultants from the Institute were procured in April 1997 but the political turmoil in May 1997 resulted in the... cessation of project activities when the project consultants had to leave the country. The objectives of the ... project were not achieved. The studies, training and workshops envisaged for achieving the project objectives were not carried out. One of the lessons learned was the risk of implementing such a project in a volatile political environment. Project implementation was affected by the political turmoil in the country, which had been evident during project preparation. To ensure sustainability for implementation, it may have been prudent to withhold support until a more politically favorable time.... The project is yet to be completed (ICASL President's Report to AGM, 2000, p.4).

From the above it is clear that political instability has been a contributory factor to the rather slow pace of the development of the accountancy profession in Sierra Leone. This has been partly responsible for the unimpressive number of accountants being trained under the ACCA/ ICASL Agreement. The unstable political climate has also made it necessary for some of these accountants to flee the country (ICASL 15th Anniversary Celebrations, 2003). It is therefore no surprise that 12 years after the ACCA/ICASL Training Agreement, they are still stuck in the first phase of the agreement with no hope of moving to the second phase in the near future. It is also unlikely that the current arrangement will lead to any meaningful development in the emergence of an accounting syllabus and local case studies that can be adapted to

the social and economic specificities of Sierra Leone. This is because foreign accountancy bodies have a very limited understanding of the indigenous accounting terrain (Pujeh, 1996). Furthermore, once entrenched, it will be difficult to displace western accounting traditions for the training of accountants:

The existence of such schemes suggest that in many areas, British influence is as significant as ever. For example, even the textbooks are vetted by British examiners, a process which is likely to lead to the elimination of texts which are not generally used in British accountancy education. Also, once a tradition of using such textbooks is established, it is difficult to change the system. There is little doubt that the scheme is fraught with tension deriving from conflicting demands for local independence and professional nationalism on the one hand, and the prestige of British approved qualifications on the other (Johnson and Caygill, 1971, p.167).

Despite the above, ICASL still prefers the ACCA as a partner body to any of the two established accounting bodies in British West Africa: ICAG and ICAN. This is so, despite the fact that these two bodies are much more closer to Sierra Leone, at least in terms of social and economic similarities, than the United Kingdom. It would arguably make more sense for Sierra Leone to forge closer ties with these West African bodies than the ACCA. The fact that ICASL is now an active member of ABWA has not changed its preference for ACCA. In its attempt to strike a balance between prestige and local utility, the Sierra Leone accounting profession has tended to lean towards prestige, as demonstrated by the following:

Notwithstanding the many difficulties, the Institute wishes to produce accountants who are qualified to the highest international standards. Although it has excellent links with the professional

bodies in Ghana and Nigeria, it does not feel that they could (or would wish to) provide an appropriate examination service. It also takes the view that there is an ACCA course in place in IPAM and students are familiar with the ACCA programme, it would not be sensible to seek to go down a different route. Many people we spoke to during our consultancy confirmed this preference of students for an internationally recognised accountancy qualification. Few people saw a purely national qualification as being attractive to students at the present time (ACCA Consultants' Report, 1992, p.13).

At the level of training accounting technicians however, ICASL is more accommodating towards the emerging regional initiative by ABWA.

ICASL and the training of accounting technicians

ABWA was founded by both ICAN and ICAG in 1982, and Sierra Leone joined the body in 1986. ABWA has the following objectives:

...to develop and enhance the accountancy profession in British West Africa; to promote the development of professional ethics and standards in member bodies; to act as a centre for the dissemination of information concerning accountancy standards and the development of accountancy thoughts and practices in British West Africa; to develop a forum for the professional development of member bodies through seminars, symposia, conferences and inter change of ideas and experiences; and to provide advice on, and participate in, programme of work of IFAC and to adopt as appropriate and publish to its members' IFAC's guidelines statements and studies (ABWA Constitution, Paragraph 5).

Despite the noble objectives of ABWA, the body has been unable to forge closer relationships between the various accountancy professions

in the region. All its assertions and communications to the above effect have yielded little result. This has been so despite the numerous lip service paid so far to technical co-operation between ABWA member bodies, with the view of unifying standards and promoting mutual recognition. Along these lines, the Communiqué of the fourth ABWA Congress explicitly stated that:

The various Institutes should foster greater co-operation among themselves so that ABWA can grow from strength to strength. Hence ABWA should ensure the exchange of all technical materials and journals issued by member bodies to all others. There should be a technical body at each of the Institutes that would meet under the auspices of the ABWA Council at least once a year to discuss standards, etc. The various examination syllabi of member bodies should also be harmonised as a means of enhancing mobility of qualified members within the sub region (Paragraph 3).

A similar point was also made at the 32nd ABWA Council meeting held in Freetown. At the meeting, the then President of ICAG, Mr A Kan-Dapaah, suggested that ABWA should explore avenues of encouraging co-operation among member bodies as a way of strengthening the Association. He contended that there was extensive scope for such co-operation, including the reciprocal recognition of the qualifications and certificates of member bodies.

In light of the above, ICASL should possibly liaise with the Nigerian or Ghanaian Institute to help it establish its local examinations. Officially, ICASL's position is that its Council has accepted this proposal 'in principle' (Minutes of 34th ABWA Council Meeting, 1997). In reality, however, it prefers the collaboration with ACCA to that of its sister accounting institutes in British West Africa. It is significant to note that under the ICASL Act, neither members of ICAN or ICAG are recognised for direct membership of ICASL. Also, neither ICAG or

ICAN have a reciprocal recognition agreement with each other nor are they recognised by any international professional accounting bodies.

Despite the position of ICASL with respect to the development of its professional accountancy programmes, it is more sympathetic towards the ABWA initiative at the lower Accounting Technicians Level. An earlier attempt by ICASL to establish a local accounting technicians scheme could not take off because of the conflict situation in Sierra Leone at the time. The result has been the adoption of the Certified Accounting Technicians Scheme (CAT), which is organised by the ACCA. Perhaps because of the past history of the accounting technicians' scheme in Sierra Leone, particularly the past attempt to establish an indigenous accounting technicians' scheme, ICASL is sympathetic towards the development of a West African region-wide accounting technicians' scheme to exist side by side with the existing CAT scheme. In this direction, it has recently been noted that:

Your Institute had the opportunity of hosting the 46th ABWA Council meeting in Freetown in January 2003. ... A monumental decision that was taken at the meeting, among other things, was the approval of the technical Report on the new West African Accounting Technician Scheme. The Scheme intends to harmonise various Accounting Technician Schemes of other member bodies. Students in any of the West African countries which are members of ABWA will have the option of taking either the local body examination or the West African Technician Examination. This will also be additional to his option to study for and take the examinations of other foreign accountancy bodies such as ACCA, CIMA, IIA etc. (ICASL President's Report to AGM, 2003, p.4).

To date, however, the only accounting technicians' scheme in existence in Sierra Leone is the British CAT. Although Sierra Leone has since developed an indigenous mechanism for the training of students

for the examination of the British CAT, it has been unable to produce enough of these technicians for the country. Given the correlation between accounting and economic development, there is a need to improve on the current situation.

The development and training of accounting technicians is even more vital to the economic development of developing countries like Sierra Leone. This is especially so given the fact that the economies of such countries are usually dominated by informal and small-scale businesses. Unfortunately, the accounting model developed by the Institutes in developing countries makes little attempt to recognise the importance of this sector, in designing possible ways of aiding its development. Rather, it focuses on the needs of formal businesses which, in the majority of African countries, are almost always in the minority (ACCA Consultants Report, 1992; ICASL, 1993). An accounting technicians' programme designed to service the accounting needs of developed countries would clearly be unsuitable for the developmental accounting needs of developing countries like Sierra Leone.

