GLOBALIZATION, FINANCIAL CRISES AND AUDIT LITIGATION

INAUGURAL LECTURE

BY

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UNIJOS INAUGURAL LECTURE SERIES 65

Thursday, October 16, 2014.

1. PREAMBLE

Mr. Vice Chancellor, Members of Senate, Distinguished Guests, Ladies and Gentlemen. I am thankful to Almighty God that has made it a reality for me to deliver this inaugural lecture. This lecture would have been delivered a long time ago but for one national responsibility or the other it did not happen. Today, I am delivering my inaugural lecture at the University of Jos. The lecture is derived from the main issues affecting nations and the accounting profession. My very many trips around Nigeria, West Africa, Africa and other countries of the world have made me to be aware of many contemporary issues that countries have to solve, manage and live with in the struggles for national growth, development and sustainability.

This country has to address the challenges of poverty, poor infrastructure, and decline in productivity among the workforce, incessant strikes in our educational, health and other sectors of the economy. Government has to address the issues of corruption, threats to lives and property, kidnapping of innocent citizens for a ransom, sanitization of recklessness and indiscipline on the part of some Nigerians who do not mean well for the country. We should start to develop underground tube system and overhead train transportation system in Nigeria to decongest traffic congestions on our roads. We should begin to provide welfare schemes for the unemployed in our country. Basic amenities and necessities of life should be provided in the rural areas with a view to making them attractive for agricultural and industrial development. Nigerians should be treated equally and given equal opportunity irrespective of the person's State of Origin. As citizens of this country, we should endeavour more than ever before to support government at all levels to make this country the pride of all Nigerians and a place to visit and invest by our foreign partners.

The impact of the global economic and financial crises on our citizens should be addressed. We are not unaware that several people were affected by the closure of many businesses and companies working below their normal capacity levels which resulted to loss of jobs and means of their livelihood. The Government should provide facilities and enabling support in areas where our citizens will not only be job seekers but employers of labour. The employment bureau of the Nation should be revamped to make it more effective and useful to our citizens. Our citizens will experience a Nation that is more caring than ever before and more value-laden. Globalization, financial crises and audit litigation are issues policy makers have to make adequate and appropriate policies to mitigate and advance forward in the growth and development of a Nation.

This lecture is going to consider globalization, accounting and financial crises, litigious climate and environment, auditors' public perception, risk exposure and litigation, statistics of litigation and legal reforms, strategies to minimize the risk of globalization, financial crises and audit litigation and the last section is the conclusion. The objectives of this lecture are to:

- espouse the issues of globalization, accounting and financial crises and audit litigation;
- identify the litigious climate/environment facing auditors generally;
- discuss the general perception of the public about the work and roles of auditors;
- identify areas of risk exposure and litigation;
- proffer strategies that will assist to minimize the risk of globalization, financial crises and audit litigation.

2. GLOBALIZATION

The increasing flow of knowledge in a globalized system is inevitably alarming and unprecedented in the current and very predominantly, in future happenings of events and activities. Due to the interrelationships among the activities across the borders of nations, there is a greater need for high sensitivity in responses among nations. Nigeria is witnessing the impact of such relationships since it does not exist in a state of autarky. The general issue of discourse in the present day is the challenges and prospects of globalization, whether as a developing country or developed country. The impact of globalization affects every aspect of the society.

This is a terminology that is currently around the world, basically as a result of the rapid advances in trade, information and communication technology. Human beings are going into every sphere of creation and finding out the forces responsible for the interplay. Globalization has been in existence, the difference in the current times, is the jumps in geometric progression in downloading the outcome of results and spreading them around the world in seconds of happenings. Those in the financial and economic sector of the Nigerian economy will bring to focus what is known as economic globalization. It is the widespread innovations among the different sectors of the world through rapid and continuous technological level of advancement.

Every nation has to ensure sustainable financial stability, economic growth and higher standards of living. Whether small or large country, the issues of investments, sound macroeconomic policies, educated workforce, strong institutions, the growth of technology and the prevalence of a market economy have to be continuously put in place and achieved at every level of advancement (Barrow, 2001; Bosworth and Collins, 2003). The factors responsible for the high growth rate in China may not be the same as the ones in Malaysia, probably due to differences in the nature of their economies and political system. Globalization has brought countries closer in a global village. Goods and services are open to countries in a variety of ways, availability of better paying jobs, lowering of prices in the markets, availability of health facilities and improvement in the citizens' standards of living.

As a nation derives the benefits of globalization, so it has to address the risks that may be associated with its widespread across nations of the world. These risks are easily managed by enunciation of sound macroeconomic policies, exchange rate system and financial sector sustainability. Nations have to embrace policy changes to sustain strong economies and derive the benefits of stronger world financial system capable of faster economic growth and decline in poverty (Krueger & Lindahl, 2001; Jamison, Jamison & Hanushek, 2008; Hanushek & Woessmann, 2008). The emergence of the rapid rate in globalization, goods, services, capital, labour and technology move very fast across international borders. It is necessary to note that there are other areas of globalization that include cultural, environmental and political dimensions.

Globalization has strengthened out competition and division of labour. The aspect of specialization across borders that makes a nation and people to concentrate on what they know best is of crucial importance in globalization. A nation can have access to cheaper imports and larger exports, more capital and technology. Nigeria must be prepared to make policy changes needed to transform the entirety of development. The world of health, no doubt, makes modern technologies easier to reach by the developing countries, thereby reducing significantly premature rate of deaths. Nations can, apart from economic matters, cooperate among themselves in a range of non-economic matters that have impact across international borders like legal, environment and the movement of labour. Modern communication devices facilitate commerce, education and easier access to an independent world of media. There are no doubts benefits from globalization because of creativity of incentives of demands in foreign goods, services, capital flows across international borders thereby expanding the frontiers of education even in the areas of comparative advantage (Pritchett, 2001; Temple, 2001; Sianesi & Reenen, 2003 and World Bank, 2006).

Information and knowledge sharing across international borders is an important aspect of globalization. It does not matter whether you are in business or government sector. Countries benefit in knowledge from those who have made new discoveries or improvements and adapt them appropriately and careful in other areas where setbacks and failures are recorded in those jurisdictions. Globalization has open up to nations of the world because goods and services, capital flows, education, health, infrastructure and every other area are easily accessible across international borders in a twinkle of an eye. This system of openness has also exposed nations to accounting and financial crises.

3. ACCOUNTING AND FINANCIAL CRISES

The entire world is witnessing very fast and dramatic changes in the year 2000s than ever before due to advancement in finance and technology that have accelerated and impacted on all professions and business activities without exceptions to accounting, finance, human resource management, governance, business development and growth. Some of the resulting effects of these fast and dramatic changes in the early periods of the 21st century are accounting and financial scandals and global economic crises.

The accounting scandal resulting to the collapse of Arthur Andersen in the wake of the Enron saga has raised serious issues and challenges facing accounting firms and their corporate clients, accounting education and the accounting profession as well as the world of business. The focus of the entire world was drawn to accounting firms, accounting and audit practices when corporate giants started collapsing with the likes of Enron, Tyco, Worldcom, Parmalat, Xerox, Ahold Royal among others. Corporate ethics and integrity in accounting and in all other professions and professionals alike has become a major issue of concern for the development and growth of business. The financial and economic crises tend more to be the crisis of confidence (Kochan, 2002). The problem of the losses on US subprime mortgages which ordinarily was considered as a United States of America affairs spread like a wild fire across nations and became an issue of global crisis and concern that needed the coordinated strategies among nations and their regulatory authorities. These losses have resulted to a significant negative impact on financial and economic activities. The financial system requires a high level of transparency and disclosure in business operation.

Accounting is the methodology which provides measurements, statements or provisions of assurance about financial status concerning firms' financial situations. Accounting is the language of business and helps to provide information for investors, creditors and other stakeholders to enable them take the right decisions. Every user of accounting information requires reliable and accurate information. These information have to be analyzed by taking into consideration the expectations, knowledge and skills of the decision makers. Accounting information is a useful source of valuation. The cash flow information is quite useful in ascertaining liquidity position of a business. The balance sheet provides the assets and liabilities of the business. The reliability and accuracy of accounting information plays a significant role in taking decisions in the stock market. Investors are also interested in the past, present and future performances of companies as to their liquidity, profitability and long term viability and sustainability. Accounting information that is not reliable and accurate can cause a serious problem in any market. The collapse of Enron brought to light the dark side of the accounting firms. Accounting firms are made up of professions who provide accurate and reliable accounting information on time to contribute to the efficiency of the market. Top Executives of many of the organizations have not helped issues to maintain the serious independence that should exist between auditors and their clients. The degree of relationship continues to be an issue to be adequately addressed, implemented and seriously adhered to in every circumstance. The emphasis on good corporate governance has become a gospel that is preached in the public and private sectors. Investors are parties to the accounting, financial and economic scandals because of their greed and irrational behavior to earn quick and unsustainable returns on investments. They jump at every investment without bordering on the risks associated with the payments of returns and risk of loss of capital. The management of companies has to adopt all kinds of strategies and ingenuous acts without recourse to ethical values and behavior in business transactions and in the presentation of financial statements. The drive for very high returns without matching returns on investment with the risks on investment created room for unethical behaviour to present only the bright side of financial statements.

