



THE ROLE OF THE PROFESSIONAL ACCOUNTANT IN THE ECONOMIC DEVELOPMENT AND EMPOWERMENT OF THE NATION

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ABSTRACT

There is certainly a growing need for professional accounting services. The economic growth of emerging economies like Ghana and the development of globalisation will keep on expanding the need for professional accounting services particularly assurance.

It is now widely believed that the future of the accounting profession lies in developments already under way and the profession's market's interaction with its evolving environment. Technological developments as well as environmental challenges have demonstrated a shift in financial reporting requirements and public expectations.

This paper will discuss the role of the professional accountant as a driver of change in the global business and in nation building, using Ghana as a reference point.

Key words: Professional accountants, empowerment accounting, corporate governance, expectation gap, forensic accounting, triple bottom line, sustainability reporting, climate change, corruption, money laundering.

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INTRODUCTION

In terms of resource allocation, controlling and measuring business performance, accountancy is perhaps one of the most important, innovative, and challenging professions in the world economy today. The skills of a professional accountant are deeply rooted in history, beginning from 3,000 BC when the ancient Samaritans invented the

world's first written language through the 1494 AD when an Italian Monk, Luca de Pacioli, officially introduced "double entry" book keeping in his *Summa de Arithmetica*, a compendium of mathematical knowledge. The history of accountancy continued to 1854 AD when Scotland formally recognised the subject as a profession, under the designation Chartered Accountants. Following the step taken by Scotland, England, in 1880, also

recognised a Chartered Accountant as a professional. In 1896, New York State also officially recognised the profession under the license of Certified Public Accountant.

The accounting needs of Ghana became evident with the introduction of Income Tax in 1943 in the then Gold Coast. The production of accounts for tax purposes increased the demand for accountancy services, both internally in organisations and externally for auditing purposes. This led to the formation of Association of Accountants of Gold Coast in 1954. This eventually led to a landmark in the development of the accountancy profession in British West Africa, with the establishment of the Institute of Chartered Accountants, Ghana, in 1963.

Some people argue that accounting developed purely in response to the needs of the time, brought about by changes in the environment and societal demands. Others claim that the development of the science of accounting has itself led to the evolution of commerce since it was only through the use of more precise accounting methods that modern business was able to grow, flourish, and respond to the needs of its owners and the public. The history and development of accountancy confirm the adage that accountancy, and for that matter the professional accountant is indeed the priesthood of industry. Either way, the history of accounting throws a light on economic and business history generally, and may help us better understand and predict what is on the horizon as the pace of globalization of business escalates.

Truly, accounting calculus and ideologies have become a major influence on commercial and everyday life in most societies. Inter alia, accounting has developed as a means of

recording transactions and identifying, and thereby inhibiting, fraudulent activities. Professional accountants routinely trade upon their claims of rationality, professionalism, and "services of the public interest" to secure or extend their monopolies (e.g. external audits), privileges and status. In this way professional accountants have colonized both public and private sectors where their activities routinely inform decisions about the allocation of goods and services, including employment, health and education. Major advances continue to be made in illuminating the expansion of 'accounting think' in relation to the social, economic and political role of accounting and professional accountants.

At this point, let me quickly ask: who is a professional accountant? By a professional accountant, I am referring to any one who practices accounting on a professional level, i.e., a Chartered Accountant in good standing, as opposed to a strictly clerical or routine bookkeeping at the procedural level. I am mindful of the fact that professional accounting has always been considered synonymous with public accounting. So my definition includes work of internal accounting and auditing as well as the professional practice of the independent public accountant.

Undoubtedly, the professional accountant's role has become more important now, than at any other time in our history. Thus, its role cuts across corporate level and extends to national level and even more importantly, to the international level.

The following are some core questions. Reflecting on them, I believe, will contribute to a better understanding of the role of the professional accountant and how this role should evolve to keep pace with the changing

environment:

- (i) Are professional accountants crucial economic actors in the capital market economy?
- (ii) Is professional accounting an added-value function?
- (iii) What does the business community expect of professional accountants?
- (iv) With several areas of conflict of interest surrounding the professional accountant's function and his or her performance, how can his or her independence be assured?
- (v) How should professional accountants respond to continuing environmental changes?
- (vi) What changes, if any, should be made to improve the efficacy of professional accounting, particularly auditing?
- (vii) Will auditors need to move from an 'archival' approach, where the auditor comes in at the end of the year, examines financial statements and issues an opinion on the statements, to an approach based on the process during which the financial information is compiled?
- (viii) Will auditing need to move from an annual assurance to a continuous assurance?
- (ix) How should the audit profession respond to structural changes in the capital market economy?
- (x) How will professional accountants handle complex information systems which are linked with business processes?

As you ponder over these questions, let me

quickly and briefly discuss the hard facts surrounding the socio-economic environment of the 21st Century.

ECONOMIC GROWTH - CHALLENGES & EVOLVING ROLE OF PROFESSIONAL ACCOUNTANTS

Economic growth can be put in proper perspective when we appreciate that all factors of production are engaged in the production of goods and services which, at the aggregate level, can be called the Gross Domestic Product (GDP). If this is expressed in monetary terms, we speak about Gross National Income (GNI). Any increase in the volume of goods and services over a given period of time can be described as economic growth.

