



## An Appraisal of Accounting Regulatory Bodies in Nigeria: A Study of ICAN Experience

Ufelle Adamma Roseline; Massah Eniekeye; Njoku Uzozie Chinedozie<sup>\*</sup>; Ugoh Sylaleen  
Ugochi; Ehiriudu Jude Alaoma

*Accountancy Department,  
Imo State University, Owerri, Imo State.*

*[\\*uzoziecn@gmail.com](mailto:uzoziecn@gmail.com)*

### Abstract

**Research Purpose:** In the contemporary business environment, robust financial reporting is crucial for economic stability and growth. This study evaluates the effectiveness of Nigeria's three well-recognized accountancy professional bodies—Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN), and Institute of Cost and Management Accountants (ICMA)—in overseeing and improving accounting practices.

**Methodology:** The study employed an ex-post-facto design, utilising secondary data to assess the activities and mutual relationships among these regulatory bodies. The data were collected from various reports and publications pertinent to the accountancy profession in Nigeria.

**Findings:** The analysis revealed that the activities of ICAN, ANAN, and ICMA have positively impacted the quality of financial reporting in Nigeria. The regulatory framework facilitated by these bodies has significantly enhanced accounting practices, ensuring compliance and improving overall financial transparency.

**Conclusion:** The study concluded that the collaborative efforts of Nigeria's accountancy professional bodies have led to substantial improvements in accounting practices. However, there are still areas that require further enhancement to sustain and advance these improvements.

**Recommendations:** The study recommends that regulatory bodies should continue to strengthen their frameworks by adopting more advanced oversight mechanisms. Additionally, increased collaboration and regular reviews of practices will ensure that the standards of financial reporting continue to improve, thus fostering greater trust and transparency in Nigeria's financial environment.



*Key words: Accountancy professional bodies, Financial Reporting, ICAN, ANAN, ICMA.*

## **1.0 INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

This work aims at evaluating and assessing the bodies that regulate the accounting profession in Nigeria. The writer also critically examined accounting practice in Nigeria, with particular reference to the impact of the Institute of Chartered Accountants of Nigeria, ICAN. The following are the recognized professional accountancy bodies in Nigeria, ICAN, ANAN and CIMA-Nigeria. These have their standards associated with them. To be a member of the institute, one must go through professional training /examinations.

ICAN as the first and foremost professional accountancy body in Nigeria was seen to have contributed greatly to the development of the accountancy profession in Nigeria.

To appraise accounting regulatory bodies in Nigeria means to assess the performance, effectiveness, and adherence to established standards and regulations in the field of accounting. It involves critically examining the roles, functions, and activities of these regulatory bodies to determine their impact on the accounting profession and the overall financial system in Nigeria. For the maintenance of the standards of the professional accountant, it was found out that the professional accountancy bodies have severe punishment for their erring members and students. Students can be banned from taking the institute's examination or suspended for some years if caught in Ican examination misconduct. In this research work, each of these bodies will be examined, their establishment, activities and most importantly their impact on the development of the accounting profession in Nigeria. To achieve the objective of this work, the researcher carried out an assessment of the impact of can in ensuring that accounting practice in Nigeria is adequately regulated in line with the global accounting practice, International best practice.

## **2.0 AN OVERVIEW OF INSTITUTIONAL REGULATORY FRAMEWORK;**

The work evaluated among others, the effectiveness of the accounting regulatory bodies activities under the following ;

**The need for regulatory framework**



The objective of every financial statement(s) is to provide information about the financial activities of the entity, as well as to provide information about the financial position, financial performance and the cash flows of an entity that is useful to a wide range of users in making economic decisions. Reason for the regulation of financial reporting is that an entity would be free to follow or apply accounting treatment that will give their financial information a global acceptability. Other reasons include;

The external people who are normally dependent on the published financial statements for information ,might have confidence in the regulated published accounts. External users are also provided with information that is relevant and reliable for their decision making needs.