The financial crisis spread across nations including the East Asian economies. The industrial, trading and financial enterprises that contributed to the Asian miracles or the Asian tigers suffered serious setbacks as many of the enterprises collapsed and many others faced bankruptcy proceedings. The same trend occurred in the United Kingdom and other countries including Nigeria. Companies operating in an environment that does not have a strong compliance to accounting and regulatory framework are susceptible to unreliable and inaccurate information for accurate decision making. The availability of accounting information assists companies to ascertain whether there is a mismatch between short-term and long-term debts and investments being embarked upon and ratios to determine the performances of the companies and protect the interests of creditors, investors and other stakeholders.

What could be responsible for these crises apart from the accounting scandals and the credit crunch? Companies' management and executives are to take responsibility for identifying and managing all material risks. The risks include those of the environment and reputation both on the short and long run. Management should be committed to ensuring adequate disclosure of information for the various users and public interest. Investors need understanding of ethics risk. They should not stop at issues of private gains but the responsiveness of companies to environmental and reputational risk that could have a devastating effect on the performance of the workforce and sustainable development. Business managers and professionals need ethical education and training. There is need to ensure accepted level of ethical behaviour from managers of business, operators in government, regulators and professionals. The accounting scandal, financial and economic crises have serious link to the exhibition of moral and ethical values of all parties, whether investors, managers and professional advisors. There is need for a balance in the training ideology of managers (Shamoo and Resnik, 2003).

The entire world system has become very dynamic and complex. Businesses and other institutions are operating in an unstable environment which appears to depart from the high dependence on tangible assets to intangible assets. It is a world that is being characterized by an economic environment based on knowledge due to globalization. It is an information age ruled by the power of the mind. Some of the crucial elements that determine business restructuring process are technological evolution, economic developments in industrialized countries, access requirements on international markets and the globalization of the financial markets. In a competitive economic environment, businesses evolve different strategies to protect themselves from rivals and to reduce business risks by ensuring they have control over sales and supplies and maintain healthy liquidity position. The crises have made companies to start to have a rethink in developing new strategies, new visions and missions, new work processes to migrate to the new economy of intangibles (Waddock, 2002). The industrial era took over from the agricultural era but in recent times, knowledge has taken a dominant position in the economy of intangibles. In past years, industrial organizations relied heavily on the number and value of physical and financial assets they own. This heavy dependence has gradually reduced by the scramble for well talented people who are innovative, creative and capable in coping with the challenges and dynamics of the markets and society. This transition from industrial organization has to change the organizational culture to accommodate creativity, innovation, the transfer and the reuse of information and knowledge. With these developments, the accounting system has to recognize the value of these intangibles in companies' financial statements.

Businesses in the past invested more in physical assets than non-physical assets. The latent source of value creation is in the effective use of intellectual capital. Knowledge is no doubt, a great instrument of power. The world is undergoing economic transformation and managers need to make effective use of intangibles as instruments for welfare creation in a knowledge based society. The effective management of intangible resources and intellectual capital is sine qua non for businesses to have a competitive advantage and in the long term, sustainable growth and development. The financial and economic crises of the past years have brought to bear the inevitable rationale for the traditional accounting system to transform and adopt new ways to measure tangible and intangible assets for inclusion in financial statements for public interest. It is a belief that the world economic crisis was precipitated by the accounting scandal and lack of confidence in the financial statements. Accounting system jettisoned the concepts of prudence and conservatism in making decisions in favour of taking volatile market value decisions often determined by subjectivity and made businesses to take risks of unimaginable dimensions.

The economic crises have impacted seriously on the ways businesses need to be managed to protect the interests of investors, creditors and other stakeholders. It signals the need for the adaptation of human, economic and social conditions by business managers. The development and growth of small and medium enterprises are vital for the economy as well as their survival. During crisis, these enterprises will benefit from the combination of material and financial resources through collaborative efforts and mergers. Many businesses including financial institutions took to the collaborative efforts of mergers and acquisitions to avert their total collapse and subsequent negative consequences on the economic environment and society. The economic crisis caused pains to majority of people through the loss of jobs, savings, pension earnings, dehumanization and other social ills and vices.

Due to globalization, central banks and government of different nations became very worried and started to think of bailout for the ailing banks. They also encouraged mergers and acquisitions to avert the total collapse of the financial system. The crisis created panics among central banks, governments, businesses and other stakeholders. Local and foreign investors were not willing to invest which put pressure on the local currency of indebted nations thereby causing devaluations and in turn exacerbated the difficulty of debt repayment which gave rise to a vicious cycle of more capital flight, panic and continuous spread (de Soto, 2010). The transparency of organizations is seen by the level of information provided and disclosed in the financial statements which enables stakeholders to make informed decisions in relations to their investments. The absence of full disclosure in the financial statements results to taking incomplete and objective decisions on a timely basis by investors, creditors and other stakeholders. For instance, foreign investors prior to the crisis rushed to the East Asian countries like Indonesia, Malaysia, the Philippines, the Republic of Korea and Thailand because they believed they could benefit from the economic success of the rising Asian tigers. Business investors and stakeholders rely on the disclosure of information in the financial statements.

Mergers and Acquisitions are adopted and encouraged by governments as one of the solutions to avoid further economic crisis deepening that could cause financial markets to be subject to a volatile and insecure market environment during economic crisis (Ravichandran, 2009). The crisis period witnessed quite a number of Mergers and Acquisitions in many Nations. The financial crisis period in Romania witnessed more number of mergers and acquisitions compared to the ten years before the crisis. The case is very different in the European countries of Great Britain, France, Germany, Italy, Croatia, Bulgaria, the Czech Republic, Hungary, Poland and Greece (Cernat-Gruici, Constantin and Iamandi, 2010). In Nigeria, there were a number of mergers and acquisitions including banks. There is another option for Business survival during economic crisis. The option of a rigorous process of internal reorganization known as the Business process reengineering and redesign which is a new management approach. The objective of this approach is to obtain the benefits by enhancing the efficacy of the business processes existing within the organization or between different interacting organizations (Weicher, 1995).

Reengineering otherwise known as business process reengineering is a radical redesign of organizational processes to achieve significant improvements in areas such as reduction in work time, reduction in costs and improvement in product and service quality. This method is applied in change management. It is applied in organizations where external environment put pressure on the organization to change in the direction of a radical improvement of their performance. This approach examines the problems of the current situation as a basis for determining ways of improving performance. Business reengineering is like starting all over again from the basics by changing the entire work processes in a completely radical approach. In a business reengineering process, an existing company that ranks third in a particular product line may decide to close business, sells off all its tangible assets and does not fire its staff but retains and retrains them. In one year's time, it goes into a new line of business, buys a new set of tangible assets, retrains its entire staff and within a short time becomes the leading company in the new line of business. Organisational reconfiguration is more tedious than a simple reorganization. The first step is the renunciation of the old ways of doing things. It discards the existing processes and replaces them with new ones. It does not concern itself with improvement of the existing processes (Tabara, 2006).

The changing world of business no longer considers production factors and financial capital as the main determinants of business success but a major shift to intangible assets or non-physical assets. Accounting system needs to recognize the value of knowledge as a production factor and an essential resource for value creation and financial soundness of a company. Knowledge does not fall within the conventional economic laws. Physical assets are subject to depreciation as a result of their continuous usage in economic activity. Knowledge as an intangible asset is not subject to depreciation because the more it is used the more it enhances its value.

During the crisis period, serious concern was raised about the integrity of accounting information given to investors and other stakeholders. The quality of financial reporting is very essential for users of accounting information in this global world. The International Financial Reporting Standards (IFRS) emphasizes the need for quality financial reporting that is why emphasis is also placed on public interest. The development of a set of accounting standards that demands financial statements to contain high quality, transparent and comparable information relevant to users of accounting information in the global market and decision makers is a necessity to enhance the value of financial statements.