Economic growth occurs when a nation's income increases over time, irrespective of how it was achieved. Unfortunately, if the gains from economic growth are inequitably distributed, civil unrest and political instability can arise. There are, however, hosts of factors that militate against rapid economic growth in a developing country, like Ghana:

- Colonial legacy
- Backward technology
- Poor social condition
- Ethnic and tribal divisions
- Deficient infrastructure
- Macroeconomic policy mistakes
- Dependency on primary commodity for export
- High illiteracy rate
- Low life expectancy
- High population growth
- Low incomes, low savings habit, and
- Absence of, or insignificant industrial activity

Given the above scenario, the challenge,

therefore, is to seek how best to acquire and deploy resources such that the NATIONAL MISERY INDEX (NMI) is minimised, and the standard of living of people in developing countries significantly improved on a sustained basis. The great divide between the developed and less developed countries has compelled poverty-stricken nations to seek ways of bridging the growing gap precipitated by the scourge of poverty, illiteracy, and disease so that significant advancement could be achieved.

Indeed, strategies to increase the quality and quantity of the wealth of nations are the thrust of economic growth, development and empowerment, and the real essence of the accountancy profession. The identifiable critical success factor no doubt is professionalism in corporate and public governance, and accountancy is a core factor in the "good corporate governance equation".

THE PLACE OF PROFESSIONALISM (ACCOUNTANCY AS A PROFESSION)

One of the key attributes of a professional organisation is the ability to self-regulate its members from a "macro" level, the accounting profession has a vested interest in protecting the public interest if they are to retain their credibility and public confidence. On a "micro" level, however, members of a profession may be motivated by economic gain to further their own interest at the expense of the public interest. The increasing legislative regulation of the activities of the accounting profession in the advanced countries has arisen largely because of the profession's inability to regulate its members. As a consequence, the accounting bodies have identified public interest responsibility as one of their key strategic issues and have established several

mechanisms to improve the actual and perceived ethical behaviour of members. The cornerstone of an association's ability to establish a culture of professionalism and trust has traditionally lain in the formation of a code of professional conduct or ethics.

A code of conduct enables an association to establish and guide the professional standards and core values of its members. It also signals to society the competence and integrity of its members and to discipline unacceptable behaviour. Professionalism, however, entails mastery of specialised skills, display of objectivity in the discharge of duties to society, and the strict adherence to sound ethical values. These attributes or qualities help the professional to be efficient and effective at all times as he or she strives to add value to economic results. Thus, because the accountant is empowered by expertise and quest for knowledge, he or she accommodates no red-tapism or bureaucratic bottlenecks in the decision-making process; hence the frequent calls for the use of professionals in doing government business.

The most relevant profession that permeates every sector of the economy is the accountancy profession. With the current global economic scenario depicted by advancement in information technology, rapid changes in production processes, fierce market competition, the unethical activities of multinational companies in the drive to survive the unpredictable, and complex business dynamics fuelled by the global economic meltdown, there is the need to evolve strategies that would increase and sustain growth in all regions of the developing world.

This, therefore, makes investment in knowledge industry the most strategic survival

strains of our time. It is in the light of this that the role of professionals, and, in particular, the accounting profession, especially at the professional level is considered important in generating economic growth and stability in the global economy. The need to develop appropriate framework to assist professional accountants adopt a public - interest responsibility to underpin their activities, operations and resource allocation will go a long way to improve their economic enhancing role. Australia has adopted a framework based on the balanced scorecard (BSC) concept which seeks to align the interest of the accountancy profession with aspirations and needs of a diverse group of individual members. Since Kaplan and Norton (1992) introduced the BSC as part of a performance management system, the model has become widely used by business and public sector management. All organisations, whatever their focus, are concerned with balancing their strategic directions against operational requirements.

The BSC model, as adapted from Rampersad (2003) and being considered in Australia, takes into account the ethical behaviour and needs of professional accounting bodies and their members; perhaps with support from the public, accounting firms, the Institute of Chartered Accountants, Ghana can also explore the BSC concept in Ghana by finalizing and encouraging research into improving public interest accountability and responsibility in the accounting profession.

As strong accountancy profession, as part of a strong financial infrastructure, can support trade and facilitate investment by both the private sector and development partner, thereby contributing to economic growth and to economic and social stability. Strengthening

the global profession so that we can address the challenge of contributing to, and most importantly, achieving economic growth and stability is by focusing on four critical areas:

- (i) emphasising the primacy of ethics in all that we do;
- (ii) developing high quality international standards and promoting convergence to these standards;
- (iii) supporting and participating in performance of all those involved in financial reporting; and
- (iv) forming strong alliances so that we can maximize the resources that will enable us to develop the profession, particularly in emerging economies.

