

ICAM

Magazine
Vol 5 Issue 1, 2017

Development
SECURING FUEL SUPPLY

Technical
THE "ANTICIPATORY ACCOUNTANT"
TAKES THE LEAD

Technology
THE ROLE OF THE EXECUTIVE IN IT
STRATEGY



2016
MALAWI'S MOST
INFLUENTIAL



Levels have changed

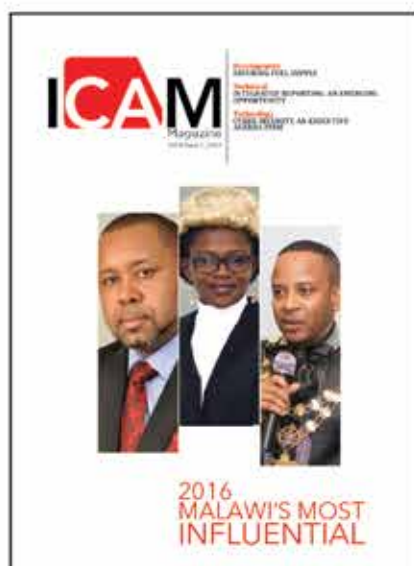
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Memories are still fresh in the minds of so many people when fuel scarcity was a big issue in Malawi. The compounding factor was mainly that the landlocked country had no strategic fuel reserves in country. The fuel storage capacity for the country has always been putting the country at the brink of near fuel unavailability. The country has fuel stocks for only 15 days of which about 6 or 7 days of the stock will be with Oil Marketing Companies (OMCs) with the remaining 8 to 9 days fuel stock being kept in road tankers.

PG28 INTERNAL AUDITORS ROLE REDEFINED

In my experience as an auditor, I still find that too many auditors practice the traditional form of auditing that can be described as tick and tie. While this is important to verify accuracy and completeness, modern internal auditing is far more complex and while it presents numerous challenges

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Over the past two decades companies through the help of management consultants engaged on decentralization process to make their organizations into manageable business units.



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FOCUS ON AUDITING CULTURE

The Executive Perspectives on Top Risks Report for 2017 by North Carolina University's ERM Initiative and Protiviti (Key Issues Being Discussed in the Boardroom and C-Suite) - listed the 2017 10 Top Risks which includes Organizational Culture. Modestly adorning position 8, Organizational Culture is very contagious and may not encourage timely



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THE INFLUENTIAL THREE

We asked ICAM members to vote for who they think has been the most outstanding person in the year 2016 regardless of what the person does, his or her position, profession or any element that could have biased the research. The positioning is therefore as a result of votes received.



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Personality

THE INVERSE JOURNEY

Here is the thing; she firstly qualified as a chartered accountant then earned a Masters degree with ESAMI. Interestingly she then went to The Polytechnic to study for the Bachelors degree.





Welcome to Fine Dining

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Editorial

Rebuilding Trust & Influence

The President is talking about rebuilding trust in the profession through high quality expertise and a high sense of responsibility. We agree with the President. That is what professionalism is all about; expertise and responsibility.

The expertise of all professionals needs to be on the cutting edge. The article on 'The Anticipatory Accountant' is encouraging professional accountants to read trends, anticipate change and reposition themselves accordingly. If you follow the advice in the article, you will for sure remain on the cutting edge and sustain your skills and service to your community.

While we are talking of trends which are vital for accountants, two big themes cannot be avoided. These are technology and integrated reporting. On technology, we would like draw your attention to the article on 'Audit Data Analytics'. Technology and audit data analytics is impacting audit quality in a big way and will change the audit landscape forever. Therefore, if you are in the audit space, this is a trend you have to follow closely in order to remain on cutting edge. On integrated reporting, we draw your attention to the article on 'IR Longs for Finance Professionals'. Just a reminder that integrated reporting is a journey towards higher quality more meaningful corporate reporting that acts as a catalyst for behavioral change and long term thinking. If you are a finance professional you will not want to be left out on this journey. We encourage all finance professionals to think integrated reporting and embrace integrated reporting.

On responsibility, the need for

professionals to expose a high sense of responsibility cannot be overemphasized. To use the President's words: that is how professionals can distinguish themselves from the rest. And we are pleased, in this magazine, to feature three individuals voted by accountants as the most influential in the year 2016. On the first position is the Vice President of the Republic of Malawi, the Right Honourable, Dr Saulos Klaus Chilima. The Vice President has clearly distinguished himself as a highly professional leader. We congratulate the Vice President for this leadership style. Congratulations Your Honor! I trust we will emulate the Vice President and contribute to reforming the professional culture in the country.

One program which the Vice President, our most influential personality for the year 2016, successfully managed in the year 2016 is the Reforms Program. In that vein, we are pleased to feature a development article feature on Fuel Reforms, the story of National Oil Company of Malawi (NOCMA). You may recall times when fuel scarcity was a big issue in Malawi. Read the NOCMA story and you may get the assurance that will not recur.

Back to the theme from the President: 'Rebuilding Trust'. We encourage all professionals: to keep their skills up to date and relevant; to remain highly responsible in their work places, business and in their communities; and to embrace the spirit of actively embracing change, Reforms, all for a better Malawi.