There are several cases of litigation against auditors in developed countries. In developed countries, auditors are sued by clients, shareholders, creditors, investors and other third parties who claim to suffer a loss by placing reliance on audited financial statements. Circumstances that have necessitated the upsurge in litigation against auditors in recent times are not unconnected to the aftermath of the global economic recession of the early 1980s. The economic recession has resulted to serious economic and social consequences on both developed and developing economies. Many businesses started to operate below standard productive capacity. Business closures and bankruptcy became rampant. In developed countries like the United Kingdom and the United States of America, shareholders and creditors could not fold their hands and see their investments collapse without laying the blame on someone. The most vulnerable business professional to hold responsible for the misfortune of shareholders, creditors, bankers and other third parties is the auditors. They often claim that they suffer losses by relying on audited financial statements.

Due to the underdeveloped nature of the financial and capital markets, and the legal system of developing countries, lawsuits instituted by shareholders, creditors, bankers and other third parties are rare and in most cases, non-existence. Hence, the issue of litigation is considered as a phenomenon common only to developed countries. The bone of contention is that this situation is fast changing and has started to spread to developing countries due to globalization. South Africa and Zimbabwe were the only two countries in the African continent known to have litigious claims against auditors prior to 1994. But, the current wave of globalization has exposed the economies of developing countries to the vagaries in the developed world. Auditors in developing countries can no longer be insulated from litigation. The number of litigation instituted against auditors by clients, shareholders, creditors and other third parties will increase except they adopt appropriate strategies to minimize the risk of litigation in their professional practice and engagements. Developing countries are experiencing major economic downturns and business failures. As a result, clients, shareholders, creditors and other third parties will start to institute lawsuits against auditors like their counterparts in developed countries.

4. Litigious Climate/Environment

The issue of litigation against auditors used to be regarded as a phenomenon common to developed countries. One of the most recent cases is that of the Enron Saga (Brody et al 2003; Duggan and Behr 2002; Goldberg 2001; Gordon 2002). This situation is fast changing and has spread to developing countries due to globalisation. Prior to 1994, South Africa and Zimbabwe were the only two African countries known to have litigious claims. In 1994, the number of countries with known claims in Africa increased to 14. By 1995, three more African countries had joined the growing list of those with known litigious claims. The increasing number of litigious countries seems to indicate that clients and investors are becoming dissatisfied with auditors cover under the concept of "true and fair view" opinion expressed on financial statements (Healy and Palepu 2003; Shinkle 2002).

Past and recent bank failures in Nigeria have led to a hunt for a scapegoat to hang the responsibility of the failure on. The first victims of blame are the auditors who they tend to hold responsible not only for their own negligence in poor financial and business judgment, but also for management lapses and actions. Thus, some members of the public have been advocating for auditors of failed banks to face the failed bank tribunal. These are people who are not the auditors' clients, but those seeking compensation resulting from bank failures who claim that they relied upon the work of auditors. In these instances, auditors' liability is being extended to unforeseen users of auditors' opinion on financial statements. This increasing outcry for lawsuits against auditors is revealing a litigious climate which the professional accountants in Nigeria must address, be it a large firm, medium, small or sole practitioner.

Professionals in many parts of the world, for example, United States of America, Canada, Australia, the United Kingdom, Germany, Greece, Portugal, Netherlands among others have been pursuing liability reforms. They believe that countries whose members have not yet been affected by legal liability crisis will experience it in the event of major economic downturn and business failures (Healy, P..M. and K.G. Palepu 2003). At this point, aggrieved parties will sue auditors and accountants when the company they audited suffers an economic and financial loss. "Although the Canadian profession has suffered relatively few litigation headaches, it cannot assume that its good fortune will last. A national task force has been set up by the Big 6 to develop and implement strategies to provide protection against the crisis currently hitting accountants in other countries" (World Accounting Report 1994). Similarly, "Just as the audit liability crisis seems to be leveling off in the U.S, Big 6 firms now face the possibility of a world-wide disaster of even more devastating proportions" (Murray 1995).

Professional firms and the accounting profession worldwide have been debating this issue and preparing position papers in their different litigious environments to enlighten the public, courts, shareholders and clients about the roles and limits inherent in the responsibilities of auditors. According to the President of the International Federation of Accountants (IFAC), "As the worldwide organization for the accountancy profession, IFAC is especially concerned that a viable profession, held to the highest standards of conduct, can perform its responsibilities in the public interest. That viability, however, is being threatened by the growing exposure to prohibitive liability for auditors. And although the audit function is but one part of the accountancy profession, any threat to the audit profession will eventually undermine the entire profession and ultimately, it is not in the public Interest" (Herrera 1995).

5. Auditors and Public Perception

Auditors can be defined as skilled professionals with the requisite accounting qualifications and expertise recognized by statutes to express opinions on the financial statements prepared and presented to them by management as to whether they are in conformity with the underlying books and records of the company and in compliance with generally accepted accounting standards as to show a true and fair view of the financial position of the company and of the profit or loss at a given period. Auditors are expected to

- verify that the financial statements prepared and presented to them by management are in agreement with the underlying books and records of the company;
- verify that the assets and liabilities stated in the financial statements are reasonably stated and belong to the company;
- verify that the company has applied the generally accepted accounting standards in the preparation of the financial statements;
- verify that the company has consistently applied its accounting policies in the preparation of the financial statements and if there are changes, to state and quantify the impact of such changes on the financial statements;

- express opinion on the financial statements presented to them by management as to whether they show a true and fair view of the financial position of the company and of the profit or loss at a given period.

Due to lack of proper understanding of the roles of auditors, many users of audit reports expect auditors to detect fraud, theft and illegal acts perpetrated within an organization and to report such acts publicly. It is not the primary responsibility of auditors to detect all manners of fraud and illegal acts within an organization. They could take responsibility for detecting material misstatements in financial statements verified by them. The primary responsibility for detecting all manners of fraud and illegal acts in an organization is that of management. Management can delegate this responsibility to auditors for a professional fee since it is a separate engagement different from audit engagement. Auditors may take responsibility for professional negligence in relation to material misstatements in the financial statements verified by them but not in relation to the primary role of management in the detection of fraud in an organization. Most times, the users of audit report assume that it is the role of auditors to detect and report fraud. This misconception often leads to litigation even where the auditors have performed their work well.

The unsympathetic nature of the public towards auditors and the non-existence of case laws in Nigeria and many other developing countries where judgments can be based contribute to the uncertainty of the auditors' liability. Generally, auditors argue that they are not responsible for the detection of fraud in an organization, but how long will this argument continue? Will the courts continue to recognize this? The current public outcry is that auditors should be held responsible not only for any illegal act on their part, but for the illegal act or acts of fraud committed by the client's management. For instance, some auditors have argued that the current public expression that failed bank auditors should appear before the failed bank tribunal is unfair.

They believe that such expressions are based on the lack of clear understanding of auditors' roles and responsibilities and the limitations inherent in the performance of their duties (Gray and Simnett 2003; Gray and Arkely- Smith 2003). With time, this argument may no longer be tenable. The present situation rather reveals the perception of the general public in terms of the utility they seek to derive from the work of auditors and the responsibilities of auditors under the current dispensation.

It is time a clear statement is made on the limits of the auditors' roles so that the general public knows exactly where their responsibilities commence and terminate. The absence of this will continue to create an expectation gap where the public continues to expect more from the auditors than their responsibilities permit under the law (Schelluch et al 2004). Generally, the public believes that audited accounts provide a kind of guarantee against the existence of fraud in an organization perpetuated either by employees or top-level management.

A clear statement on the limits of auditors' roles is necessary because of the grave consequences of litigation. Apart from the cost of claims, there are other issues like legal fees, stress, valuable time spent in attending to defense, adverse court decisions and embarrassing publicity. Then, what can be done to limit the impact of the trend and cost of litigiousness? Firms need to take professional indemnity insurance cover whereby the policies and premiums will be related to the increasing level of litigiousness in the environment. Since professional negligence provides the grounds on which plaintiffs have based claims for damages against auditors, due professional diligence need to be exercised in the conduct of any assignment handled by auditors.

Protection against the cost of litigation can be taken in the area of exercising greater prudence in the acquisition of clients. The competitive war amongst professionals to win business has often resulted in a relaxation of adherence to professional standards. Emphasis should be tailored towards greater care on professional practice development. There is no doubt that marketing is a good innovative approach, but aggressive marketing poses greater risk. To guard against financial damages or damages in reputation, professional practice firms should become more sensitive than ever to the existence of risk in professional work and other business engagements. In whatever circumstances, auditors' best defense against liability is high quality performance.