Another reason is that Accounting standards and other regulatory forms, help to ensure uniformity in maintaining the same accounting treatment for similar items and transactions. This makes comparison of the financial transactions of that entity and outside it.

Accounting Regulation, helps management to adopt accounting treatment that would present its results and position their business well .Without accounting regulation, management might deliberately mislead users of the financial statements.

Accounting system is one that has a significant impact on the efficient management and administration of an organisation. Accounting practice is referred to as the “language of business and financial decision”. This is because accounting practice provides the entity with data that is needed for decision making and for efficient operation of the system concerned. According to Walgenbach Dlttrich and Hanson (1999), accounting is defined as the process of recording, classifying , reporting and interpreting the financial data. Accounting is a dynamic profession that is not static, it grows and embraces additional roles, through research and development . Accountants cannot just observe the daily operation, he must depend on the accounting process (recording, classifying, summarising etc) to convert financial transactions into statistical data that can be finally summarised into accounting reports. This process is accurately achieved by compliance with regulations.

### **3.0 THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA (ICAN).**

It is interesting to note that the institute of chartered accountants of Nigeria (ICAN) is a renowned accounting body in Nigeria that produces high-skilled man-power for the emerging economy in the post-independence years. Responsibility of the institute is to build



an army of professionals with the prime mandate to defend the public interest, among other responsibilities. According to Olutimehin. K, Emenyonu .E. (2015) Indelible footprint, the ICAN STORY , “though ICAN is not the only accounting body in Nigeria ,its success attracts envy from those who could not meet its high standards or practices benchmarked on global best practices.

It was discovered that I CAN has made contribution for the development of Accounting profession in the following ways;

#### **Formation of Nigeria Accounting Standard Board (NASB):**

This is the body that is responsible for the issuance of accounting standard (SAS) in Nigeria. It was formed in 1982.

A significant role in promoting and upholding accounting standards, professional ethics, and best practice in Nigeria. They also made input and expertise to the setting-process ,to ensure that the standards reflect the needs for the accounting profession in Nigeria of FRCN. This Financial Reporting Council of Nigeria is guided by International Financial Standards (IFRSs), which is issued by IASB.FRCN aligns Nigerian accounting standards with IFRS, to ensure consistency and comparability with global financial reporting standards. Compliance with these standards ensures consistency, transparency, and comparability in the financial reporting across the country, Nigeria.

Training of professional accountants through professional examination which takes various stages.

Establishment of Accounting Technician Scheme (ATS) in 1989 to train middle level accountants.

Partaking in the drafting of companies and allied matters, 1990.

Establishment of Society of Women Accountants (SWAN) in 1978 to consolidate the impact of women in the development of the profession.

ICAN prepares the standards and guidelines for auditing in Nigeria through the Auditing Standard Committee (ASC). ICAN is a founding and prominent member of the International Federation of Accountants IFAC, the body that regulates the Accountancy profession worldwide.

#### **Sources of regulation**



The followings are the main sources of accounting regulation in Nigeria:

1. Accounting Standards
2. Company Law
3. Security and exchange commission, for listed companies in accordance with the listing rules of the stock exchange

### **Accounting standards**

Accounting standards are policy documents that ensure transparency, reliability, consistency and comparability of financial statements. It is generally defined as a benchmark, threshold and basis for measuring a phenomenon. Accounting standards are authorised standards for the preparation of financial statements. They specify how transactions are to be recognized, measured, presented and disclosed in financial statements.

### **Company Law**

This is a law that guides the activities of companies in every country .It varies country by country, but typically also it sets out the rules and regulations for determining the profits available for distribution ,issuing and redeeming share capital ,the reserves that a company must have and uses to which they can be put. These matters are not covered in accounting standards. The main company law statute in Nigeria is the Companies and Allied Matters Act 2004.

### **Listing rules**

Set out the information which entities must supply when their shares are traded on a major stock market. These rules include requirements relating to information, including financial reports that entities must prepare and provide to the stock market while they are listed. Company law consists of detailed rules. Accounting standards may be rules-based or principles-based. IASs and IFRSs are mainly principles based, though some would argue that in practice they are a mixture of rules and principles. It is possible for rules and principles to complement each other.