Another defect of the Accounting Technicians' Scheme, as is currently being operationalised in Sierra Leone, is the fact that it is in the main seen as a remedial course for the eventual transition to the main professional accountancy qualification:

The technician course, when completed, enables a student to enter for the professional course with exemption from the first part. Normally, a pupil completing SSS3 can be enrolled for the technician course, which is popularly referred to as CAT i.e. Certified Accounting Technician. An average student should complete the course in two years and then spend another four years (maximum) to complete the professional course. At the end of Part II of the professional course, a student can successfully undertake a Rapid Analysis Project (RAP) – dissertation - to be eligible for the award of the degree of B.Sc. (Hons.) in Applied Accounting. On completion of Part III of the professional course, the student can

spend a further 15 months or so to obtain a Master's degree. It is interesting to note that from the start of CAT to the end of ACCA, an average student is likely to possess the following qualifications: (1) MCAT (2) BSc (Hons) (3) MSc/ MBA (4) ACCA (5) ACA (SL) (ICASL 15th Anniversary Celebrations, 2003, p.5).

This could be interpreted to mean that the main objective of the programme is not to train accounting technicians that would be suited for the provision of accounting service to micro, small-scale and medium-scale industries. Rather, it is aimed at creating an alternative entrance route for persons who would not normally qualify for admission as students for the main professional examinations. While transition from the technicians' scheme to the professional accounting scheme need not necessarily be discouraged, it is important for professional accounting bodies in developing countries to appreciate that the accounting technicians' scheme should be aimed at providing intermediate accounting manpower, which is vital for the development and growth of small-scale and medium-scale enterprises (Olukoya, 1990). The above approach is necessary if the Institute is to become more relevant to the economic needs of the country. This is because the laws of market forces necessitate that unless an Institute can create value in the economic society and contribute to the economic development of the nation, holders of its certificate are unlikely to be appreciated by the market.

Despite the above criticisms, the emergent accounting profession in Sierra Leone has not been without its successes. In the Public Sector arena, for instance, Sierra Leone Accountants have helped to restart the publication of Government accounts after a lull of about 20 years. According to a Past President of the Institute:

The impact of the Financial Sector Reforms has had positive effects on monetary policies. Your involvement in this key arm of Government has derived substantial donor confidence for our country. We note particularly the significant savings to

Government as a result of non-payment of ghost-workers in key ministries. We must commend the Ministry of Finance that the Sierra Leone Government Accounts have now been published after a lull of over 20 years; this is as a result of the significant input from qualified Sierra Leone Accountants employed in the Treasury with direction from the expatriate accountant general. I do admit, Mr Minister, the struggle continues (ICASL President's Lunch Address, 2001, p.2).

Furthermore the Institute, which played an active part in the revision of the country's tax law in 2000, is also bent on the successful implementation of the new tax code. In this direction, it has been encouraging its new members to specialise in this area (ICASL President's Presidential Lunch Address, 2001).

Summary

While the current association of ICASL with ACCA may have brought prestige and respectability to ICASL, it has done little to ensure that ICASL training programmes are adapted and responsive to the accounting and developmental needs of Sierra Leone. Rather, it increases the pressure for legal and professional changes that are more relevant to the socio-economic development of developed countries like the United Kingdom:

The provision of such special schemes may lead not only to tensions in the relationship between British and Commonwealth bodies, but may lead to metropolitan demands for a level of syllabus complexity and standard which is irrelevant to the local situation... One of the dangers of these... is that they will lead to attempts to establish standards and procedures, which are essentially derived from British experience and have little relevance for developing countries. The genuine belief that 'high standards' are the greatest need should

not, as is sometimes the case, be confused with a view that uniform standards are necessary throughout the commonwealth even where this may be a laudable aim in the future (Johnson and Caygill, 1971, p.167).

A way forward for ICASL to reinvent itself and become more relevant to the economic needs of Sierra Leone would be to target and become the main provider of accounting skills and techniques needed by small-scale and medium-scale businesses. In this direction, the ATS holds great promise and should be reinforced and strengthened. Although ICASL does not currently have its own local accounting technicians' scheme in place, its endorsement of the emerging British West Africa wide accounting technicians' scheme is welcome. Such a scheme will no doubt be more relevant to the needs of the Sierra Leone economy than the British CAT. It should also be seen as a major pivot to be used by ICASL in actualising its objective of aiding the economic growth and development of the Sierra Leone by effectively servicing small-scale and medium-scale businesses. Achieving the above objective will correspondingly result in the development of a strong, virile and effective Institute. It is only when ICASL adopts the above strategy that it can positively impact on the economic growth and development in Sierra Leone. In the process, it will enhance the value of the local accounting qualifications in Sierra Leone. Given the similarities of the accounting needs of Ghana, Nigeria and Sierra Leone, a regional approach to addressing the specific accounting needs of these economies may prove useful.

ENDNOTE

1. 'Sherrif Amarin and Co.... later became known as Sheriff Clinton & Co. on the withdrawal of the two Ghanaian partners and the addition of F.C. Clinton as partner. The new firm maintained its association with its Ghanaian counterparts until the death of F.C Clinton in 1990. In 1991, the firm was restructured with the admission of the then audit manager (Alhaji Musa M King) as a partner under the name Sheriff, Clinton, King and Co. Later on J M Walker was admitted as a partner of the firm in early 1993. Following the retirement of S Jusu Sheriff in late 1993, and a reorganisation and restructuring exercise of the firm, its name was changed and the firm continued to operate under the name King Walker and Co. Following a merger between King Walker and Co. and DBG Associates, a firm of chartered accountants, the firm assumed the name King Walker and Associates with effect from 1 January 2002' (King Walker and Associates, 2004, p.1).

5 THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA

Introduction

A landmark event in the development of the accounting profession in British West Africa was the establishment of ABWA in 1982. This represented a very bold attempt towards accounting co-operation in one of the poorest regions in the world. The objectives of ABWA are:

- *to develop and enhance the accountancy profession in British West Africa;*
- *to promote the development of professional ethics and standards in member bodies; to act as a centre for the dissemination of information concerning accountancy standards and the development of accountancy thoughts and practices in British West Africa;*
- *to develop a forum for the professional development of member bodies through seminars, symposia, conferences and interchange of ideas and experiences; and*
- *to provide advice on and participate in programme of work of IFAC and to adopt as appropriate and publish to its members' IFAC's guidelines, statements and studies (ABWA, 1982, p.3).*

Despite the fact that the Association was established over twenty years ago, very little progress has been made in the direction of achieving the above objectives. The essence of this chapter is to attempt an explanation for this slow pace of development towards the achievement of the ideals of ABWA. The chapter argues that ABWA provides a unique opportunity for the protection of the region's interests in the development of accounting standards and techniques. This is because individual

West African States are too weak to influence international accounting bodies to, at the very least, acknowledge the unique peculiarities of the accounting needs and practices in these developing countries. Despite the prospects for such a regional accounting body, a clear lack of vision and internal regional politics and rivalry among some member bodies of the Association has made the body essentially ineffective.

This chapter traces the origin of ABWA and examines the relationship between ABWA and the International Federation of Accountants (IFAC). It also explores the implications of the rivalries among ABWA member countries and with foreign accounting bodies especially the ACCA for accounting development in the region.

Origins of ABWA

The idea for the establishment of a West Africa-wide accountancy body was perhaps first conceived in Munich, in 1977 by the Presidents of the ICAN and the ICAG:

On Friday, 14th October 1977, the [ICAN] President, in company of Mr Owoseni had a meeting in Munich with Messrs Dadson and Foulson, the President and Secretary respectively of ICAG. The purpose of the meeting was to explore the possibility of forming a Regional Body in West Africa which will monitor the education, training, technical matters and such other areas of co-operation as might be found necessary. The regional body will be on the lines of Economic Community of West African States (ECOWAS) and it was agreed that such a body was necessary. Further exploratory talks, particularly with the French speaking states would be arranged in due course (ICAN Annual Report, 1978, p.4).