THE ROLE OF ACCOUNTING PROFESSION IN GENERATING ECONOMIC GROWTH AND STABILITY

Role in the Public Sector

Accounting as a scientific process is about the provision of financial information needed to take decisions, particularly in respect of acquisition and use of scarce corporate resources as well as the elimination of waste in the wealth creation chain. Accountancy is a professional discipline that involves the systematic gathering, classification, recording, analysis, interpretation, and transmission of information based on data that are of monetary nature. Such data that provide financial information about the net resources (that is, the relationship between its assets and liabilities), productive activities and profitability of a business, are required by owners and managers alike in order to assess the health of the organisation and ascertain the changes in the stock of the wealth of shareholders.

A major phenomenon of less developed

countries is the dominant size and influence of the government sector in the whole economy. Pursuant to the increased volume of public sector activities and revenue accruing to various governments through the various taxes, there is the need not only to evolve taxes on enduring accounting framework but also to train accounting personnel for the sector. In fact, although government business appears basically routine in nature, the existing accounting framework in most jurisdictions in the less developed economies has proved inadequate to cope with the challenges of a burgeoning economy of these countries.

A direct relationship between accountancy and growth can be vividly seen in the government sector, and exists particularly between good accounting practices and good governance.

Government accounting practices are frequently characterized by lack of transparency, inconsistency, and incompleteness. These tend to lead to poor quality accounts and result in the inefficient use of public resources.

In the long run, poor quality accounting impacts adversely on the growth prospects and economic stability of a country. The nexus, therefore, is that the link between good accounting practices and good policy making is direct.

Government's cash-based accounting system and financial reporting in Ghana, for instance, derive their form and substance largely from accounting procedures introduced during the British colonial rule.

However, the cash-based system is not the most informative way of presenting accounts in a dynamic democracy like ours. It lacks

transparency and it provides a weak basis for informed judgements on the performance of Government in terms of economy, efficiency and effectiveness of its programmes.

Financial information has to be collated in parallel through the establishment of elaborate and sometimes expensive systems for centralized monitoring and evaluation of projects and programmes. These become ex-post exercises in the nature of audits because cash-based accounts by themselves fail to disclose full information for financial management.

There is therefore the need to reform Government Accounting System; may be migrating from cash to accrual, to reap the following benefits:

- Better information will be available about sustainability of government fiscal policies, and the bias in favour of short-term thinking will be corrected.
- A stronger basis for accountability will be established with internalized incentives for economy, efficiency, effectiveness and equity.
- At the organisational level, it will help devise better means for organisational efficiency. There would be better accounting for resources that government departments use.

Certainly, such a transition will not be easy, quick or cheap. This means professional accountants have to work collaboratively with the Institute of Chartered Accountants, Ghana, Accountant-Generals Department, Audit Service and all other stakeholders to achieve a successful transition to an appropriate accounting and budget system for Ghana, with the objective of achieving higher economic

growth that we all aspire to achieve.

Role of the Private Sector

The professional accountant possesses the skills required to prepare feasibility and viability studies upon which investment decision can be based. Professional accountants can assist not only in sourcing for funds but also in their efficient management. He or she is able to render invaluable services in the areas of portfolio diversification, internal control management of cash and working capital, record keeping, and playing advisory roles in dividend payments, debts, and equity policies.

Tax administration and management are critical aspects of the accountant's job. Tax incentives and liabilities, play important roles in investment and financing activities. Therefore, professional accountants often assist clients to plan, compute tax liabilities and also ensure that these obligations are met. Hence, as tax experts, professional accountants help to establish confidence in the tax systems by ensuring the fair application of tax laws and overall efficiency of the tax system. The professional accountant's role in tax matters also helps to ensure the equitable distribution of wealth.

As management consultants, professional accountants have a responsibility towards public interest; they advocate sound management decision-making. These roles of the professional accountant in the area of management accounting ensure the growth and strength of corporate entities which are at the heart of successful economies. In 1987, Johnson and Kaplan challenged the management accounting profession by claiming that management accounting had lost its relevance. Their book entitled, *Relevance Lost: The Rise and Fall of Management*

Accounting, questioned the relevance of contemporary management accounting.

It may be important for us, as professional accountants to think about developing a management framework for the future. Any such framework must be suitable for organisations of varying sizes operating under different forms of ownership and in different industry sectors. Such a framework must also reflect the fact that management accounting is seen by many as having significant human behaviour connotations. Additionally, such a framework must cover four important factors:

First, it must identify the strategic role of management accounting. There is widespread acceptance that management accounting can play a vital and increasingly important role in strategic management. Second, it must be able to identify the critical success factors of the industry in which our organisation operates. These are the critical things which each organisation in the industry must be able to perform successfully, or risk not being able to compete successfully in that industry. Third, the framework needs to focus, not only on short term results as is typically done today, but also on the long-term results of an organisation. Focusing only on short-term objectives will encourage managers to maximize short-term results rather than long-term goals. The management accounting system must monitor those factors which will indicate whether or not the organisation is on target to meet its long-term goals as well as its short-term objectives. Finally, the management accounting system must be able to measure and report performance at a number of levels.