6. Auditors and Risk Exposure

In a litigious environment, plaintiffs seek to prove that auditors are negligent in the performance of their duties. The argument is that the auditors have not adhered to professional standards and regulatory requirements. That the non-adherence to professional standards and regulatory requirements had contributed to losses suffered by them. With the emergence of this kind of scenario, it is the responsibility of auditors to prove that they are highly competent to carry out such assignments; that they exercised due care and diligence in the performance of their work; and they have complied with all the relevant professional standards and regulatory requirements in the country. This scenario presupposes that auditors should not take the rendering of professional services for granted. Professional services the auditors usually render have some degrees of risk and exposure.

In the present recessionary economy, investors and other third parties have often looked for escape routes to explain the down turns surrounding their businesses. They have developed the strategy of seeking legal redress by alleging that the auditors' reports upon which they placed reliance were not true but misleading. Any legal proceeding against auditors can have serious consequences on their reputation. In the attempt to clear their reputation, all kinds of costs such as those of seeking legal counsel, staff and partners' time costs in attending to legal defense, costs of further damages to reputation through the publicity of legal proceedings have to be incurred.

Auditors should consider an engagement as any situation where they provide a service, whether for a professional fee or not, in conformity with a written or oral communication. A professional risk is the engagement where its nature and/or characteristics of the client may result in a high or unusual exposure to risks. A professional risk is the potential for damages, whether monetary or otherwise that auditors have to incur if they are publicly criticized or mentioned in a statement of claim, and/or found guilty in respect of professional negligence. When any of the above happens, the monetary damages are usually enormous. Apart from the monetary damages that auditors have to incur, there is also the damage to their reputation, which cannot be quantified in monetary terms. This damage should be of greater concern to auditors and should be avoided and protected no matter the circumstances of occurrence. If auditors' reputation is not protected, such actions can stifle the growth and development of professional audit practice.

Indeed, the auditors need to evolve a risk management program in their professional firms. The importance of a risk management program within a professional firm cannot be over-emphasized. A risk management program describes the procedures adopted by a professional firm to effectively manage professional risk on any engagement. The program codifies the various policies of the firm in relation to the identification of risks, and how to respond and monitor identified specific risks. The program is very necessary to any firm which desires to achieve high quality performance and profitable professional audit practice. The process of identification of clients for inclusion in a risk management program is simple and straightforward. Every interested professional firm should undertake a review of its entire clients' portfolio with a view to classifying clients under the categories of normal risk, greater than normal risk and much greater than normal risk. The initial process of identification and classification of clients into the different categories should be the responsibility of the engagement partner. The effective implementation of the above process will definitely enhance the quality of work, service delivery and expose clients that have the different elements of professional risks, thereby minimize the risk of litigation.

The objectives of risk management include assisting auditors to effectively manage risks from the commencement of any engagement; adopting appropriate approach in minimizing auditors' overall risk exposure; ensuring high quality performance in the rendering of professional services; emphasizing and inculcating in every staff and partner the responsibility of ensuring the highest standard of professional work and delivery of services. In order to enable auditors derive maximum benefits from risk management, it is very important to have a risk management partner. The responsibilities of a risk management partner include developing, implementing and maintaining effective quality assurance programs to manage and minimize their risk and exposure; ensuring high standard of professional work and performance to enable them enhance their ability to obtain professional indemnity coverage at favourable rates from insurance companies; ensuring that litigation matters are resolved in the most effective and efficient manner, taking into consideration legal and other defense expenses, partners and staff members' time cost including settlement costs; directing and co-coordinating their risk management policies as well as the preventive measures.

Some areas of professional risk factors include clients' management and directors' integrity; organisation and management structure; nature of business; business environment; financial results; business relationship with other parties; lack of prior knowledge and experience. The assessment of engagement risk is not only based on the identification of risk factors but on good professional judgment. The risk factors normally add up to a normal degree of engagement risk. Engagement risk is classified as normal risk, greater than normal risk and much greater than normal risk. A normal risk does not pose serious problems because virtually all engagements have engagement risk factors. Of paramount importance to auditors should be the greater than normal risk and much greater than normal risk. These two classifications show the degree of seriousness of engagement risk and the influence on auditors as to the acceptability or otherwise of the engagement.

It is important to emphasize that where a clients' management integrity is in doubt or the client's business reveals circumstances of inability to continue as a going concern, auditors should quickly take appropriate measures because such circumstances indicate greater than normal risk, thereby creating serious doubt as to the acceptability of the engagement. In this kind of situation, two options are open to auditors. After due and proper consultations amongst the partners, the engagement can either be accepted or rejected, taking into consideration the ethical and legal implications of any of the options. However, if the auditors finally decide to accept the engagement, adequate steps must be taken to appropriately respond to the identified risk in the planning and execution of the engagement. Any mistake that results from the above will have adverse consequences on the growth and development of professional audit practice.

7. AUDITORS AND LITIGATION

The first American case involving an auditor is that of **Smith v. London Assur. Corp. (1905).** In this case, the auditor sued the company for his unpaid fee. The company then sought for a counterclaim for a large sum of money that had been embezzled by one of its employees. The company claimed that the embezzlement would not have occurred but for the auditor's breach of contract. It argued that the auditor failed to audit the cash accounts of one of its branch offices as contained in the contract of engagement. The Court recognized the auditors as skilled professionals and held them liable for the embezzlement losses that could have been averted by non-negligent performance under the contract of engagement.

In the case of **Fleet National Bank v. Gloucester Co. (1994)**, Fleet Bank relied on the financial statements audited by Tonneson in the granting of loans to Gloucester. The Court applied the restatement of torts to identify Fleet Bank as a primary beneficiary of the audit contract. The arguments were that Tonneson knew about the bank's loans to Gloucester; he reviewed the loan agreements; he knew that the loan agreements required the submission of audited financial statements; and he believed and expected Gloucester would submit the audited financial statements to the bank. In this case, auditors owe a duty to a limited class of third parties who rely on audited financial statements. Third parties who rely on the work of auditors include creditors, investors, banks and potential investors.

In the case of **Bank of Tokyo v. Friedman (1993)**, an accounting firm (Friedman) carried out bookkeeping and review services for Globe Office Supply. The Bank of Tokyo gave loans to Globe Office Supply based on the un-audited financial statements prepared by Friedman. Globe Office Supply became bankrupt and the bank was unable to collect its money. The Appeal Court ruled that Friedman was a de facto employee of Globe Office Supply serving in the capacity of internal accountant and not an independent accountant.

In the case of **Gilbert Wegad v. Howard Street Jewelers (1992),** Howard Street Jewelers retained CPA to prepare its financial statements. Wegad noticed unexplained cash shortages and informed its client of the possibility of someone stealing from the store. The Court found Wegad negligent, but also ruled that its client's contributory negligence barred recovery. The accountant's failure to report shortages completely did not insulate the company which consistently left the cash unattended and fully accessible to all employees and customers.

In **Rosenblum, Inc. v. Adler (1983),** Giant Stores Corporation acquired the retail catalog showroom business owned by Rosenblum. It gave stock in exchange for the acquisition of the business. Fifteen months after the acquisition of the business, Giant Stores Corporation was declared bankrupt. Its financial statements had been audited and had received unqualified opinions on several prior years. These financial statements turned out to be misstated because Giant Stores Corporation had manipulated its books. The New Jersey Supreme Court held that independent auditors have a duty of care to all persons whom the auditor should reasonably foresee as recipients of the statements from the company for proper business purposes, provided that the recipients rely on those financial statements. It is well recognized that audited financial statements are made for the use of third parties who have no direct relationship with the auditor. Auditors have responsibility not only to the client who pays the fee but also to investors, creditors, and others who rely on the audited financial statements.

In **1136 Tenants' Corp. v. Max Rothenberg & Co. (1967)**, despite the defendant's claims to the contrary, the Court found that he was engaged to audit and not merely to write up the plaintiff's books and records. The accountant had, in fact, performed some limited auditing procedures including preparation of a worksheet entitled "Missing Invoices 1/1/63 – 31/12/63." These were items claimed to have been paid but were not. The Court held that even if accountants were hired only for write up work, they had a duty to inform plaintiffs of any circumstances that gave reason to believe that a fraud had occurred (e.g., the record of "missing invoices"). The plaintiffs recovered damages of about $237,000. Auditors should state the kind of contractual relationship existing between them and their clients in a letter of engagement. The nature of the assignments, whether audit, accountancy, tax, special investigation should be clearly specified in a letter of engagement to avoid misconception of the responsibilities of the auditors in each of the engagements.