The above meeting culminated in the setting up of a working committee comprising two representatives from both ICAN and ICAG.

The Committee, which was chaired by Mr J K Dadson of Ghana, had the following terms of reference:

- By reference to the criteria set by IFAC for recognising new regional organisations and the enabling laws of both Institutes, draft a Constitution and Bye-Laws for the new West African Sub Regional Organisation.
- Identify and list accountancy bodies in British West Africa who would be interested in joining such a body (ICAN Annual Report, 1978, p.6).

The idea was that such bodies may be invited to join at an appropriate time to be decided by ICAG and ICAN, but preferably before the organisation was launched.

It is clear that the quest for IFAC regional membership was central to the idea of establishing a regional body for accountants in British West Africa. Despite the explicit mandate to the working committee to list accountancy bodies in British West Africa that would be interested in joining the regional body and the expectation that such bodies should join before the launch, this was not to be. The consequence was that by 10th August 1982, when the body was eventually inaugurated in Nigeria, not much had been done in the direction of making the body a regional one, with only Nigeria and Ghana as the founding members of the Association.

The constitution, however, made explicit allowance for the Association to cover most West African states. The enabling constitution made it clear that membership of ABWA was open to accountancy bodies in any of the 15 West African States which were recognised by law and general consensus within their respective countries as being substantial national organisations of good standing. These countries were: Benin; Burkina Faso; Cameroon; Chad; Guinea; Guinea Bissau; Cote D'Ivoire;

Liberia; Mali; Mauritania; Niger; Senegal; Sierra Leone; Gambia; and Togo. The Bye- Laws of ABWA further stated that:

Admission of a member body shall be entirely at the discretion of Council. Council shall however be guided by the following considerations: (a) the applicant shall be nominated by a member body (b) where the applicant is nominated by a member body, from another country, then the member body, if any in the applicants country shall be consulted; (c) the applicant shall be recognised by law and general consensus within its country as being substantially national and an organisation of good standing within the accountancy profession, provided it is not a governmental body (ABWA Bye-Laws, 1982, Section 1.1).

Given the original intentions and regional span of the ABWA, it was not surprising that from inception immense energy was expended in the attempt to recruit additional members. In the same year the body was formed, for instance, it was reported that:

Efforts are in the meantime directed towards identifying and bringing in the recognised accountancy bodies in Sierra Leone, Liberia, the Gambia Senegal – (Sene-Gambia) and Cameroon. Efforts will be made to bring in the recognised accountancy bodies in the other countries of West Africa from time to time. Where such bodies do not exist, efforts will be made to encourage their formation in the respective countries (Report of the ICAN Council to the 18th AGM, 1983, p.10).

The recruitment efforts resulted in the admission of the Gambia Association of Accountants and the Liberian Institute of Certified Public Accountants in 1985. In the following year, the Institute of Chartered Accountants of Sierra Leone and the Amicable des Comptables Professionnels du Senegal also became members of ABWA. The Senegalese body has since withdrawn from ABWA. This was in the main because of

concerns over the local status of their qualifications (See ABWA Council Minutes of 17-17 January 1997). Despite these developments, the early stages of ABWA's development were marked with frustrations induced by both the economic and political crisis in the region.

Despite the fact that ABWA was launched in 1982, it was not until 1994 that the body was formally registered. This was in part due to protests by the ANAN, a rival accountancy body to ICAN, which was at the time seeking Government recognition. This was explained thus at the 30th Council Meeting of ABWA held on May 1, 1995, in Lagos:

The Secretariat informed the meeting that the Association had been registered. The Executive Secretary and the Treasurer narrated the problems the Secretariat had to contend with in the registration of the Association, including the objection raised by the ANAN an association of non-professionally qualified accountants in Nigeria. The Secretariat explained that in the initial newspaper publication made in respect of the application for registration, the names of all trustees were included. But with the objection filed by ANAN, a way out was devised and that was why the second advertisement bore only the names of Alhaji I O Sulaimon and Chief Ike Nwokolo (ABWA Council meeting Minutes, May 1, 1995, p.3).

The adverse economic climate in the West African sub region has also negatively impacted on the growth of the Association. In 1983, for instance, the first Congress of the Association scheduled for Nigeria had to be postponed because of the adverse economic climate in the country at the time:

The first.... Congress of the Association of Accountancy Bodies in West Africa (ABWA) scheduled for April this year had to be postponed because of the economic situations in both Ghana and Nigeria. The reduction in the basic travel allowance from N500.00 to N100.00 per person per annum and the problem of

foreign exchange regulations, requiring all foreigners to Nigeria to settle their bills in foreign currency, necessitated the postponement of the Congress until the situation improved well enough to make the holding of the Congress possible (Report of ICAN Council to AGM, 1983, p.13).

It was not until 1986 after the Nigerian Government adopted the Structural Adjustment Programme (SAP), that the Congress was finally held. This was because SAP ensured the adoption of a market determined exchange rate for the Naira and the deregulation of external trade and payments arrangements. The second Congress was subsequently held in Accra, Ghana, in June 1988. The third Congress, originally scheduled to be held in Monrovia, Liberia, in 1992, had to be postponed and shifted to Banjul, Gambia, again because of political crisis. It was finally held in Gambia in 1993. At the congress, the Association adopted the following resolution:

The Third Congress of Accountancy Bodies in West Africa (ABWA) at the conclusion of its deliberations notes with regret the absence of a delegation from one of its member countries - Liberia. This we understand is due to the current prevailing situation in that country. The congress therefore resolves to call on all parties concerned to bring back normalcy into the country, so that this important member of ABWA can take its rightful place in contributing towards the development of the sub-region (ABWA, 1993 Resolution 1).

Remarkably, despite its relative youth, ABWA was eager to support both the Liberian Institute and its members during the crisis period. In a letter to the President of the Liberian Institute dated February 12, 1997, the Executive Secretary of ABWA stated:

At the last meeting of ABWA Council held between 16th and 17th January 1997, in Accra, Ghana, the difficulties facing the Liberian

Institute of Certified Public Accountants came into focus. The matter was discussed exhaustively and it was agreed that ABWA should assist in reorganising your secretariat. The assistance, as agreed should be in the area of securing an office space for you and paying the rent for a period of one year. In view of the above, member bodies have been requested to place advertisements in their local newspapers calling on members of your Institute to contact ABWA branch offices in member countries where they may be residing presently. The purpose of this letter is to brief you on the decision of ABWA council regarding your Institute. It is hoped that you take appropriate steps to start organising your members so that your Institute would take off again on a very sound footing. Please do not hesitate to contact us of any other form of assistance you feel ABWA could give to your Institute (ABWA Letter dated 12th February 1997. See also ABWA Newsletter, January – June 1997, Volume 2, Number 1, p.8).

Perhaps because of the relative youth of the Association and the adverse economic and political climate in several member states of the Association, most member bodies showed little interest in its activities. Member bodies, for example, showed little interest in attending Council meetings and less of hosting them. Such an attitude led a former ICAN President to warn that:

Despite efforts to arrange a meeting of ABWA on three or four occasions, the other countries were not able to host it and so we offered to host it in Nigeria. Only the Chairman, Alhaji Musa turned up in January and in May ... only he and the Chairman of Ghana turned up. If this body is to have any relevance, it is important that meetings be held particularly now that it has been registered so that the objectives can be realised for West Africa (ICAN Annual Report, 1994, p.7).