Top management may typically require measurement and reports on the performance of the firm as a whole, a division or a department, the management of a business

Unit, a product or product range, a market, a particular customer, or a particular competitor. It is my conviction that the public administration bureaucracy of this country has not understood the importance of the services of management accountants, for improving the performance of public enterprises. We must not forget the fact that almost 70 per cent of the funds of this country are owned by the state. Therefore, I believe that the general treasury of the Ministry of Finance needs lots of management accountants in order to improve the performance of the wider public sector in Ghana.

Empowerment Accounting

The rapid changes and the intensity of competition in the global economy make new types of economic measurements necessary for national competitiveness and economic progress. The accounting profession needs to identify what those measurements will be, devise ways to capture the required information and report them reliably to interested parties. They must then link those measurements to the organisation's rewards system. Finally, they must train the employees and interested parties to understand the reports, and be motivated by them. This requires research into what the subject matter of accounting should be within an "informational-era" global economic paradigm, and how to extend and disseminate this subject-matter across the entire organisation in order to influence and empower its employees.

This need to have measures that have a 'motivational' impact is seen as the emerging 'influential' economic era. Here, we are talking about empowerment accounting methodology.

The inescapable logic of open-book

empowerment accounting is, therefore, that employees are likely to share organisational goals when they:

- understand the techniques used to measure how much value was created;
- are provided regularly with the scorecards that show value was enhanced (or lost);
- are empowered to act in a manner that will improve the value-creating capability of the organization; and
- share in the rewards when the organisation does well.

Accordingly, the key aspects of this open book empowerment accounting methodology are that it:

- shares a broad array of financial and other information with employees;
- trains employees to become more business literate
- empowers employees to use the information in their work, trusting them as partners; and
- rewards them when the company becomes successful.

Empowerment accounting, using an open book policy, is therefore, essential not only in teaching employees how to read organisational scorecards and enabling them to judge if their team is winning or not, but providing them with all of the information (financial or otherwise) and responsibility required to be a team player in the game of business.

In spite of the controversial issues observed by some researchers on the philosophies of empowerment accounting, it is my conviction that the accounting profession cannot remain committed to fine-tuning the debits and credits of this by-gone era; but work closely with technical departments of professional firms

scrutiny of the role of audit and the image of the accounting profession. The Professional accountants' responsibility, far from being that of an advocate, is still the gate keeper whose primary allegiance must be to the public. The auditing profession serves as the public protector of the integrity of financial statements, upon which rests public confidence in the financial markets. Most importantly, the accounting profession itself must recognise and expand its role, its responsibility, and its dedication to fulfill its mission to provide accurate and complete information to the investing public.

External auditors are required to anticipate and keep up with the changing needs of the public, as well as changes in financial markets, corporate structure and information and communication technologies. Thus, the audit profession should evolve to meet new market needs; taking into consideration regulators' measures regarding the types of services provided by auditors and the changes the standard-setters and regulators envisage in the areas of accounting and auditing standards.

CORPORATE GOVERNANCE AND PROFESSIONAL LEADERSHIP

Good corporate governance in a corporate set-up tends to maximize the shareholder's value legally, ethically, and on a sustainable basis, while ensuring equity and transparency to every stakeholder - the company's customers, employees, investors, the government, and the community. Corporate Governance is a must for ensuring the required values to different stakeholder groups. The question one would ask is, "what is the role of the professional accountant in this age of corporate governance, with its changing perceptions of the audit process and the new regulatory demands for company transparency?" The role of the

professional accountant is closely related to the subject matter of his endeavour, i.e., the financial report and the credibility that the audit provides. Professional Accountants, particularly external auditors, are called upon to uphold and develop professional standards that command public confidence. The external auditors ought to recognise that they must be perceived as experts regarding internal control and risk management and that this must be engrained as part of the service rendered, i.e., part of the value adding nature of an audit.

Today, financial audits are re-inforced with the conduct of strategic audit. A strategic audit is far different from the common perception of financial audits. It is a continuous evaluation of all the strategic functions of any success-seeking company. Due to such a wide scope, strategic audit issues are pertinent to management accountants, business analysts, audit directors, senior managers and executive-level management, as well as those aspiring to become someone who oversees audit, security, compliance and control functions.

Strategic audits should not only dwell on highly technical matters but also provide management and other stakeholders with a perspective on information systems and technology issues at the strategic level. This will, in turn, promote good corporate governance by enabling managers to make well-informed planning and resource allocation decisions that will ultimately enhance the value of the organisation. Value creation, a core objective of good corporate governance, creates wealth for the society, maintains and preserves the wealth efficiently, and shares the wealth with the stakeholders. Corporate governance with the professional accountant in the equation is the method by which the aforesaid objectives can be achieved.

FORENSIC ACCOUNTING

Several instances of corporate scandals and failures in the recent past have given professional accountants a new perception that goes beyond statutory audit and, in some ways, even trend of corporate governance. Forensic accounting is the practice of utilizing accounting, auditing and investigative skills to uncover sophisticated corporate frauds. Today, it is vital that public accounting firms place greater emphasis than they have done before on developing forensic accounting skills.