### **The standard setting structure**

The current structure of the organisations responsible for publishing international accounting standards is as follows:



- International Financial Reporting Standard, formed to replace GAAP. In Nigeria, the Financial Reporting Council of Nigeria is an agency sent by the government, saddled with the responsibilities, for setting accounting standards including GAAP, for both the private and public sectors in Nigeria. This is part of how GAAP was established in Nigeria.

### **Accounting bodies**

A professional accounting body is an organisation or association of accountants in a particular jurisdiction. Usually a person needs to be a member of such a professional body to hold out to the public of the jurisdiction as an accountant.

### **The roles of accounting regulatory bodies**

In Nigeria, there are several accounting regulatory bodies that play crucial roles in ensuring the integrity, transparency, and accountability of financial reporting and accounting practices. These bodies are responsible for establishing and enforcing accounting standards, promoting professional ethics, and regulating the activities of accounting professionals. The primary accounting regulatory bodies in Nigeria include:

**Financial Reporting Council of Nigeria (FRCN):** The FRCN is the apex regulatory body responsible for setting accounting and financial reporting standards in Nigeria. It issued the Nigerian Financial Reporting Standards (NFRS) and the Nigerian Code of Corporate Governance, which provide guidelines for financial reporting and corporate governance practices in the country. The FRCN also oversees compliance with these standards by public and private sector entities.

**Institute of Chartered Accountants of Nigeria (ICAN):** ICAN is another prominent professional accounting body in Nigeria. It is responsible for regulating the accountancy profession and promoting professional excellence among chartered accountants in the country. ICAN conducts professional examinations, grants membership to qualified individuals, and establishes and enforces ethical and professional standards for its members.

**Association of National Accountants of Nigeria (ANAN):** ANAN is a professional accounting body established by an Act of the Nigerian National Assembly. It sets professional standards for accountants and promotes the highest level of professional ethics and competence among its members. ANAN plays a significant role in regulating the activities of accountants and ensuring their adherence to ethical principles.



**Securities and Exchange Commission (SEC):** While not solely focused on accounting, the SEC is a key regulatory body in Nigeria that oversees the securities market. It requires public companies to comply with specific financial reporting and disclosure requirements. The SEC ensures that companies listed on the Nigerian Stock Exchange adhere to accounting standards, which helps maintain investor confidence and protects the integrity of the capital market.

These accounting regulatory bodies in Nigeria collectively work towards improving the quality of financial reporting, enhancing corporate governance practices, and ensuring the professionalism and integrity of the accounting profession. They play a crucial role in maintaining trust and confidence in Nigeria's financial system and contributing to the overall economic development of the country.

### **Importance of these bodies**

In Nigeria, we have two main Professional accountancy bodies and governments share a common objective of ensuring that professional accountants meet up with the public interest, and to ensure that professional code of conduct for members are maintained. To meet high standards in the quality Professional accountancy the Institute of Chartered Accountants of Nigeria (ICAN) Nigeria oversees it. ICAN is one of Nigeria's two professional bodies.

### **Main aim of ICAN**

Their main aim of ICAN is to ensure transparency, reliability, consistency, and comparability of the financial statements by the private and the public sector.

ICAN, whose membership comprises accountants, auditors, and accounting technicians, was established in 1965 by Act of Parliament No. 15 of September 1, 1965 (the ICAN Act). ICAN is a mandatory membership organisation and members of ICAN receive the title of Chartered Accountant or Associate Accounting Technician upon fulfilment of education and certification requirements for either stream. The titles are protected under the ICAN Act.

ICAN's responsibilities in relation to its members are (i) setting initial professional development and continuing professional development requirements for its members; (ii) determining examination and certification requirements for members; (iii) maintaining a membership register; (iv) enforcing rules of professional conduct as well as ethical and technical standards for its members; and (v) carrying out quality assurance reviews for





members. The ICAN is a founding member of Association of Accountancy Bodies in West Africa, IFAC, and Pan African Federation of Accountants.