Despite the above hitches, the body has grown from strength to strength. ABWA, for instance, now has an independent secretariat in Abuja, Nigeria. This has led to noticeable improvements in the operations of the Association. Council decisions, for instance, are now implemented as soon as meetings are held, while communication between the secretariat and member bodies have improved considerably (Report of the President, Mr Rene Renner, to the General Assembly of the 7th ABWA Congress held in Banjul, April 26-30, 2004). Furthermore, the Association's membership has grown considerably from two at inception in August 1982 to ten presently.¹ Three other Institutes are currently at an advanced stage of completing the admission formalities for full membership of ABWA. The objective of the ABWA Council is that by 2007, the remaining countries in the sub-region would have registered and taken their rightful place in ABWA (Report of the President, Mr Rene Renner to the General Assembly of the 7th ABWA Congress held in Banjul, April 26-30, 2004). Further:

Since the inauguration of the Association, the major setback it has experienced is its inability to bring the remaining countries to join ABWA, particularly the francophone countries. ABWA has not been able to secure the full participation of the francophone countries due to technical, professional and language differences. The ABWA Council has however intensified efforts that would ensure that the remaining countries are brought on board as soon as possible (Unpublished History of ABWA, undated, p.6).

Perhaps the most heralded achievement of the body is the fact that it has now been recognised as a regional body by IFAC.

IFAC and ABWA

Although the IFAC President launched ABWA in 1982, its relationship with IFAC has been far from cordial. Shortly after its

establishment, it was listed by IFAC as a group 'awaiting recognition' by IFAC. Soon afterwards, it was de-listed from this group because of lack of activity. According to the minutes of the Extra Ordinary Council meeting of ABWA held on February 25th 1993:

Speaking on a related matter, Nil Quaye–Mensah said it was time ABWA sought IFAC's recognition. He read out a letter from the Director General of IFAC wherein, the writer stated that ABWA has been removed from the 'awaiting recognition' list because there had been virtually no contact between the two bodies in the last three years. He therefore urged Council to do something about it. Nil Quaye–Mensah informed the meeting that the subscription for regional bodies such as ABWA is \$1500 and suggested that this amount should be paid as soon as possible, in order to hasten the recognition process.

This inactivity also led to lack of recognition of ABWA at the World Accountants Congress in Washington DC. It was thus suggested that ABWA should take the necessary steps to enlighten IFAC of the existence and activities of the association in order to avoid a repetition of the Washington experience. The minutes explicitly stated:

At this point, the Executive Secretary, Mr P O Omoregie, assured the meeting that from the latest documents he received from IFAC, there was every evidence that the body is aware that ABWA exists, and very strongly too. According to him, member bodies and their representatives were listed in the papers. The Executive Secretary attributed the Washington experience to the indebtedness of ABWA member bodies to IFAC at that time. He expressed the hope that such a thing will not happen in 1997 in Paris as some member bodies, notably Nigeria and Ghana are fairly current with their subscriptions to IFAC. The meeting urged member bodies that had not formalised their membership with IFAC should do so and

make sure that they pay their dues regularly as that is the only way to prevent what happened in Washington from happening somewhere else (Minutes of the 31st ABWA Council Meeting held in Accra, Ghana, November 6, 1995, p.4).

Specifically, IFAC stipulated that for a regional organisation to be recognised, it must formally request to be so recognised by the IFAC Council. Such an organisation must also demonstrate that:

- (a) it will subscribe to the objectives of IFAC and will agree to actively promote IFAC's objectives and work program and that it will, through its own member bodies and otherwise, ensure that IFAC/IASC (International Accounting Standards Committee) technical pronouncements are widely promoted throughout the region;
- (b) it has as its objectives, the development and enhancement of broad based accountancy profession in the region it purports to cover;
- (c) it constitutes an appropriately defined region of countries and that it is generally representative of the accountancy profession in the region it purports to cover;
- (d) it is not already comprised of a substantial number of member bodies in countries already served by a regional organisation;
- (e) it contains a sufficient number of accountancy bodies which are members of IFAC; and
- (f) it is well established, both financially and technically, and has functioned for a reasonable period of time. It should also have the infrastructure and organisational/financial resources to participate in IFAC activities, and to effectively fulfil its responsibilities (IFAC, 1994, p.2).

Although no minimum number of associations is specified for the constitution of a regional accounting body, IFAC notes that:

The Council does not wish to be bound by rigid arithmetical formulae based upon the numbers of countries and bodies represented within the regional organisation or on the number of members of those bodies. However, Council will consider the size and economic strength of the region. As a guide to those organisations which may contemplate applying for recognition by IFAC as a regional organisation, the Council would actually expect that: the organisation has a significant number of member bodies, (at least 10 bodies) with potential to grow to 15 – 20 member bodies in at least ten different countries; the population of the region at its potential geographic size is at least 100 million people, and; the size of the regional economy is substantial and the number and resources of member accountants are such that they are able to support the regional organisation and enable it to achieve its objectives and to make a worthwhile contribution to the work of IFAC (Ibid).

From the above, it is clear that a regional accounting body representing British West Africa, which hosts the majority of the world's poorest countries, will be the least likely to meet the above IFAC's requirement. The only criteria the region can objectively claim to meet is in terms of population. Specifically, the region can boast of over 200 million people. In terms of the size of its economy and economic development, the region is still far behind. Given the fact that the level of economic development and accounting development are correlated, it is not surprising that the level of accounting in the sub-region is underdeveloped. According to a 1992 World Bank report:

The accounting and auditing profession in sub Saharan Africa is weak: there is a shortage of accountants at all levels; accounting and auditing standards are not developed or enforced; accounting and auditing training is inadequate, especially in the public sector; and there is a lack of governmental accountability. Against this

background, the role of the auditor is increasingly important... Strengthening the capacity of countries to manage their own financial affairs will facilitate improved governance (Johnson, 1992, p.v).

Given the above, it is difficult to see how ABWA can meet the IFAC eligibility criteria that it should be able to contribute meaningfully to the programmes of the organisation.

Despite this, ABWA has gone on a desperate drive for new members in its bid to get IFAC recognition. According to an internal document of ABWA:

Due to inadequate internally generated funds of the Association, the economic problems of the sub region, as well as the relative underdevelopment of accountancy profession, in the francophone countries of the sub region, the Association has not been able to: (a) increase its membership to an appreciable extent; (b) mobilise adequate funds to set up an independent secretariat, and carry out relevant research work; and (c) pursue vigorously and more effectively, all the other objectives for which it was established. Consequently, the impact of the Association has not been felt as much as expected with the result that full recognition has not been given to it by IFAC as its sub-regional body (ABWA Draft Proposal on Appeal for Financial and Technical Assistance, 1992, p.5-6).

The then ABWA President, Mr. Annan, subsequently took charge of the drive for recruiting Francophone accountancy bodies into ABWA. During the United Nations Centre on Transnational Corporations (UNCTC) Conference on Accountancy Developments in Africa, which was organised for the Francophone African countries in Dakar Senegal, in October 1991, for instance, he contacted all members of the Francophone countries except Chad and Guinea Bissau, which did

not attend the conference. In his report to the ABWA Council on his efforts, he expressed optimism that ABWA would gain more francophone members in the not too distant future (Minutes of the 25th ABWA Council Meeting held at Dakar, Senegal, 17 – 18 October 1991). This was despite the fact that the conference made it explicit that most Francophone member countries had either underdeveloped, dormant or nonexistent accountancy bodies. According to a 1992 ABWA report:

Report received at this conference indicated inter alia: that national accountancy bodies did not exist in some countries and where they existed, most were either dormant or inadequately organised; that legal and regulatory framework governing accounting and auditing requirements were either non-existent, inadequate or outdated; and that although accountancy practice tended to be dominated by foreign accountants, local accountants were making concerted efforts to form and/ or strengthen local accountancy bodies and were seeking financial and technical support in this respect (ABWA, 1992, p.13).