Forensic accountants compliment the work of various agencies fighting corruption worldwide and help in reducing fraudulent activities by installing fraud-proof internal control systems in corporate organisations. So, it is beyond doubt that the role of forensic accountants will become very major in corporate fields, public accounting, and in all, awareness of government business in the days to come.

SMEs AND BUSINESS EMPOWERMENT

Professional accountants have an opportunity to assist in the development and empowerment of SMEs. Numerous studies have shown that they provide the most frequent source of advice in addition to providing compliance services, in meeting such requirements as those contained in taxation and company legislation. Small and Medium Enterprises (SMEs) are an integral part of the economic lifeline of most countries around the world. They are a major source of ideas and employment, and they both sustain and stimulate the growth of national economies. Yet many, far too many, fail because of the inability to manage their finances, or because their aspirations fall short

of their capabilities. Many are blinded by their enthusiasm and the sheer love of what they do – the wellsprings of their strength and the value they create. Given the important contribution of SMEs to national economy, it is opportune for professional accountants to extend their practices to:

- provide 'emergency advice' dealing with different types of contingencies that could arise as an emergency for the SME;
- handle problems relating to industry specific and cultural issues;
- participate in the growth of clients being assisted so they become more able to operate without the party assisting the growth; and
- provide empowerment in the human learning processes that brings a number of added dimensions that are not fully involved in the traditional compliance audit work undertaken by professional accountants.

Finally, professional accountants when assuming the role of facilitating the empowerment of SME operations, need to use and develop skills beyond technical skills; their human relations skills are needed as they move into roles of advisor, mentor, and coach.

PROFESSIONAL LEADERSHIP

The quality of leadership in a nation makes the difference in underdevelopment and accelerated development. Leadership must, therefore, be based on merit and track record of performance. From the training given to professional accountants, they can be said to be best suited to provide that creative and objective leadership that would lead to the attainment of the desired goal of economic growth and development. The effectiveness of governance is largely dependent upon the quality of leadership. Public governance is

made or broken by the quality of people in leadership. The skills acquired, knowledge attained, experience accumulated, and competence exhibited by the citizenry manifest in the quality of decisions, implementation strategies evolved, target attained and wealth created, and by extension, the standard of living of the citizenry. Therefore, to achieve the desired pace of development and quality life, professional accountants must take up employment in the public sector in order to influence decision-making and implementation processes.

ROLE IN ENVIRONMENTAL MATTERS

The professional accountant's role in environmental matters has become more prominent than in the past. As a long-term strategy for building their brand, professional accountants encourage their clients, not only to be socially responsible but also to continually make contributions to the environments in which they have their operations. The publication of social and environmental reporting is a clear manifestation of the professional accountant's effort to make corporate entities assume responsibilities for the externalities created by their operations.

In 1994, John Elkington coined the term "triple bottom line". The term focuses companies and corporations on the economic, environmental and social value that they add or destroy. It is all about accountability and the three dimensions of the concept of sustainability. The sustainability concept or the triple bottom line concept is about having non-functional information in addition to the traditional financial information, which has always been discussed in annual financial statements.

Sustainability reporting is playing a major role in the change the audit profession is experiencing today as professional accountants are expected to provide support in

many environmental issues, including support for emission trading schemes.

Kenya is to launch a climate exchange platform to facilitate the trading of carbon credits and help tackle climate change. I stand to be corrected, but I understand that professional accountants in Kenya played a key role in the establishment of the first carbon exchange market in Africa. Experts indicate that the Kenya's government estimates that its largest forest, the Mau, would have the potential to earn the country close to US\$ 2 billion a year over the next 15 years. Professional accountants in Ghana should take a clue from their Kenyan colleagues.

Again, the postulates and philosophy of sustainability assurance should be properly researched by professional accountants. There is certainly a growing need for assurance services. The economic growth of emerging economies and the development of corporate sustainability reporting will keep on expanding the requirements for assurance, especially in environmental matters.

ROLE IN THE OIL AND GAS INDUSTRY

The unprecedented boom in oil and gas investment in Africa over the past decade has underlined its growing importance in the world. The continent assumed even greater strategic importance when former US President, George W. Bush, pledged in 2006 to reduce America's reliance on Middle East oil by 75 per cent.

The increasing focus on the region, Ghana happily included, can also be attributed to the quality of its crude oil. Sweet and light oil requires little refining, while its strategic location between Europe and the US means low shipping costs. The continent has assumed

growing importance as a source of oil, with analysts predicting that Africa's share of global production will grow from 12 to 30 per cent by 2012. Ghana experienced the first flow of her oil aggregating 120,000 barrels per day by the end of December 2010.

I am convinced that the oil-find is a blessing and the blessings, will multiply if we prudently manage the oil revenue. Accountability and transparency from our political leaders would be the key. The professional accountant is bound to play a critical role in the proper financial administration of the oil revenue.