8. STATISTICS OF LITIGATION AND LEGAL REFORMS

There have been several cases of litigation right from the first American case of **Smith v. London Assur. Corp. (1905)**, involving auditors. Certain studies have been carried out in the United States of America to find out the reasons for the sudden upsurge in litigation. Palmrose (1987) found out that nearly 50% of the lawsuits against auditors in the United States of America were in relation to business failures. Other studies observed that a business failure in the United States of America, in most cases, led to litigation and they were usually instituted by shareholders and creditors (Carcello and Palmrose, 1994; Lys ands Watts, 1994). In a comprehensive study of lawsuits against auditors in the United States of America from 1955 to 1994 undertaken by Lys and Watts, 1994 they found out that majority of the lawsuits occurred as a result of bankruptcy. The statistics of the causes of the litigation are as follows:

- 47.8% is as a result of bankruptcy
- 12.9% is as a result of acquisition
- 21.7% is as a result of sale of securities

The statistics of parties who felt aggrieved and instituted lawsuits against auditors are as follows:

- 48.7% were instituted by shareholders

- 19.8% were by instituted by creditors
- 16.7% were instituted by clients
- 9.3% were instituted by Securities and Exchange Commission

Generally, bankruptcy is a major cause of litigation against auditors. The upsurge in litigation in recent times against auditors is due to the economic recession that brought about an increase in the number and size of corporate failures and the increase in the range of parties seeking compensations from auditors. For example, in 1993 nearly 12% of the gross audit turnover of the big 6 firms in the United States of America are expended on settlement and defense costs (IFAC, 1997).

In the submission made to the United States Securities and Exchange Commission titled "A disproportionate burden of liability" on 11 June 1993, page 2, the report revealed that the gross accounting and audit revenues of the big 6 in the United States of America were \$5257million in 1990; \$5319million in 1991 and \$5470million in 1992. The costs of judgments, settlements and legal costs were \$367million in 1990; \$485million in 1991 and \$783million in 1992. The gross costs of judgments, settlements and legal costs calculated as a percentage of revenues were 7.0% in 1990; 9.1% in 1991 and 14.3% in 1992. The gross costs of judgments, settlements and legal costs increased from 7.0% in 1990 to 14.3% in 1992. The insurance premia net of insurance recoveries were \$27million in 1990; \$80million in 1991 and \$185million in 1992. The net audit practice protection costs were \$404million in 1990; \$477million in 1991 and \$598million in1992. The net costs of audit practice protection calculated as a percentage of revenues were 7.7% in 1990; 9.0% in 1991 and 10.9% in 1992. The costs of practice protection are an increasing proportion of auditors overall costs. Expenses of legal defense and liabilities for damage awards consume on average 10% of audit revenues of the large CPA firms. The accounting profession considers the United States of America tort liability system a crisis of expanding liability exposure in need of reform.

Another example of large sums of money paid out by the big 4 firms in the United States of America is in relation to complaints about Savings and Loans Audit. The New York Times of August 14, 1994 reported that, of the $2billion collected from professionals by the Federal Agencies for the Savings and Loans debacle, half of the amount was collected from the big 4 accounting firms. The collections were channeled to institutions made insolvent by the Savings and Loans crisis. In November 1992, Ernest & Young paid out $400million. In August 1993, Arthur Andersen paid $82million. In March 1994, Deloitte & Touche paid $312million. In August 1994, KPMG Peat Marwick paid out $187million.

Lawsuits against auditors in the United States of America have continued and damage awards in the hundreds of million dollars have continued to be paid by auditors. IFAC (1997) surveys have revealed that audit liability is of great concern to the accounting profession in an increasing number of countries around the world. Legal campaigns by the accounting profession are succeeding in moderating the liability regimes in a number of countries. For example, in Canada the Federal Senate Committee on Banking and Commerce recommended a modified proportional liability regime in March 1998. In the United States, the Private Securities Litigation Reform Act of 1995 replaced joint and several liabilities with a system of "fair share" proportional liability. The Australian Federal Government is considering draft legislation that would move from a system of joint and several liabilities to one of proportional liability. Canada has joint and several liabilities but is proposing to move towards a system of modified proportional liability. In the UK, a system of joint and several liability remains, though there has been debate about moving to proportional liability. Israel operates on a system of strict joint and several liabilities. In

Switzerland, auditors are joint and severally liable along with management. Both Germany and Austria currently have fixed statutory caps on liabilities arising from statutory audit work. Statutory caps also apply in Greece and Portugal. Statutory caps on the liability of all professionals were put in place by the New South Wales government in 1994. In the Netherlands, liability is not limited, though most accounting firms operate as a partnership of limited liability companies in which each partner has his own limited liability company (London Economics, 1998).

9. STRATEGIES TO MINIMIZE THE RISKS

In every facet of life, there are risks that need to be managed so that life can be attractive and enjoyable. The same approach has to be modified to a large extent to the crises facing nations to be able to maintain financial stability, economic growth and sustainable standard of living. The impact of globalization affects every aspect of the society. The risks of globalization are easily managed by the enunciation of sound macroeconomic policies, exchange rate system and financial sector sustainability. Nations should embrace policy changes to sustain strong economies and derive the benefits of stronger world financial system capable of faster economic growth and decline in poverty. Nations should, apart from economic matters, cooperate among themselves in a range of non-economic matters that have impact across international borders like legal, environment and the movement of labour.

Business managers and professionals need ethical education and training. There is need to ensure accepted level of ethical behaviour from managers of business, operators in government, regulators and professionals. Nations need well talented people who are innovative, creative and capable of coping with the challenges and dynamics of the markets and society. The development of small and medium enterprises is vital for the economy as well as their survival which could be strengthened through collaborative efforts of mergers and acquisitions to avert their total collapse and subsequent negative consequences on the economic environment and society. Mergers and acquisitions should be encouraged by governments as one of the solutions to avoid further economic crises deepening that could cause financial markets to be subject to a volatile and insecure market environment during economic crisis.

Accounting system needs to recognize the value of knowledge as a production factor and an essential resource for value creation and financial soundness of a company. The quality of financial reporting is very essential for users of accounting information in this global world. It is time a clear statement is made on the limits of the auditors' roles so that the general public knows exactly where their responsibilities commence and terminate. The absence of this will continue to create an expectation gap where the public continues to expect more from the auditors than their responsibilities permit under the law. Firms need to take a professional indemnity insurance cover whereby the policies and premiums will be related to the increasing level of litigiousness in the environment. Protection against the cost of litigation can be taken in the area of exercising greater prudence in the acquisition of clients. There should be strict adherence to professional standards because the best defense against liability is high quality performance. Auditors should state the kind of contractual relationship existing between them and their clients in a letter of engagement to avoid misconception of the responsibilities of the auditors in each of the engagements.

It is the responsibility of every professional firm to plan, develop and perform an effective and efficient professional work. This has to be done with an attitude of professional skepticism. In this circumstance, auditors should neither assume that management is dishonest nor assume that management has unquestionable honesty. Every engagement should be assigned to a particular partner in the firm. The engagement partner should be entrusted with the responsibility of ensuring that work is carried out in accordance with the firm's policies and statutory requirements. In the case where an engagement is classified as greater than normal and the firm decides to accept the appointment or re-appointment, it has to take appropriate measures to respond to the engagement risk. The measures will include: -

- ensuring that the engagement partner carries out proper planning before the work commences;
- ensuring that partners and staff assigned to the engagement are knowledgeable and appropriate to the nature of the engagement, taking into consideration the characteristics of the client's business, industry and professional risk involved;
- ensuring that supporting staff on the engagement are properly trained and supervised;
- ensuring that additional technical assistance or specialized knowledge is obtained whenever required to carry out the work;
- examining and obtaining sufficient evidence of appropriate quality to support the conclusions reached on the engagement.
- refusing to accept unusually tight deadlines that will make it difficult for the engagement team to complete the necessary procedures of the firm;
- ensuring that the engagement team maintains an objective and impartial relationship with the client in order to avoid situations which could be perceived as conflict of interest in relation to the client's business;
- ensuring that the engagement team exercises good professional judgment by focusing on issues of substance rather than form;

- ensuring that engagement files contain important details in relation to the engagement planning, work performed, evidence examined, findings, problems identified and how they are resolved, and the various communications with the client;
- ensuring that quality assurance programs are developed and adhered to by the engagement team;
- ensuring that a second partner is involved in the engagement; and
- the existence of an active risk management committee within the firm.