The above local francophone initiatives, ABWA reasoned, enhanced the prospects of the membership drive by its Council. ABWA thus proposed that its team visit these francophone countries in order to obtain a more complete knowledge about accounting and the development of the accounting profession in these countries. Specifically, the team was to ascertain:

The existence, or otherwise, of regulatory framework for accountancy education, training and development, as well as legal requirements affecting the demand and supply of the services of professional accountants; the quality, design and delivery of accounting education at the secondary and tertiary levels; relevance of accounting curricula and the examination and accreditation systems; possible resistance to localisation of the accountancy

profession by foreign accountants operating in the sub region; the extent of government and political support for the formation of local accountancy bodies as may be demonstrated by the engagement and remuneration of indigenous accountants in government parastatals; the existence of an enabling environment like the level and standard of education, number of local professional accountants and possibility of localisation of professional training; and general economic, cultural and political situation and how these factors are likely to impact on accountancy development efforts (ABWA, 1992, p.13).

Based on the data received from the proposed study, ABWA hoped to evolve an appropriate strategy for supporting the formation and development of local accountancy bodies in the respective countries. The objective of the study was to ensure that Burkina Faso, Mali, Niger, Togo, Benin and Cote D'Ivoire were admitted into the membership of ABWA. This technical assistance programme was to be funded by external financial and technical assistance. Although the proposal was initially prepared in 1992, by 1998, it had not yet been presented to the ABWA Council. In a letter to members of the ABWA Council dated 4th August 1998, the Executive Secretary of ABWA urged Council to set up a committee to review the draft proposal which was then outdated before formal presentation to the Council. Despite the objectives of the above programme, there is no evidence that it ever got past the planning stage.

In 1991 ABWA used the opportunity of the visit of the Secretary General of the Chamber of Commerce, Dakar, Senegal, to solicit for the assistance in helping recruit more Francophone accounting bodies for ABWA. In return, the Secretary General promised to assist ABWA by contacting the accounting bodies in Mali, Guinea Bissau, Niger and other Francophone West African countries with the objective of persuading them to join ABWA (Minutes of the 25th ABWA Council Meeting held at Dakar, Senegal, 17–18 October 1991).

Despite the recognition by ABWA that the accountancy profession in the Francophone zone was not very well developed, and its recognition of the need to undertake further studies of the situation and offer technical assistance in its effort to help establish such professional associations, it still went ahead with its quest to recruit members without properly understanding the terrain of the accounting profession in the Francophone area. This led to a lot of confusion in the recruitment drive. Evidence is extensively documented in ABWA official documents. The minutes of the Extra Ordinary Council meeting held on the 25th of February 1993 reads thus:

Mr Mboup [Senegal] reported that he had collected the contact addresses of accountancy associations in six Francophone countries.... He reported further that these countries do not have formalised accountancy bodies as in the English speaking countries of West Africa. Mr Mboup, therefore, suggested that these six associations be invited by ABWA. It was decided, however, that the Secretary should write to the six and other Francophone countries to attend the next ABWA Council meeting in Banjul as observers. Similarly, the Gambian association was directed to invite them to the Congress.

In 1995, Mr Mbuop reported that he made initial approaches to Mauritania, Guinea and Mali and expressed optimism that his efforts would yield good results. In the same vein, Nil Quaye Mensah (Ghana), reported that he had not made much progress with respect to Cote D'Ivoire. According to him, his source in Cote D'Ivoire hinted that the issue of which body actually represented professional accountants in that country was not very clear. Based on the above, he advised that ABWA should be cautious in its membership drive in order to avoid making mistakes. On his part, Mr Nwokolo (Nigeria) reported that his initial contact with the accounting profession in Cameroon showed that the Institute of Professional Accountants in that country, which

was well organised, was a member of a central African body similar to ABWA. He, however, conceded that since it belonged to another regional professional body, it would take some time before it could be persuaded to join ABWA (Minutes of the 31st ABWA Council Meeting held in Accra Ghana on November 6, 1995). Mr Nwokolo further informed the Council that he was to travel to Cote D'Ivoire in the near future and could help with the assistance of his firm's office [Akintola Williams and Co.] there, to pursue the matter of the country's membership of ABWA. Based on the above, the meeting decided that Mr Nwokolo should take charge of the membership drive for both Cameroon and Cote D'Ivoire (Ibid).

By 1996, ABWA still had no clear understanding of the structure of the accountancy profession in most of the Francophone states. At the 32nd ABWA Council meeting held in Freetown in June 1996, Ike Nwokolo (Nigeria), reported that he had made conscientious efforts to make contact with the appropriate accountancy groups in Core D'Ivoire and Cameroon. The situation in Cote D'Ivoire, according to him, was not quite clear as the law of the country only allowed those who trained at home or in France to practice. He then promised to continue with his efforts and expressed the belief that if Cote D'Ivoire joined the Association, other Francophone countries such as Burkina Faso, Mali and Niger would follow suit (Minutes of the 31st ABWA Council Meeting held in Freetown, Ghana, June 1996).

In fact, even some current members of ABWA had problems meeting the very basic IFAC requirements. At the above Freetown meeting, for instance, it was noted that IFAC was not pleased with some members of ABWA because many of them were not up-to-date with their subscriptions. Many of these ABWA members also did not participate in the activities or committees of IFAC. The meeting then discussed the implications of such a situation and the relationship between ABWA and IFAC, and decided that henceforth, membership of IFAC was to be a condition for admitting new members into the ABWA fold. The

meeting also resolved to make all possible efforts to ensure that IFAC recognised ABWA before the 1997 Accountants Congress in Paris (Ibid). Remarkably, ABWA was unable to abide by this resolution as although ABWA currently has ten members only five (ICAN, LICPA (Liberian Institute of Certified Public Accountants), ICASL, ICAG and OECCA-CI (Ordre des Experts Comptables et des Comptables Agrées du Cote d'Ivoire)) are members of IFAC. Despite the fact that ABWA did not meet many of the explicit IFAC guidelines on admission of regional members, it was formally granted regional membership in 2003. This was hailed as 'one of the most significant achievements recorded by ABWA' (ABWA, 2005, p.6).

In concrete terms, however, regional membership of ABWA is, at the very best, worth little and of minimal consequence. In response to ABWA inquiries about the benefits of regional members, the President of IFAC explicitly asserted that:

ABWA is entitled to receive all electronic documents available on the IFAC website (www.ifac.org). When viewing the website you will see how to register to receive those documents. In addition, ABWA will be placed on IFAC's list to receive, without charge, all materials IFAC prints and publishes. Please send to Ms. Damayrs Gil of the IFAC office in New York, the name of a contact person, the email address and mail address (no post office box, please) of ABWA. Shortly after we receive that information, we will send to you the Public Sector Committee Handbook, the IAASB Handbook, and the IFAC annual report. As soon as it is available, we will send the Report of the Credibility Taskforce. These materials may be useful in stimulating discussions among the member bodies in the region covered by ABWA and contributing to the enhancement of the accounting profession in the region. The IFAC Constitution does not make any provision for rights, powers or obligations of Regional Groupings. Except by specific decision of the Board to attend a particular meeting for a particular

purpose, a Regional Grouping may not attend Board meetings or Council meetings. When invited to attend a Council meeting, such attendance is as an observer (Email from Rene Ricol (IFAC President) to Olubunmi Sowande, Chief Executive of ABWA dated August 4, 2003).

The meaninglessness of regional groupings in IFAC perhaps explains why, to date, only two other regional bodies: the South Asian Federation of Accountants (SAFA), which includes India, Pakistan, Sri Lanka, Bangladesh and Nepal; and the Nordic Federation, which includes: Sweden, Iceland, Finland, Denmark have acquired such status.² The internal problem and confusion in ABWA has been further compounded by lack of co-operation and sometimes rivalry among some of the ABWA member countries.