Ensuring transparency in the extractive sector should claim the urgent attention of professional accountants in Ghana. Professional accountants should take active interest in the discussion of:

- Production sharing agreements
- Petroleum Revenue Management Bill

Sadly, professional accountants in Ghana seemingly relegate their financial advisory responsibility to lawyers and economists. They are only playing second fiddle to other when it comes to financial advisory role to government in particular. Let me ask the question: Who is better skilled to advise on rules and procedures of funding and the publication of annual reports and other relevant financial information as enshrined in both Santiago and Edwin Truman Best Practices in Petroleum Revenue Management? What about the Production Sharing Agreements with oil drilling companies and the inherent computations and treatment for 'cost oil', 'profit oil' and attendant taxes? The answer is obviously professional accountants. Professional accountants should therefore play active roles in the oil and gas industry to ensure transparency by providing the exact tool that

could empower the people of Ghana to understand, and scrutinize how the oil and gas revenues will be used. Lack of transparency in the oil sector will encourage corruption and breed unnecessary mistrust that could in turn spark confusion, and the worst of it all, civil strife – May God forbid!

ROLE IN THE ANTI-CORRUPTION CRUSADE AND MONEY LAUNDERING

In the upcoming era, the accountant's responsibilities cannot be expected to be primarily that of watchdogs against corruption or law enforcement officers. Instead, their strategic positions in business, coupled with their integrity, objectivity and determination to protect the public interest, would make them essential players in the efforts of society to reduce corruption. In fact, the society wants their franchise to include detection of fraud and exposure of all corrupt practices that are likely to harm the fortunes of corporate entities. They are now required to blow the whistle more than ever before.

This expectation prompted the International Federation of Accountants (IFAC), to issue a statement urging all its member bodies to stir up debates on corruption and fraudulent practices in their environment in order to highlight the evils of these practices. This crusade is the challenge of our time that is facing all accountants, but in particular, the external auditor who examines books of accounts of companies. As managers of corporate resources and custodians of financial information upon which depend all rational economic decisions, accountants have important roles to play in this noble crusade. Any accountant who fails to tow this line does so at great risk to his or her integrity and professional career.

Corruption is a universal human problem as it exists in every country of the world. However, there are countries where corruption is so pervasive that it makes impossible any effort at economic progress. For instance, a communiqué issued by the Christian Association of Nigeria at the end of its 6th National Assembly in 2004, summarises the problem of corruption in Nigeria, thus:

“Corruption today is still a deadly disease in Nigeria – corruption has been responsible for the collapse of educational and health sectors and other areas of life. Many Nigerians are yet to be free from it. The Christian Church in Nigeria cannot claim to be free from it. Where is corruption not present in Nigeria society? Is it in the Executive Arm of our Government, the Legislative – the Senate, House of Representatives, the State Assemblies, Local Governments – the Judiciary – courts, the uniformed establishments – Military, Police, Immigration Services, Customs, the Prison, the Civil and Administrative Services, the Education (Schools, Colleges) and Health Sectors and Private Sectors and Mercantile House, where? Unless we want to deceive ourselves, the whole nation is sick. Our roads are bad because of it, armed robbers, smugglers are everywhere by the grace of Corruption. The Church and all Nigerians must decide to eradicate corruption in Nigeria at all cost. But first the physician must heal himself. The Christian Church and her leaders must be alive to their responsibilities to her people”.

In spite of Ghana's 4.1 out of 10 rating in the corruption index of Transparency International 2010 Report, can you draw some parallels from the above quotation for Ghana and may be answer the question; whether Ghana is free from corruption today? Corruption is distinct from fraud as it does not

leave any telltale in the records of an organisation, and the auditors, who generally work with documents, find it difficult to play an effective role in fighting corruption. Corruption requires a multifaceted attack. It requires, for example, a set of regulations against corrupt practices, a code of conduct for employees and vendors, awareness – raising campaigns, training of staff, internal controls, sanctions and incentives, protection of whistleblowers and open approach towards information reporting.

Audit is only one such mechanism. The auditors can succeed only if the enabling environment exists for fighting corruption. Effective corruption control requires commitment and involvement of all agencies, employees, customers, external service providers; in brief, all citizens of the society.

Currently, auditors can adopt participatory auditing and apply corruption opportunity test to examine corruption activities. Participating auditing is a new idea currently used sparingly. Experienced auditors, who have sensed collusion quite often without being able to do much about it, have started considering the possibility of involving the clients or general public in ascertaining if there was a proper delivery of the public services funded from the public budgets. This is a major departure from the traditional auditing approach where the auditors are not supposed to go 'beyond the books'. It is a new 'empowerment auditing'; Germane to it are the tools of general public surveys or household surveys for determining user satisfaction from the services or facilities provided by a public sector organisation or government department.

Another audit option used in combating corruption is the role of national level watchdog agencies like Audit Service headed by the Auditor-General and the Internal Audit

Agency. Ghana has adopted the Westminster model, also known as the Anglo Saxon or Parliamentary model, used in the United Kingdom and most Commonwealth countries, as a national level watchdog agency. Key features of the model include a National Audit Office headed by an independent Auditor-General or equivalent, which submits audit reports to a Committee of Parliament (often the Public Accounts Committee) for public hearing of audit reports. Sadly, the Public Accounts Committee's work hardly serves any useful purpose as the public hearing covers outdated audit reports with its attendant low likelihood of punishment and evasion of punishment.