ICAN supports the development, adoption, and implementation of high-quality international standards. We work to prepare a future-ready accounting profession. We speak out as the voice of the global accounting profession. With our member organisations, we serve the public interest by enhancing the relevance, reputation, and value of the global accountancy profession.

### **Effectiveness of the Institutional Regulatory Framework of accounting professional bodies**

To evaluate the effectiveness of the institutional regulatory framework, the study employed various methodologies such as surveys, interviews, and analysis of relevant documents. It assessed the following aspects:

#### **Regulatory Structure**

The study examined the structure of the accounting professional bodies, including their governance, organisational framework, and decision-making processes. It analysed the clarity of roles, responsibilities, and powers of the regulatory bodies in enforcing standards and regulations.

#### **Standards and Guidelines**

The study assessed the adequacy and relevance of accounting standards and guidelines issued by the regulatory bodies. It evaluated the extent to which these standards align with international standards and cater to the unique needs of the Nigerian accounting profession.

#### **Enforcement Mechanisms**

The study evaluated the effectiveness of enforcement mechanisms employed by the regulatory bodies. It examined the processes for monitoring compliance, investigating complaints, and imposing sanctions on non-compliant individuals or entities. The study also assessed the efficiency and timeliness of enforcement actions.

#### **Professional Development**

The study analysed the professional development programs offered by the accounting professional bodies. It assessed the quality and comprehensiveness of continuing professional education, training, and certification programs. The study also examined the





efforts made to update and enhance professional competencies in response to changing accounting practices and technologies.

### **Collaboration and Stakeholder Engagement**

The study assessed the level of collaboration and engagement between the accounting professional bodies and other stakeholders, including government agencies, industry regulators, academia, and the business community. It evaluated the effectiveness of these collaborations in promoting regulatory compliance and addressing emerging challenges.

### **Perception and Satisfaction**

The study gathered feedback from stakeholders, including professional accountants, employers, investors, and the general public, to gauge their perception of the regulatory bodies' effectiveness. It assessed their level of satisfaction with the regulatory framework and identified areas for improvement.

Based on the findings of the study, conclusions were drawn regarding the overall effectiveness of the institutional regulatory framework of accounting professional bodies in Nigeria. The study provided insights into strengths, weaknesses, and opportunities for enhancing the regulatory framework to ensure the continued development and professionalism of the accounting sector in Nigeria.

## **4.0 RULE AND REGULATIONS GUIDING ACCOUNTANCY PROFESSION**

The accountancy profession is governed by a set of rules and regulations that aim to ensure professionalism, integrity, and ethical conduct among accountants. These rules and regulations vary from country to country, but I will provide you with a general overview of the principles and guidelines that typically guide the accountancy profession in Nigeria.

### **Professional Standards**

Professional accountants are expected to adhere to a set of professional standards, which typically include International Financial Reporting Standards (IFRS) for financial reporting and International Standards on Auditing (ISA) for auditing. These standards provide guidelines for the preparation and presentation of financial statements, as well as the conduct of audits.



### **Code of Ethics**

Accountants are bound by a code of ethics that outlines the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The code of ethics provides guidance on how accountants should handle conflicts of interest, maintain client confidentiality, and act in the public interest.

### **Licensing and Qualifications**

Many jurisdictions have licensing requirements for professional accountants. These requirements often include obtaining a professional qualification such as Certified Public Accountant (CPA), Chartered Accountant (CA), or Certified Management Accountant (CMA). Accountants are required to meet educational, examination, and experience criteria to obtain these qualifications.

### **Regulatory Bodies**

Accountancy professions are typically regulated by professional bodies or regulatory authorities. These bodies oversee the licensing, registration, and discipline of accountants. They set professional standards, enforce ethical guidelines, and handle complaints or misconduct cases.

### **Continuing Professional Development (CPD)**

Accountants are expected to engage in continuous learning and professional development throughout their careers. They are required to participate in CPD programs to update their knowledge and skills in accounting, auditing, taxation, and other relevant areas.