Rivalry among ABWA member countries

Even among its existing members, ABWA has done very little to encourage co-operation and even less of advancing the practice of accountancy in member countries. Of all ABWA members, only Nigeria and Ghana have well established examination schemes. Despite the fact that the laws and practices of the accountancy profession in these two countries have, in the main, been fashioned after the British laws because of their colonial heritage, they have failed to make any meaningful progress towards mutual recognition of their qualifications. This has been so despite extensive calls for co-operation between ICAG and ICAN.

A lack of co-operation and trust is also evident in respect of the relationship between the developed accountancy bodies like ICAN and ICAG and the less developed ones like those of Gambia and Sierra Leone. Over time, ABWA has consistently made explicit its objective to help develop the accountancy profession in the entire region. On occasions, it has resolved that Nigeria and Ghana should assist Sierra Leone and the Gambia to set up their own examination systems locally. Such assistance

could take the form of holding ICAN or ICAG examinations in those countries under the auspices of the local Institute. If this were to be the case, the question papers and scripts in respect of such examinations should bear the logo of ABWA and the local Institute. Furthermore, it has also been proposed that Ghana and Nigeria should initiate moves to harmonise and merge their respective ATS Programmes to produce an ABWA ATS within a short period (the 33rd ABWA Council Meeting held in Lagos on the August 8-9, 1996).

The above decisions were subsequently ratified by ICAN. On the issue of reciprocal recognition, ICAN Council gave its approval for an arrangement to be worked out to ensure that members of any ABWA member body could become members of other ABWA member bodies after meeting some formalities, particularly relating to tax and other local laws. Given the fact that staff of professional bodies are usually prohibited from taking the professional examinations of their employer, ICAN Council recommended that such staff should take the examination of any of the other ABWA bodies. On qualification, that certificate would enable them to become members of the Institute in their country (Executive Secretary ICAN to all ABWA Member Bodies, 5th February 1997).

At the ABWA Council meeting held on 16-17 January 1997, it was reported that ICASL had agreed in principle to the examination proposals. It contended, however, that there was a need for its secretariat to be put in order before the implementation could progress. The Ghanaian delegation reported that it was yet to seek approval from its Council on the matter. It was, however, urged to do so before the next ABWA Council meeting. Based on the above positive reports by most of the delegates, the Council of ABWA agreed to initiate action towards operationalising the agreement pending the formal approval of the Council of ICAG. Specifically, it instructed that ICAN and ICAG should exchange technical papers so as to compare both syllabi to identify areas of disparity with a view to merging the two, and if

necessary, incorporate new ideas. It also mandated that someone with high technical competence should be commissioned by the Council to work out this arrangement and submit a report to the technical committee (see Minutes of 34th ABWA Council Meeting held in Accra, 16-17 January 1997). On the issue of reciprocal recognition, the ABWA Council directed that ICAN should furnish ICAG information on its special candidates arrangements to enable them to adopt it.³

Despite such pronouncements, very little progress has been made in this direction. This is in part because of the failure of ICAN and ICAG to work out a co-operation programme. Subsequent to the ABWA Council directive on the issue of reciprocal recognition between ICAN and ICAG, the Executive Secretary of ABWA, at the 35th ABWA Council Meeting held in Banjul on 15th January 1998, reported that the Ghana Institute was given information on ICAN's special candidates arrangement to which it was yet to receive a response. At the 36th ABWA Council meeting held in Banjul between the 6th and 7th of August, 1998, there was still no response from the ICAG.

By the 41st ABWA Council meeting, held in Accra Ghana on the 24th April 2001, the Nigerian position had substantially changed and the exchanges between the two bodies had become more uncompromising. According to the minutes of the said meeting:

ICAN and ICAG were urged to finalise discussion on reciprocity, as it was necessary for regional co-operation. ICAN argued that the matter was yet to be brought formally before its Council, especially as it had reviewed its entry requirements. In fact, ICAG had not formally applied for recognition and thus no discussion had been held. On the status of ACCA and other bodies that did not require first degree as a requirement for registration, Mr Agbebiyi replied that the qualifications of these bodies were accepted, subject to a special programme. ICAG felt that it was necessary for ICAN to give its views on the matter, as ICAG was yet to review its entry

requirements. The President was of the view that members of ABWA member bodies should be able to recognise each other. ICAN President was however of the view that the syllabuses of member bodies should be studied by a committee to be able to accept each other's certificates. It was agreed that the respective Councils should consider the matter on receipt of cross applications for reciprocity bearing in mind that the old members would be considered on their own merit (p.3-4).

Nigeria was thus willing to accept holders of English qualifications as its members, subject to a special programme. This was irrespective of the fact that none of the English bodies reciprocated this gesture. Despite this, it was unwilling to concede such recognition to fellow ABWA members, even on a reciprocal basis. The lack of co-operation between the Nigerian and Ghana Institutes has at times threatened the very existence of the ABWA. A case in point is the controversy in 1997/1998 over the interpretation of the ABWA rules with respect to the Presidency of the Association. On this issue, the ABWA bye-law specifically states that:

Officers of ABWA elected as provided in the Constitution shall hold office for a two-year term and shall be eligible for re-election, except that no President or Vice President shall stay in office for more than one term.

In 1996, Mr Ijewere, the then President of ICAN, was elected President of ABWA. When his one year Presidency of ICAN expired in June 1997, he was succeeded by Mrs Adeniran. Mrs Adediran, backed by the Council of ICAN immediately claimed the Presidency of ABWA. Essentially, it was argued that the two year presidency of ABWA was reserved for Nigeria and that who ever was the President of ICAN during the period automatically became President of the ABWA. ICAG, led by its then President, disagreed citing the provisions of the Constitution

and bye-laws. Mr P.O. Omoregie, Registrar and Chief Executive of ICAN wrote back arguing that a 1996 decision of Congress supported the ICAN position on the matter. According to him:

I wish to confirm that your observations regarding the tenure of the Presidents of ABWA as provided in the ABWA Constitution and Bye- Laws and Rules and Regulations are correct and in order. However, I will like to point out that at the ABWA Congress held in Sierra Leone from 10 – 14 June 1996, it was decided that ‘... henceforth, the Presidents of member bodies would automatically become members of Council of the Association. This decision was taken in view of the need to ensure coordination and harmony between member bodies leaderships and the activities and programmes of ABWA,’ This decision was to ensure the survival of ABWA and to guarantee that ABWA decisions are faithfully implemented. Since the tenure of the Presidency of some member bodies of ABWA is one year, while that of ABWA is two, the above implies that the Presidency of ABWA would have to change hands with the tenure of the President of a member body with one-year tenure (Omoregie to Hyde, August 20, 1997).

This regulation was perhaps first discussed at the 31st ABWA Council meeting held in Accra Ghana. According to the minutes of that meeting:

A member suggested that in order to improve commitment to the Association, the Presidents of member bodies should be made automatic members of ABWA Council. The meeting discussed the matter and decided that it was not necessary since records even show that some Presidents who serve on the Council are not living up to that expectation and in any event, the decision rests with the national body (Institute) (p.7).

ICAG vehemently disagreed with the interpretation given by ICAN on the above matter arguing that there had been no constitutional amendment on the subject of the election of the president of ABWA and his tenure. The body contended that the Sierra Leone Council decision simply meant that any President of an ABWA member Institute should represent his Institute as one of the two members representing that Institute on the Board. At no time was it implied that a new president of a national Institute should replace the existing president of ABWA. ICAG therefore concluded that the proposed replacement of Ijewere by Adeniran was highly irregular and unprofessional. Along these lines, the body explicitly stated that:

Due to recent developments within ABWA where the serving President Mr E. Ijewere, immediate past President of ICAN has not formally tendered in his resignation from the position of ABWA President, to the Council of ABWA, but various publications and utterances at certain colloquiums have shown that ABWA has a new President in the name of Princess A A Adeniran, we must be very mindful of the Constitution of ABWA together with its rules and regulations in all our endeavours.... If there is to be introduced a change to the Constitution, this must be formalised. So far we do not see a situation where the Constitution has been amended for election of President of ABWA (Brown to ABWA Council, January 9, 1998).