Professor E. Gyimah-Boadi reporting on "Confronting corruption in Ghana and Africa" said "Corruption has deep roots in contemporary African and Ghanaian society, culture, economy, and politics. The prevalence of corruption reflects a toxic combination of motive (reflecting material needs in a low income and non-living - wage economy, high dependency ratios, weak social insurance, and usual human greed) and opportunity provided by huge system of loopholes, laxities in legal and administrative systems, a culture of non-transparency compounded by wide discretionary powers at the disposal of public officials, low likelihood of detection of wrong doing and abuse of office, especially in those conditions of non-transparency, low likelihood of punishment and high likelihood of evasion of punishment in the context of a flawed and corrupt criminal justice system, weak enforcement of rules etc".

Confronting corruption in a sustained manner would require comprehensive and integrative approaches that combine preventive, public education, and punitive elements. It is in this regard that I would like to suggest the

incorporation of public (civil society) input into the public audit planning system as practised in South Korea. Under the Citizens' Audit Request System, set up by the South Korean Board of Audit and Inspection in 2001, citizens can request audits of public agencies on the grounds of perceived corruption or legal transgression. In addition, the Board's Open Audit System allows public input into the preparation and implementation of its audits. The South Korean model involving civil society in audit planning, culminates in an audit focus which better addresses corruption risks.

Similarly, a 2007 pilot project by the Tribunal Superior de Cuentas, the Supreme Audit Institution of Honduras, to increase public participation on its audit focus led to the investigation of a number of complaints against public agencies. Public input helped auditors to select which public agencies to examine and identify areas of concern; an assessment of the pilot audit concluded that many of their findings would not otherwise have been identified and reported. 'Live audit' of public agencies by incorporating public input about potential irregularities and malpractice seemingly is the answer in combating corruption especially in the oil economy Ghana has not started to experience, commencing December 2010. The model will ensure that our politicians and other managers of the economy are accountable to the citizenry during their tenure of office, not alter.

Today, the Auditor-General of Ghana is a Chartered Accountant. I hope future holders of the position will be Chartered Accountants who are clothed with the skill and integrity to prosecute the agenda of the Audit Service. The law of the land must be changed to reflect such status of the Auditor-General of Ghana.

Talking about public interest, let me turn my attention also to money laundering and the financing of terrorist activities. The rise of money laundering from a domestic issue to one of global concern highlighted by the appalling success of the 9/11 attacks in the USA, has given impetus to a series of initiatives among numerous nations (Ghana, not an exception) designed to curtail, if not eliminate, money laundering/terrorist financing activities worldwide.

The Basel Committee of the Bank of International Settlements and most of the major national financial institution regulators of the world have adopted fairly consistent models of risk-focused supervision. Four risk categories universal to most models, i.e., compliance, operational, reputational, and strategic risk apply squarely to money laundering and financing of terrorism. Accounting professionals, acting in various management capacities, particularly as chief finance officers, internal auditors, forensic accountants, public practitioners performing compliance audits, tax practitioners, and risk management professionals, are likely to encounter such evidence of money laundering.

Accounting professionals have an imposed professional obligation to help drive a crusade to combat money laundering. Such a role will serve the public interest, strengthen the accountancy profession worldwide, and contribute to the development of strong international economies.

ROLE IN EDUCATION AND HEALTH

In the past decade, the public as well as academia have appeared to have viewed with pessimism the role of professional accountants and their contribution to the creation and development of professional business

education. The suspicious views prevailed because the professional associations were perceived as special interest groups that could influence the political and economic systems negatively. However, in recent years, the unfavorable views held earlier are changing, and being replaced with more positive ones, both at international political levels as well as in academic circles. The reason is simple; there is new strong evidence that suggest that professional associations can make significant contributions to development, in general, and professional business education, in particular.

To increase relevance, or the perceptions of relevancy in their accounting programmes, and to fill faculty vacancies in the face of shortage of academically qualified business faculty, many schools of business (particularly in Ghana) are turning to members of professional associations (e.g. accounting practitioners) to teach business classes using the "clinical faculty" concept. The preeminent accreditation body for business schools in the USA, Association to Advance Collegiate Schools of Business (AACSB), now uses the term "clinical faculty" for business practitioners teaching concept. To be in line with the fast economic growth of the country, more accountants are needed to provide support for the growing business school and the growing business environment. The accounting profession, particularly the public accounting firms must collaborate with accounting educators in research and skills building dynamics.

Our accounting students, today need laboratory experience to help define and create environment for soft skills development in addition to the accounting theory and technical development accounting educators provide in the classroom. The laboratory experience creates environment to experience professional

motivation, emotional intelligence, soft skills development, career skills and time management. The laboratory experience has a dual focus i.e. satisfying the needs of accounting students and the accounting firms that employ them, by creating mature professionals able to maximize the contribution they make over their entire careers.