10. CONCLUSION

It is quite obvious that we are in a globalised world and any threat to the assignment of auditors will definitely affect the entire accountancy profession. Therefore, professional firms need to be more alert to a clear understanding of their clients' business and adopt mental attitude and professional approach to good auditing practice. In order to minimize the risk of litigation, auditors need to have inquisitive minds, seek thorough knowledge of their clients' business, have a healthy dose of professional skepticism and be willing to take an uncompromising stand when clients' actions border on professionalism and integrity. It is the greed of management and deviations from high ethical, moral and professional standards that result to financial crises. Auditors' alertness to professional responsibilities can minimize the risk of being sued and of being found professionally negligent.

Finally, in a globalised system where intangibles become the prime product of business and professional success, adequate policy measures have to be put in place to forestall the inadequacies of wrong professional judgments. Auditors should take pride in the way they serve their clients and protect public interest, because nothing triggers off litigation against auditors faster than business failures.

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ACKNOWLEDGEMENT

I would like to thank the Almighty God, the Creator of Heaven and Earth for His grace, kindness and love. God did a lot of wonders in my life which my mouth cannot sufficiently praise and adore Him. I am very grateful for all He has done in my life. I am grateful to my late parents for bringing me to life and my grand parents for their parental care on me. The lessons I learnt from them is still with me. Most of the things I learnt from them have been passed to my children and those I come in contact with during my studies and at work. My grand parents shaped my life in accordance with Proverbs 22: 6 which says, "Train a child the way he should go, when he is grown he will not depart from it". It is clear to me that nobody picks success from the ground. What you sow is what you will reap. In the stages of my advancement in life, my brothers and sisters, nephews and nieces, cousins, aunties and uncles, brothers' in-laws and sisters' in-laws have been a source of encouragement to me. I recognize the various roles they have played in my life. I would like to thank the wife of my youth, Mrs. Dorothy Ogheneyole Ojaide (nee Akpo) and my children, Emmanuel, Majiro, Maro and Orero for their love, prayers and understanding during those years of labour.

I would like to thank my colleagues, John Egbele, Isaac Ofili, Christopher Okonkwo, Isaac Itegboje, Ruth Okwa (nee Iregha), Florence Ejeheri (nee Imuobome), John Ejeheri, Wasiu Tafawa and very many of them I cannot list all their names for their words of encouragement. All Bursary and Registry staff of the University of Jos, I appreciate you for your support during the time I was in the Bursary Department. The two departments worked together harmoniously. I am very grateful for the opportunity God gave to me to be in the Department of Accounting. I would like to thank Professors Ambrose Okwoli, Jane O.M. Ande, Teresa Nmadu, Sebastian Maimako, Ekoja B. Ekoja, Drs. H. Bulus, Peter Arinze, S. A. Ocholi, Yohanna Jugu, Clem ent

Adewole, Kolawole O. Oladele and also Ibrahim Othman, Mrs. Mary Ogenyi, Bala Gonji, Mrs. Ulan Victoria Jatau, Mrs. Saratu Jim-Suleiman, Emmanuel Egegwu, Samson Nyahas, Olayinka Moses, Joseph Akande, Bernard Alkali, Michael Edache, Mrs. Rauta B. Jat, N.U. Oduala, E.S. Echu, Joseph A. Olorede, Fidelis Chuwang, Filibus Madaki, Mrs. Alice Dung, Mrs. Victoria N. Nwachukwu, Mrs. Susan Chinyere Ikuku and others for your encouragement and support.

My Church Pastors, Reverend & Mrs. Samuel Atu, Pastor & Mrs. M. Doro, Reverend & Mrs. Chom Chai S. Deme, Reverend & Mrs. Joshua Aku, Reverend & Mrs. Kutai Ayuba, Reverend & Mrs. Ben Nasara, Reverend & Mrs. Gordian Okezie, Pastor & Mrs. Chris Abaga, Board of Elders and the entire membership including many other Reverend, Pastors and others I have not listed their names, I thank you all for your love and prayers. God will make a way when there seems to be no way. He walks in ways we cannot see. He will make a way for me.

I am very grateful to all the Vice Chancellors namely, Professor Emmanuel Emevon, Professor Ochapa Onazi, Professor Para Mallum, Professor G.O. Tassie, Professor Nenfort Gomwalk, Professor Monday Mangwvat, Professor Sonni Tyoden of the University of Jos. I was transferred from the Bursary Department to the Department of Accounting and Management Studies by Professor Monday Mangwvat. I thank Professor Moses Iwuala, Professor Eghosa Osagie and Mrs. Ame Osagie, Professor C.S. Ige, Mr. & Mrs. Nda Yakubu and others who encouraged and supported my academic pursuit.

I enjoyed tremendous support from Past Presidents, Council Members, Staff and Professional Colleagues of the Institute of Chartered Accountants of Nigeria, in and outside the country. It is very difficult to list all your names for all the support you rendered to me. I appreciate all of you.

I would like to thank all my friends and colleagues in other faculties of the University of Jos for the hands of fellowship. I will like to thank the Vice Chancellor, Professor H.B, Mafuyai, Deputy Vice Chancellors, Principal Officers of the University, Members of Senate, Deans and Directors, Staff and Students of the University for the peaceful atmosphere in the University of Jos.

Our invited Guests, you have been so wonderful. Your esteemed presence has added colour to this inaugural lecture. I thank you all. Professor J.M. Nasir and the Secretariat staff of the Inaugural Lecture Committee and members of the media, I salute you. Well done!

Above all, I would like to emphasize once again, my special thanks to the Almighty God that has given me life and life more abundantly. HE has been seeing me through all the hurdles of life. HE has promised that ‘though I walk through the valley of the shadow of death, I will fear no evil; HE is with me, HIS rod and HIS staff they will comfort me. HE prepared a table before me in the presence of my enemies; HE has anointed my head with oil; my cup runs over. Surely, goodness and mercy shall follow me all the days of my life and I will dwell in the house of the LORD forever’. Who has the final say? Jehovah has the final say! Final say! Final say! Jehovah has the final say!

Ladies and Gentlemen, thank you, thank you and thank you. May the good LORD bless you all in Jesus Name, Amen!

CITATION ON
PROFESSOR FRANCIS OJAIDE,
M.Sc., Ph.D, ACA, ACTI, FCA, PP, OON

PROTOCOLS:

Profesor Francis Ojaide was born into the great family of the Ojaides. In those days, the great Ojaide conquered many towns and villages that traversed what is known as the Owhe towns and Clans. History has it that he was the first to own a car. As it was customary in those days, Professor Francis Ojaide was raised by his maternal grand parents in a town called Owan, close to Benin City in Edo State. His parents were resident in Sapele Township in pursuit of the Golden Fleece. By the wicked hands of death, he became the eldest of five children by default and the first grand child of his maternal grand parents. His father hails from Otorigho (Otibio – Owhe) and mother from Orogun and Emu-Unor respectively in Delta State.

He started his early education at Owan and proceeded to Lagos where his mother insisted he should stay and school in order to keep him away from youthful friends she considered undesirable. He passed several common entrance examinations into colleges, including Imade College, Owo where he paid exorbitant school fees and acceptance deposit which is yet to be refunded back to him by the school authority up to the time of reading this citation. His readiness to resume college life as a boarding student at Imade College, Owo in 1971 did not materialize. In order not to loose the school year, he gained admission into Lagos Secondary Commercial Academy, Lagos. In his Form One and Two at the College, he topped the class by coming first position in first, second and the third terms of both years. He was always awarded prizes at the Speech, Awards and Prize Giving Day of the college.

In the search for government scholarship for academic excellence, he was admitted into Form Three in Zik Academy, Sapele in 1973. At the end of the First, Second and Third Term Examinations in his new school, it was clear to his classmates and school authority that a genius had arrived at the school from Lagos. Those who appreciated academic excellence admired him and those who did not, disliked his guts. They called him 'Book Worm'. Surprisingly, to the astonishment of his peers and seniors in the College, young Francis, right from Form Three, was selected to be in a team consisting of the School Senior Prefect and Form Five Students, to represent his school in the Mid-Western State Quiz Contest Competition (now Edo and Delta States). He was the only junior student from among the Forms One to Four Students selected to represent the school in the Mid-Western State (now Edo and Delta States) Quiz Contest Competition. In his Form Five, he was not appointed Senior Prefect because of his small size but was appointed a House Prefect. His mates had often considered him as an Aggregate Six Candidate but the worse happened when he narrowly missed Division One. The following year, he registered and passed the GCE Advanced Level Examinations by private efforts, in Economics, Government and General Paper.