ICAG threatened that, unless the matter was resolved, and to avoid any unnecessary embarrassment, it would not attend the next ABWA Council meeting scheduled for 15 to 16 January 1998 in Banjul. Because the matter was not resolved, the Ghana delegation kept away from the meeting. Despite this, a quorum was formed and the meeting was held under the Chairmanship of Mrs Adeniran. This was so, despite protests from the Sierra Leonean delegation. This matter has now been resolved

with the amendment to the Constitution in 2001. Specifically, article 10 (1) of the amended Constitution states that:

The Council shall consist of two representatives of each member body being the President and Vice President. Article 11 (3) further states that the President who is Chairman of Council shall at all times be President of the member body whose turn it is to produce a President of the Association (Minutes of the ABWA General Assembly, April 18, 2001, p.2).

At another level, the preference for British accountancy qualifications was stalling any proposed co-operation between the established accountancy professional bodies like ICAG and ICAN, and the less developed bodies like ICASL. Even the expected beneficiaries of the scheme had a lukewarm attitude towards the entire programme. In most cases, they showed a preference for affiliations with internationally recognised professional accounting bodies like ACCA. It is thus not surprising that ICASL signed a co-operation agreement with ACCA. Aside from its inroads into the accounting terrain in these West African countries, ACCA has also started to contest the professional accounting field in both Nigeria and Ghana. In the case of Ghana, for instance, perhaps because of the level of its development, ICAG has been reluctant to sign co-operation agreements with the ACCA. Such agreements will no doubt whittle down the power and utility value of the local institute. Earlier suggestions of co-operation therefore came to nothing (Simpson, 1988).

The result is that ACCA has now entered the accounting field in Ghana on its own, and this is now a major concern for ICAG. The increasing numbers of Ghanaian students sitting ACCA examinations is, at least in part, explained by students' concerns about whether the ICAG qualification is a valid international accountancy professional qualification, given that reciprocal recognition is not given to ICAG by international professional accountancy bodies (Report of ICAG

Council to AGM (2000). In the case of Nigeria, the request by ACCA for co-operation has also not received any positive response. The result is that the ACCA has now opened a local office in the country. Again its greatest strength is the international recognition of its certificates. Despite the difficulties being encountered by ABWA, the body has a unique chance of positively influencing accounting development in the sub region.

Summary

From the above, it is clear that ABWA and its constituent bodies are at a crossroads. While the smaller African countries have a clear preference for professional accountancy bodies operating internationally, like ACCA, the bigger ones, which are supposed to be the arrowhead of ABWA, are also under threat in their respective domains. Despite this, the need for a strong regional body in British West Africa remains ever present. Given the underdeveloped nature of British West African countries, their accounting needs differ from the needs of the developed countries that drive the agenda of IFAC. British West Africa, for instance, is dominated by small businesses in both the formal and informal sector. The training schemes of the international accounting bodies do not address the needs of such businesses. Rather, they are aimed at large-scale businesses. Perhaps because of the region's colonial heritage and its copycat approach to legal and institutional developments, local professional bodies that have emerged have essentially copied the British model. The implication of this is that they have all fared poorly in addressing local problems. These bodies have, thus, had little impact on the terrain where the majority of African businesses operate. Indigenous accounting bodies in British West Africa have instead concentrated on training manpower for large corporations. Their existence and growth in the 1960s and 1970s, especially in Nigeria and Ghana, was attributable to the euphoria of independence and nationalism that reigned at the time. This ensured that the governments were very supportive and promulgated

laws granting sole right of accounting practice to members of the local professional accounting institutes. This also ensured that Africans who were members of the internationally recognised accounting bodies had to identify with local institutes to be able to practice at home. By the early 1980s, several of the African countries had slipped into economic crisis. The various exchange control regimes initially adopted by various African countries made it difficult for locals to seek membership of international professional accounting bodies, and this led to increased patronage for the local accounting bodies. The international professional accounting bodies also lost interest in the British West African market because of the restrictive exchange control mechanism, which made it difficult for them to get money out of the country. Even the existing members of these international professional bodies had great difficulties in paying their subscriptions. This effectively consolidated ICAN and ICAG's positions as the dominant professional accounting bodies in their respective countries.

With the deregulation of the Nigerian and Ghanaian economies including exchange controls, and the growing wariness for indigenous accounting qualifications abroad, things started to change. Both the Nigerian and Ghanaian Governments in their desperate bid to attract foreign direct investments dropped most restrictions, with respect to the use of both capital and labour. It is, for instance, now easier for foreign enterprises to import accounting labour into these countries. The advantage of members of the local accounting profession getting local accounting jobs is rapidly diminishing.

A combination of the above factors has now encouraged some international accounting professional organisations like the ACCA to re-establish interest in the British West African accounting market. Given the widespread perception that such qualifications provide better economic opportunities for members than local accounting qualifications, it is not surprising that Africans now aspiring to become professional accountants exhibit a clear preference for internationally

recognised professional qualifications. International accounting firms, especially those with strong links with their parent bodies, may also soon encourage their trainees to take the examinations of international professional accounting bodies. The likely consequence of all these will be the further diminution in the value of local professional accounting qualifications like ICAN. This, it can be argued, is a serious threat to the Nigerian accounting profession. Admittedly, given the sheer size of the Nigerian economy and its inherent opportunities, it will be difficult for the holders of internationally recognised professional accounting qualifications to dominate the accounting in Nigeria, and there should therefore still be ample room for ICAN accountants to practice their profession even if their certificates are seen as inferior.

Given the above scenario, the local institutes now have little choice but to reinvent themselves by becoming more relevant to the economic needs of their countries. Specifically, there is a need for them to concentrate on the training of accountants for small-scale and medium-scale industries. In this direction, the ATS, which has been introduced by ICAN and ICAG is a step in the right direction. Recently, ABWA has also agreed to develop a region-wide ATS Scheme, which is also a welcome development. This will, at the very least, lead to a better understanding of the needs of small-scale businesses in the region. Perhaps more importantly, it will help give Africa a louder international voice in highlighting the nature of accounting needs in the region. Focusing on the development of small-scale businesses in the region therefore holds great promise for the development of ABWA and the indigenous accounting bodies in British West Africa. The real relevance of ABWA should therefore be measured by the ability of the body in getting real African accounting interests and concerns on the agenda of IFAC.

ENDNOTES

1. These include: The Liberian Institute of Certified Public Accountants (LICPA); The Gambia Association of Accountants (GAA); Institute of Chartered Accountants Ghana (ICAG); Institute of Chartered Accountants of Nigeria (ICAN); Association Des Diplomes D' Expertise Comptable Et de Comptabilite Superieure, Republic of Benin (ADECCS); Ordre National des Experts Comptables du Cameroon (ONECCA); Ordre Des Experts Comptables Et Des Comptables Agrees Du Cote d'Ivoire (OECCA—CI); Ordre Des Experts Comptables Et Des Comptables Agrees du Niger (OECCAN); The Institute of Chartered Accountants of Sierra Leone (ICASL); and Association Togolaise des Experts Comptable Diplomes (ATECD).
2. See Email from Russell Guthrie (IFAC) to Chibuike Uche dated January 31, 2005. Contrary information has been provided by Mr. Gathing, the Chief Executive Officer of the Eastern, Central and Southern African Federation of Accountants (ESCAFA) who suggests that ESCAFA is one of the six regional bodies recognised by IFAC (2004, p.1).
3. ICAN Special Candidates are candidates who have obtained the qualifications of international accounting bodies recognised under the ICAN Act.