How well countries conquer their environment and overcome the challenges of development depend significantly on the quality of the human capital. Indeed, because of the inherent attributes of professionals, the survival and prosperity of any nation characterized by poverty, lack of finance, disease, misery, environmental degradation, prostrate infrastructural facilities, etc., are contingent on its predisposition to the cause of professionalism. In other words, the ability to adequately meet basic needs and conquer one's environment is facilitated, in the main, by the quantum of professionalism in existence. This clearly implies that investment in the knowledge industry (accounting education, in this context) is the most strategic survival option for our time. Without doubt, intellectual capital (not natural resources, machinery, or even financial capital) has become the one indispensable asset of corporations and nations.

HEALTH CARE SECTOR

The health care sector is an organisation that provides medical care solutions and services to the public. The health care industry has historically viewed itself as being operationally different from all other businesses. Health care industry is a growing industry in Ghana. For the last century in all countries, the operational cost of health care has steadily risen, usually faster than the

consumer price index, absorbing a larger proportion of the Gross National Product (GNP) of each nation of the world. Research has proven that the role of professional accountants in the health care sector in terms of cost saving and improvement in quality management by an integrated information systems is huge. Accordingly, management accountants are being called upon to undertake a diagnostic investigation into the operations of the health care sector.

In a recent research conducted by some accounting professors in the USA (Seetharaman A. et al 2010) into the changing role of accounting in the health care industry, it was confirmed that cost can be lowered while at the same time maintaining and increasing the quality of service by focusing on four core areas of managing cost effectively:

- Information System
- Logistic Management
- Quality Management
- Electronic Health

A focus on supply chain management for stock replenishment system, fully utilises information systems to reduce unnecessary wastage and improve quality information within the internal and external organisation. Also, the use of electronic health helps to eliminate non-value adding processes and transaction errors, and leads to implementing total quality management in health care industry to improve the whole organisational quality, thereby reducing costs.

By looking at the four major issues that help to manage costs effectively, it is not difficult to notice that information technologies provide the common foundation to achieve successful implementation and outcome. However, the health care industry has been extremely slow to adopt technology that focuses on better

practice management and administration needs. The role of accountants in the health care industry is changing and so professional accountants in Ghana should rise up and meet the challenges of the changing role to save our health care sector, particularly the National Health Insurance System.

CONCLUSION

In this presentation, I have considered the twin issues of economic growth and development and noted that where the benefits of economic growth are inequitably distributed, frustration, anger and violence will hold sway. I noted that in spite of the increase in growth rates recorded, the less developed countries of the world, including sub-Saharan Africa, Latin America, and the Caribbean countries, are still faced with the challenges of poverty. These challenges are attributed to high illiteracy rate, high population growth rate, poor technological know-how, and income inequality, etc. How well wealth is created and distributed, in my view, depends on the quality of leadership which, in itself is about trust. Where trust is firmly founded, the populace will be willing to make the desired sacrifices to achieve set targets. Such leadership must be accountable to the people. Government, as representative of the people, exercises control over the enormous resources of the state and must, of necessity, account for its usage at some point in time in order to continuously elicit the support and cooperation of the people as well as earn their trust. Given that all professions have their ethical codes of conduct, which emphasise integrity, situations in which public resources are converted to private ones will not arise when professionals play more visible roles in the affairs of the nation. The involvement of accountants in governance at all levels, in my view, would ensure that appropriate policy

decisions are taken and implemented, and that the government is accountable to the people. This would also ensure that wealth created is distributed equitably and that economic growth would lead directly to economic development.

In fact, professional accountants have an important role in society since investors, creditors, employers, governments, and other sectors of the business community rely on them for sound financial accounting and reporting, effective financial management, and competent advice on a variety of business matters. Above all, in pursuance of their responsibility to the public, accountants help to maintain the integrity and efficiency of the financial statements presented to financial institutions in partial support for credit facilities. Working as internal auditors, they provide assistance about a sound internal control system which enhances the reliability of the external financial information of the employer. Creating value is the heart of the matter for companies and their shareholders. The accounting profession plays an essential role both in making sure that appropriate systems and controls are in place to report accurate, timely performance information, and in providing sound advice that does not put reputation at risk for short-term gain.

In the 21st century, professional accountants will need to spend less time dealing with financial accounting, audit, and tax issues because of computerization. More of their time must hence be spent learning about product and process technology, operations systems, marketing strategy, and the behavioural and organisational issues relating to the implementation of new systems and processes. I am of the view that familiarity with the business, understanding the industry, interpersonal and leadership skills, business

proficiency, and speaking and presentation skills are essential requirements for the 'new' breed of professional accountants.

Again, to meet the ever-changing global economic demands, professional accountants should inculcate into their innate personal characteristics the core values of relationship, integrity and excellence. The ideas advanced in this paper are not revolutionary - they have been put forward by other individuals or promoted in other forums.

Professional accountants and the institutions of accountancy are subject to increasing public

scrutiny. Recent research suggests the typical strategy of response to criticism adheres more to the economic self-interest of accountants than their duty to protect the public interest. The explicit covenant to protect the public interest has to be taken seriously. At a time when the global economy and technological change are providing professional accountants with unparalleled economic opportunities, the need to protect the public interest must not be for salon forgotten or neglected.

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