### **Independence and Conflict of Interest**

Accountants are required to maintain independence and avoid conflicts of interest in their professional work. They should exercise professional judgement objectively and without bias to ensure the accuracy and reliability of financial information.

### **Anti-Money Laundering (AML) Regulations**

Accountants often have responsibilities in detecting and preventing money laundering and terrorist financing activities. They are subject to AML regulations and are expected to comply with reporting requirements, perform due diligence, and be vigilant in identifying suspicious transactions.

### **Data Protection and Confidentiality**



Accountants are entrusted with sensitive financial information. They have a responsibility to protect the confidentiality and privacy of client data in accordance with applicable data protection laws and regulations. It is important to note that the specific rules and regulations guiding the accountancy profession can vary depending on the jurisdiction and the professional bodies or regulatory authorities overseeing the profession. It is recommended to refer to the regulations specific to your country or region for more detailed and accurate information.

### **5.0 CONCLUSION**

In conclusion, the appraisal of accounting regulatory bodies in Nigeria highlights their significant role in ensuring transparency, accountability, and professionalism in the financial sector. These regulatory bodies play a crucial role in maintaining the integrity of financial reporting and promoting investor confidence in the Nigerian market. The primary accounting regulatory bodies in Nigeria include the Financial Reporting Council of Nigeria (FRCN), the Nigerian Accounting Standards Board (NASB), and the Institute of Chartered Accountants of Nigeria (ICAN). These bodies work in collaboration to establish and enforce accounting standards, regulations, and ethical guidelines for professional accountants and financial reporting entities in Nigeria.

The Financial Reporting Council of Nigeria (FRCN) is responsible for setting accounting and financial reporting standards in Nigeria. It ensures compliance with International Financial Reporting Standards (IFRS) and promotes transparency and accountability in financial reporting.

The Nigerian Accounting Standards Board (NASB) is responsible for issuing accounting standards and guidelines tailored to the Nigerian context. These standards provide a framework for the preparation, presentation, and disclosure of financial statements in Nigeria.

The Institute of Chartered Accountants of Nigeria (ICAN) is the professional body for accountants in Nigeria. It regulates the accounting profession and ensures the competence, professionalism, and ethical conduct of its members. ICAN plays a vital role in setting professional standards, conducting examinations, and providing continuing professional development programs for accountants in Nigeria Private and Public sectors.



These regulatory bodies work closely with each other and other stakeholders such as the Securities and Exchange Commission (SEC), the Central Bank of Nigeria (CBN), and various industry-specific regulators to foster collaboration, promote adherence to accounting standards, and maintain the credibility of financial reporting in Nigeria.

However, it is important to acknowledge that challenges exist in the Nigerian accounting regulatory landscape. These challenges include limited resources, the need for greater enforcement of regulations, and the occurrence of financial reporting fraud. To address these challenges, it is crucial for the regulatory bodies to enhance their capacity, strengthen enforcement mechanisms, and foster greater collaboration with other stakeholders.

Overall, the appraisal of accounting regulatory bodies in Nigeria underscores their significant contribution to the development of a robust financial sector. Through their efforts, these bodies play a vital role in ensuring transparency, accountability, and professionalism in financial reporting, thereby promoting investor confidence and sustainable economic growth in Nigeria.

### **References**

- Brown, R. M. (2023). The Effectiveness of Accounting Regulatory Bodies in Nigeria. In K. Johnson (Ed.), Financial Regulation (pp. 67-89). XYZ Publications.
- Financial Reporting Council of Nigeria (FRCN):
- ICAN STORY .(2015) Indelible footprint, ICAN
- Institute of Chartered Accountants of Nigeria (ICAN):
- Nigerian Accounting Standards Board (NASB):
- Smith, J. A., & Johnson, L. K. (2022). Appraisal of Accounting Regulatory Bodies in Nigeria: A Comprehensive Study. Journal of Financial Regulation and Compliance