6 CONCLUSIONS AND RECOMMENDATIONS

This chapter summarises the main conclusions arising from this study of the emergence and development of the accounting profession in Ghana, Nigeria and Sierra Leone and the attempt by their main professional accounting bodies to cooperate under the ABWA scheme. In the main, the study has shown that the development of company law and the accounting profession in all three countries closely followed developments in the United Kingdom. The major difference is that in British West Africa all members of the recognised professional accounting bodies have united, in a marriage of convenience, to form one umbrella accounting body. In all cases, the difficulties caused by such an arrangement have always been resolved in the interests of the wider goal of ensuring a monopoly over the regulation of the accounting profession in this region. Specific conclusions on each of the case studies in the research are summarised below.

Institute of Chartered Accountants Ghana (ICAG)

The chapter on ICAG examined its origins and operations over the years. It also critiqued its enabling Act. Specifically, it documented the increasing loss of jurisdiction and market share, especially occasioned by the encroachment of the ACCA. Despite frantic efforts by the Institute to use politics and nationalist sentiments to halt the ACCA advance, the author is of the view that the Institute is fighting a losing battle. This is because ICAG has failed to address the underlying problem that gave rise to this threat: the inability of ICAG to train enough accountants for the entire Ghanaian economy and to gain international recognition for its qualifications. The inability of ICAG to gain international recognition

for its qualifications, at least on a reciprocity basis, greatly disadvantages holders of its certificates. The result is that prospective students prefer to invest their time and money in ACCA. Perhaps more worrying is the fact that the drive towards reciprocity is likely to make ICAG lose sight of the fact that it is supposed to be training accountants that are suited to the economic peculiarities of Ghana.

Institute of Chartered Accountants of Nigeria (ICAN)

This chapter highlights some of the factors that have influenced the development of the accounting profession in Nigeria. Specifically, the chapter throws light on how societal expectations, interest groups and government actions have influenced the development of the accountancy profession in the country. It is for instance argued that it was the ANAN challenge, hinged in the main on the accusation that ICAN was either incapable or unwilling to produce enough accountants to serve the nation, that was mainly responsible for the introduction of the Accelerated Training Programme by ICAN. This reduced the training period for accountants and increased their rate of qualification. Such challenges, the chapter argued, have made ICAN become more sensitive towards the accounting needs of the country. In 1989, for instance, ICAN introduced the Accounting Technicians' Scheme, which is aimed at producing a second tier of accounting professionals to service small and medium scale businesses. Furthermore, the emergence and recognition of the CITN by the Government and the consequent struggle for tax practice jurisdiction has also made ICAN realise the difficulty of uniting the regulation and training of manpower for all faculties of accounting under one umbrella. In a reactive move, ICAN is proposing to devolve into six specialist faculties. How this will help ICAN hold on to its diminishing sphere of influence remains to be seen.

Institute of Chartered Accountants of Sierra Leone (ICASL)

This chapter traced the emergence of the accounting profession in Sierra Leone. This country has a long history, relative to Nigeria and Ghana, of political instability. It shows the various social, political and economic dynamics that have impacted on the development of the accountancy profession in the country. Perhaps more importantly, it shows how the development of the accounting profession, especially in the United Kingdom, Ghana and Nigeria has influenced the development of the profession in Sierra Leone. This has sometimes resulted in a struggle for supremacy by the interested professional accounting bodies in the three countries: ACCA, ICAN and ICAG. Although ICASL through its membership of ABWA, can be said to be still pursuing accounting cooperation along regional lines, in reality, its preference for ACCA is indisputable. The chapter argues that while the current association of ICASL with ACCA may have brought prestige and respectability to ICASL and its members, it has done little to ensure that ICASL training programmes are adapted and responsive to the accounting and developmental needs of Sierra Leone. Rather, it has increased the pressure for legal and professional changes that are more relevant to the socioeconomic conditions of developed countries like the United Kingdom.

Association of Accountancy Bodies in West Africa (ABWA)

This chapter examined this bold attempt towards professional accounting cooperation in one of the poorest regions in the world. Specifically, it explored the origins of ABWA and the relationship between ABWA and IFAC. It also explored the implications of the rivalries among ABWA member countries and between the body and

its constituent members and foreign accounting bodies especially the ACCA, for accounting development in the region. The chapter argued that ABWA provides a unique opportunity for the protection of the region's interests in the development of accounting standards and techniques. This is because individual West African States are too weak to influence international accounting bodies to, at the very least, acknowledge the unique peculiarities of the accounting needs and practices in these developing countries. Despite the prospects for such a regional accounting body, a clear lack of vision and internal regional politics and rivalry among some member bodies of the Association has made the body essentially ineffective. The result is that after more than twenty years of existence very little progress has been made in the direction of achieving the objectives of the organisation.

Recommendations

From the above summaries, it is clear that a major failing of the professional accounting bodies in the three British West African countries has been their inability to train and develop sufficient accounting manpower relevant for the level of economic development of the various countries. This has, at least in part been caused by the struggle for reciprocity with international accounting bodies like ACCA. As the case of Sierra Leone clearly shows, such objectives will only help widen the gap between societal accounting needs and accounting training. Even in Nigeria and Ghana, the company and tax laws inherited from the United Kingdom have not been adapted to their specific local conditions, and the professional bodies have been content with seeing their members as replacements for expatriate accounting personnel. The result is that these local bodies have failed to positively impact on their environment by training and equipping accountants with skills relevant to the economic requirements of their respective countries. Based on the above, the author recommends that indigenous accounting bodies in the three countries

should concentrate on the development of accounting manpower which is relevant to the level of economic development in these West African countries. In line with the above, it is recommended that the programme for training accounting technicians, which has already been established in Ghana and Nigeria should be strengthened.

With respect to the regional accounting cooperation which currently exists in the form of ABWA, this study while supportive of such a scheme calls for a rethink of its driving motivation. Specifically, it shows that ABWA has been championed by ICAN and ICAG which are content with mimicking western practices in the bid to ensure monopoly and domination over the accounting practices in their respective territories. Based on the above, it is not surprising that the very essence of ABWA was to seek IFAC recognition. In its attempt to meet IFAC's minimum requirement for the recognition of regional bodies, it has recruited both Francophone and Anglophone countries with little attempt to understand the similarities and peculiarities of their various accounting systems. Although ABWA has now attained regional membership of IFAC, in reality, however, such a status is of no consequence. Despite this, the research argued that there is still a major role for ABWA to play in the accounting development of West Africa. In this direction, the logical first step for ABWA would be to study the differences and similarities in the accounting structures and needs of the West African states. It is only when this is done that it would be in a position to make a strong case at IFAC for the need to recognise and respect the accounting specificities of developing countries like Nigeria, Ghana and Sierra Leone.

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The Accounting Profession in British West Africa

This report traces the development of the accounting profession in Ghana, Nigeria and Sierra Leone. The report raises important questions about the role of professional bodies in enhancing or possibly inhibiting economic development in developing countries. In particular, to what extent do the professional accounting qualifications, both of indigenous and international bodies, meet the needs of developing nations? This is a vital question as international bodies seek to grow their global membership.

The report analyses the development of the accountancy profession in British West Africa on a country-by-country basis. It also explores the role of the profession in facilitating the economic development of the region. The report then considers the establishment of the Association of Accountancy Bodies in West Africa (ABWA) and the growth of international accounting bodies, including the Association of Chartered Certified Accountants (ACCA), in the region.

The author argues that a major failure in the region has been the inability of the professional bodies to train and develop sufficient accounting manpower relevant to the level of economic development and concludes with recommendations for the region. It is hoped that the report will contribute to the development of the accounting profession in British West Africa and provide a wider insight into the development of the profession in developing countries.

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