In order not to waste time at home working as a clerical officer, his friend Bright Edokpayi encouraged him to accept the offer of admission to read Accountancy at the Auchi Polytechnic, Benin City Campus. So, in October, 1976 he started studies as an OND student at the Auchi Polytechnic, Benin City Campus and later moved to Auchi Campus for his HND in Accountancy. At the Polytechnic, his colleagues as usual, knew there was a genius in the class. His admirers called him 'the Real Professor of the class'. In June, 1980 the then 'Small Francis' emerged as the Best Graduating and Overall Best Result in the Department of Accountancy. In that year, he won (i) the Principal Prize as the Best Overall Result in the Department of

Accountancy; (ii) Onwufuju, Giwa – Osagie & Co.'s Prize (A Firm of Chartered Accountants) as having the Best Academic Performance in Financial Management; and (iii) Recognised as having the Overall Best Result in the H.N.D. Final at Distinction Level (the equivalent of a First Class) in June, 1980. In short, his studies at the Polytechnic were crowned with honours and prizes. Ladies and Gentlemen, hear this! Among his mates and even the set before his, he was the first to qualify as a Chartered Accountant.

In his pursuit for academic scholarship, he gained employment with the University of Jos in 1983. Due to his brilliant ways of handling things and highly incisive academic disposition, Professor Eghosa Osagie – Dean of the Faculty of Social Sciences and Professor Moses Iwuala – Dean of the School of Post Graduate Studies of the University of Jos made him to submit a proposal on why HND holders should be given the opportunity to pursue Postgraduate Programmes in the University. By October, 1985 the indefatigable Francis had registered and started the Master's Degree Programme in Money & Finance. The Master's Degree Programme is a minimum of 12 Months but by the 9th Month, Francis was the only student who had finished and completed his M.Sc Degreee Programme in his class. He was one of the three students with the overall best result. As had been the trend right from his secondary school days, his M.Sc. Classmates considered him to be a genius and was often considered to be a First Class Graduate from one of the famous universities in the United Kingdom. In 1987, he registered and started his Ph.D. Programme in the same University. The Ph.D part-time programme with a minimum duration of 48 months (i.e.4 years), Francis wanted to complete it in 24 months (i.e. 2 years). This did not go down well with his Supervisor. He was advised to follow and comply with the duration of the programme. He yielded to the advice and was awarded the Ph.D (Economics) (Money & Finance) by the University Senate in July, 1994. Professor Francis Ojaide is a rare gem and a celebrated student right from elementary school to the university level which is the highest citadel of learning.

Francis has an excellent working career. During his polytechnic education, he had his industrial attachments with the Bendel Food Production Board, Benin City in the Accounts Department from July, 1976 to December, 1976 and the University of Benin, Benin City in the Bursary and Internal Audit Departments from January, 1979 to June, 1979. During his National Youth Service Corps (NYSC), he served with Egunjobi, Sulaimon & Co. (A Professional Firm of Chartered Accountants Based in Kano) and was employed as Audit Semi-Senior and later promoted Qualified Audit Senior. He worked in the Firm from July, 1980 to March, 1983. In pursuit of academic excellence, he gained employment with the University of Jos in April, 1983 as a Principal Accountant and later held several positions ranging from Chief Accountant, Chief Internal Auditor, Lecturer, Acting Head of Department of Accounting etc. up to January, 1996. In January, 1996 he joined Akintola Williams Group (Akintola Williams, Deloitte & Co.) as the National Director of Education & Training on Leave of Absence from the University of Jos. In March, 1999 he proceeded from the University of Jos on Sabbatical Leave to the Nigerian Defence Academy (NDA) to train Officer Cadets offering courses in Accounting & Economics. On the 21st of December, 2000 he was transferred from the Bursary Department to the Department of Accounting & Management Sciences as Senior Lecturer and thereafter promoted to the rank of Associate Professor/Reader with effect from 1st October, 2004. On the 1st of October, 2007 Francis attained the highest rank in the University system as a Full Professor in Accounting. Ladies and Gentlemen, it may interest you to know that Professor Francis Ojaide, who has been identified as a genius by his classmates and school mates, right from primary school to the University level, attained the highest rank of a Full Professor within seven years of leaving administration to full-time academics. This is a rare feat achieved by him in a heavily guided and protected environment of academics.

Professor Ojaide has held academic positions in the university too. On the 20th of May, 1992 he was appointed to set-up a full-fledged Department of Accounting in the Faculty of Social Sciences of the University of Jos with immediate effect as Acting Head of Department (while he was still a Chief Accountant in the Bursary Department), on the recommendations of staff, students and the approval of the Vice Chancellor (Professor M. P. Mallum). In July, 2008 after joining the Department of Accounting full-time, he was also appointed the Head of Department of Accounting and in October, 2010, he was re-appointed the Head of Department of Accounting for another two years to end in September, 2012 by the Vice Chancellor (Professor Sonni Tyoden) but this, he had to relinquish to take up the highly exalted position of the 47th President of the Institute of Chartered Accountants of Nigeria. On the 8th of September, 1992 he was unanimously appointed by the University Senate to serve on a Seven-Man Panel constituted to review the Instrument establishing the Centre for Continuing Education and its activities. On the 27th of February, 2007 he was appointed a Member of the Senate Special Admissions Committee by the Vice Chancellor (Professor Sonni Tyoden). He has been External Examiner to the Federal Polytechnic, Bauchi, Federal Polytechnic, Nasarawa and External Examiner in Accounting & Economics to the Nigerian Defence Academy (NDA) from 2000 to 2002, and was an External Examiner to the University of Benin from June, 2010 to June, 2012. He was a Departmental Seminar Coordinator in the Department of Accounting & Management Sciences from 2001 to 2004. He was appointed on the 9th of July, 2004 for the 2003/2004 academic session as 100 Level Coordinator in Accounting. He was appointed Departmental Postgraduate Coordinator in the Department of Accounting from August, 2004 to June, 2008. He was also a Member of the

Editorial Board of the Nigerian Accounting Horizon of the Department of Accounting of the University of Jos from August, 2006 to June, 2011.

Professor Ojaide has a considerable number of years of teaching experience at the university level (both at the undergraduate and postgraduate). He has supervised over 200 projects/theses of graduating students also at the undergraduate and postgraduate levels. He has over thirty-five publications in both local and international academic and professional journals including book reviews, conference proceedings and chapters in books. In short, Professor Ojaide has produced over 1000 students at both undergraduate and postgraduate levels for the different sectors of the National Economy.

Professor Ojaide qualified as a Chartered Accountant in May, 1982 and was admitted an Associate Member (ACA) on the 26th of February, 1983 with Membership No. 2646 and a Fellow (FCA) in February, 1989. He was elected into the Council of the Institute in May, 1995 and had continued to be re-elected every three years into Council bringing it to 18 years on Council by May, 2013.

He has served in several committees of the Institute and other areas in the following capacities: Chairman, Scrutineers' Committee (June, 2014 to Date); Chairman, Election Monitoring Committee (June, 2013 to June, 2014); Chairman, Ad-hoc Committee on Interaction with the Association of Vice Chancellors of Nigerian Universities (June, 2012 to June, 2014); Immediate Past President, (June, 2012 to May, 2013); President, (June, 2011 to May, 2012); Vice President, (June, 2010 to May, 2011); Honorary Treasurer, Association of Accountancy Bodies in West Africa (ABWA), (July, 2010 to May, 2011); 1st Deputy Vice President (June, 2009 to May, 2010); Council Member, (June, 1995 to May, 2013); Council Member, AAT (June, 1996 to June, 1998); Chairman, Major Tenders Board (June, 2010 to May, 2011); Chairman, District Societies Coordinating Committee of Council (August, 2010 to May, 2011); Chairman, Association of Accounting Technicians Scheme (AAT), (June, 2010 to May, 2011); Chairman, Disciplinary Tribunal (June, 2011 to May, 2012); Vice Chairman, Disciplinary Tribunal (June, 2010 to May, 2011); Chairman, Building Committee (June, 2011 to May, 2012); Vice Chairman, Building Committee (June, 2010 to May, 2011); Chairman, Finance & General Purposes (June, 2010 to May, 2011); Chairman, Students' Affairs Committee (June, 2007 to June, 2009); Chairman, Students' Investigating Panel (June, 2007 to June, 2009); Chairman, Technical Review Committee on the Drafting of the 2010 ICAN New Syllabus (August, 2008 to June, 2009); Chairman, Research, Technical & Public Policy Committee (June, 2009 to June, 2010); Chairman, Members' Education & Training Committee (June, 2005 to June, 2007); Chairman, ICAN National Merit Award Sub-Committee, (June, 1996 to June, 1997); Chairman, Publications, Public Affairs & Image Committee (June, 2002 to June, 2004); Chairman, Investigating Panel II (June, 2004 to 2005); Chairman, Jos District Society of ICAN (6th October, 1989 to 7th November, 1991); Deputy Chairman, Finance & General Purposes Committee (June, 2009 to June, 2010); Deputy Chairman, Major Tenders Board (June, 2009 to June, 2010); Deputy Chairman, Research & Technical Committee (June, 2000 to 2005); Deputy Chairman, Education Committee (June, 1995 to June,1996); Deputy Chairman, Membership Affairs Committee (June, 1996 to June, 1998); Deputy Chairman, Members' Education & Training Committee (June, 2000 to June, 2002); Deputy Chairman, Accountants' Conference Committee (February, 1997 to February, 1998).

Others include: Member, Finance & General Purposes Committee (June, 2004 to June, 2009); Member, Examinations Committee (June, 1998 to June, 2000); Member, Research & Technical

Committee (June, 1999 to June, 2000); Member, Investigating Panel I (June, 1999 to June, 2000); Member, Investigating Panel II (June, 2000 to June, 2004); Member, Special Candidates' Admissions Sub-Committee (June, 1996 to June, 1998); Member, Education Committee (July, 1988 to June, 1996); Member, ICAN Joint Consultative Committee with Higher Institutions of Learning (July, 1990 to June, 1996); Member and Leader of ICAN Accreditation Panel to some Universities and Polytechnics (July, 1988 to May, 2009); Member, Vision 2010 ICAN National Workshop (20th March, 1997); Member, Transition Task Force on the ICAN Syllabus (July, 1990 to June, 1996); Member, Education Sub-Committee on ICAN Examinations Standard (November,1988 to June, 1996); Paper Presenter at the 20th Annual Accountants/ Silver Jubilee Conference (1990); Rapporteur at the 21st Annual Accountants' Conference (1991); Chief Editor/Co-ordinator, ICAN "Pathfinder ‘‘ (November, 1988 to October, 1991); Chief Editor/Co-ordinator, ICAN "Insight ’’ (9th May, 1991 to October, 1991); Examiner, ICAN Professional Examinations (May 1987 to November, 1990); Assessor, ICAN Professional Examinations, (May 1986 to November, 1998); Invigilator, ICAN Professional Examinations (May 1983 to November, 1993); Ex-Officio Member, Jos District Society of ICAN (March, 1983 to March, 1985 and November, 1991 to May, 2011); Assistant Secretary, Jos District Society of ICAN (March, 1988 to February,1989); Guest Speaker at the 13th Induction Ceremony of the Institute (1994).

Professor Ojaide has also served the Public in various capacities which include: Member, Federal Government VAT Tribunal (Nov., 2002 to 2005); Member, National Universities Commission (N. U. C.) Accreditation Panel to Universities (August, 1995 to Date); Member, National Board for Technical Education (NBTE) Accreditation Panel to Polytechnics (April, 1997 to 1998); Visiting Senior Lecturer in Accounting & Economics to the Nigerian Defence Academy (NDA)

(March 1999 to 2000); Consultant to the World Bank/ICAN on Ethics & Standards (September, 2006 to June, 2008).

Ladies and Gentlemen, Professor Francis Ojaide has some unique characteristics worth mentioning and worth emulating by his peers and younger generations. From the above outstanding achievements of this great man, he attributes everything to the Almighty God who has given him life and life more abundantly. You will agree with me that he is a workaholic, intelligent, brilliant, dedicated, punctual, time-conscious, committed, fearless, prayerful, a devout Christian, a Man of God and a highly disciplined person. These attributes, you cannot take away from Professor Francis Ojaide. We all know these qualities about him. I am sure that my colleagues, any day, any where and any time can confirm these attributes about him. Professor Ojaide has preached in churches, to his students, academic colleagues, his office staff, professional colleagues, wife, children, relations, and wherever and whenever he has the opportunity to talk about Christ and the Bible. In London, after the World Congress of Accountants, he was invited to deliver a 15-minute exhortation to the admiration of all the members of the Church in London. Similarly, on Sunday, 27th March, 2011, he delivered a 35-minute sermon titled, "You are Destined to Excel" at the 2nd Service of the Church of RCCG, The Lord's Sanctuary in London. The Pastor of the Church also invited him to briefly say hello to members in the 3rd Service before his departure straight to Heathrow Airport to catch his flight to Nigeria. He loves hardworking people. He is a motivator and a Counsellor. He is a very kind and helpful person. He cares for the widows and less-privileged. He tries to avoid loud- mouthed people. His workers are usually his very close friends. He is a very punctual person to church, meetings and any invited gathering. He is a very humble and jovial person but he is also a person that should not be taken for granted. He is a decision taker. He considers difficulties as challenges which should be overcome. He is a goal-getter. He is a focused person and avoids distractions. He loves his wife very dearly, his children and family members too. Distinguished Ladies and Gentlemen, Please listen to how the wife described her husband and I quote, "My husband is a man of distinction and excellence. When my husband wants to do good to people, he over does it. He is a kind, reliable, focus, God-fearing and dependable person. You can go to sleep and have your eyes closed when you have my husband around you. He is a very caring person, a sincere friend and indeed a very good husband'. Ladies and Gentlemen, what an assuring choice of words from Mrs. Ojaide to describe her husband (Professor Francis Ojaide). This is wonderful! Let us give Mrs. Dorothy Ojaide a round of applause.

During Professor Francis Ojaide's days in the primary school, he was a very good footballer and a member of the school first eleven. He was a good runner in 100 and 200 metres race as well as relay race. In his secondary school days, he was good in playing table-tennis which most times caused problems between him and his elder brother because he was always defeating his elder brother. He was a member of the Red Cross Society and also a member of the Debating Society. Professor Ojaide likes leisure after a hard day's job. He likes singing religious songs and choruses. Professor Ojaide is both an introvert and an extrovert. It depends on the mood you find him and more especially the environment too. He is a patriot, a democrat and a strict person when it comes to enforcement of rules, regulations and codes of conduct and ethics.

Ladies and Gentlemen, as far back as his primary school days, his classmates and schoolmates had always called him "Professor". Here he is today making history, as a University Professor, to be conferred the Honour of the 47th President of the Institute of Chartered Accountants of Nigeria (ICAN) in May, 2011and also a National Honours Awardee of the Federal Republic of Nigeria granted by Dr. Goodluck Ebele Jonathan, the award of the Officer of the Order of the

Niger (OON) in November 2011. He is also the First indigenous trained Chartered Accountant in Nigeria by the Institute of Chartered Accountants of Nigeria (ICAN) to be the President of the Institute of Chartered Accountants of Nigeria in May, 2011.

As the 47 President of the Institute of Chartered Accountants of Nigeria, Professor Francis Ojaide among very many other things, overwhelmingly increased the salaries and allowances of all ICAN staff than ever before, to motivate and uplift their standards of living; purchased buses to convey staff to and from work; ensured that staff were dressed down on Fridays; closure of offices at 4:30pm at all levels including the President and the Registrar/Chief Executive to ensure that staff got home early; complimentary cards for staff members from Assistant Managers and entertainment benefits in the offices; training at foreign and local workshops and conferences for all levels of staff and harmonious working relationships amongst staff, staff union and management staff. He introduced the ICAN Anthem and also changed the ICAN Annual Conference to a World Class sitting arrangement.

He completed and opened a multi- million naira five-story building at Ebute Meta, Lagos to accommodate majority of the staff of the Institute. The memory of Professor Francis Ojaide will ever be remembered by the Institute of Chartered Accountants of Nigeria because of the legacies he left behind at the Institute. Professor Francis Ojaide has travelled very extensively to many states of the Federal Republic of Nigeria and many countries in West Africa, Africa and the entire World meeting with dignitaries in the ruling political class, academia and professionals in their various fields of human endeavours.

Ladies and Gentlemen, I present to you, a man that is keeping a date with destiny, a man of integrity, a loving father, a beloved husband, a sincere friend, a disciplinarian, a teacher, a lecturer, a motivator, a mentor, a scholar of scholarship, a scholar of distinction, an achiever, a goal-getter and a professional par excellence, as the Guest Speaker of today's Inaugural Lecture.

Long Live the University of Jos.

Long Live the Federal Republic of Nigeria.

Thank you and God bless you all, Amen.