Finally, the editorial team sincerely thanks the outgoing CEO for the passion she had in the publication. Her contributions will always be missed. Hopefully she will join the editorial committee.

Enjoy the reading.

“Just a reminder that integrated reporting is a journey towards higher quality more meaningful corporate reporting that acts as a catalyst for behavioral change and long term thinking.”



National Bank of Malawi



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Quotes on Hard work

"There is no substitute for hard work.
- **Thomas Edison**

When you come to the edge of all the light you have, and must take a step into the darkness of the unknown, believe that one of two things will happen. Either there will be something solid for you to stand on - or you will be taught how to fly.
- **Patrick Overton**

All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work.
- **Calvin Coolidge**

Courage doesn't always roar. Sometimes courage is the little voice at the end of the day that says I'll try again tomorrow.
- **Mary Anne Radmacher**

The heights by great men reached and kept were not attained by sudden flight, but they while their companions slept, were toiling upward in the night.
- **Henry Wadsworth Longfellow**

The body is like a piano, and happiness is like music. It is needful to have the instrument in good order.
- **Henry Ward Beecher**

Hard work and togetherness. They go hand in hand. You need the hard work because it's such a tough atmosphere... to win week in and week out. You need togetherness because you don't always win, and you gotta hang tough together.
- **Tony Dungy**

Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.
- **Franklin D. Roosevelt**

Pleasure in the job puts perfection in the work.
- **Aristotle**

Let me tell you the secret that has led me to my goals: my strength lies solely in my tenacity.
- **Louis Pasteur**

If you can't excel with talent, triumph with effort.
- **Stephen G. Weinbaum**

If a man is called to be a streetsweeper, he should sweep streets even as Michelangelo painted, or Beethoven played music, or Shakespeare wrote poetry. He should sweep streets so well that all the hosts of heaven and earth will pause to say, here lived a great streetsweeper who did his job well.
- **Martin Luther King, Jr.**

It seems the harder I work, the more luck I have.
- **Thomas Jefferson**

The only place success comes before work is in the dictionary.
- **Vince Lombardi**

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From the top

President
Henry Chowawa

**Rebuilding
Trust through
Collective Effort**



Trust is the bedrock of the accountancy profession. Historical records state that professionalization of accountancy came about in the medieval times because of the need to distinguish honest and competent financial advisers from others. Then, as civilization advanced, increased commerce resulted in a whole host of financial advisers entering the market. Without distinguishing the expert and responsible financial advisers from the rest, there was a high risk of loss of trust in market systems thereby risking reversal of the progress of civilization. Professionalization of accountancy; distinguishing of expert and responsible financial practitioners and advisers from the rest, helped in grounding of trust in market systems and supported further advancement of commerce and civilization.



Equally today, trust in economic systems remains paramount to supporting the necessary economic transactions which can deliver our civilization targets: the Sustainable Development Goals (SDGs). And financial practitioners and advisors who have the expertise and have a high sense of responsibility will make all the difference in maintaining or, where necessary, rebuilding trust in today's economic systems. As a Professional Accountancy Organisation (PAO), I would say that the mandate of the Institute is, in a nutshell, providing the economy with highly responsible financial expertise.

The Institute delivers service to the economy through its individual members and also collectively through the Technical Committees and the Council. But I would say that the ultimate strength of the Institute, which should also be the strength anchoring our individual members, comes through our collective efforts.

Through our collective efforts, we are able to come up with relevant Continuous Professional Development (CPD) programs aimed at maintaining the expertise of our members in line with both global and local developments. And I take this opportunity to say that this year the Institute has accordingly lined up relevant CPD programs throughout the year. I encourage all members to patronize the CPD events in the year 2017.

Through our collective efforts we tirelessly contribute expert advice aimed at anchoring trust in the public sector. That includes advice aimed at developing and maintaining a taxation system that meets all the five characteristics of an effective taxation system: fairness, adequacy, simplicity, transparency and administrative ease. For that reason, come March 2017, as is done annually, our Taxation and Economic Issues Committee will be ready and delighted to participate when the Honourable Minister of Finance courts the public for input advice regarding the 2017/2018 budget. Again our Public Sector Committee remains vigilant in engaging with the Auditor General, Accountant General and Central Internal Audit Unit in Government on courses of action which can strengthen public financial management systems. As we all can attest, good public financial management is essential in maintaining trust in the public sector.

Above all, it is through our collective efforts that we are able to broadcast our sense of responsibility, as professional

accountants to the public. Annually, members who have paid their annual subscription, will be included in the members list of ICAM and the regulator, Malawi Accountants Board (MAB), which is published in the media for members in good standing with the Institute. The effect of that publication is the members announcing for themselves, backed by ICAM and MAB that they are professionals and they can be trusted. But ICAM and MAB does not make that announcement without systems that continually monitor and reconfirm the status of the member in both their expertise and ethical standing.

In terms of expertise, all members are required to comply with the Institute's CPD Policy and annually submit annual declarations of their state of compliance. The deadline date is 31 March each year for the preceding year. I trust members reading this magazine have already filed their returns; if not, I take this opportunity to encourage them to comply with this annual declaration. It is not too late.

In terms of ethics, the Institute recently, on 9 February 2017, issued a press release on 'Reporting of Ethics Violations for Professional Accountants' in which the public was advised that ICAM has a statutory responsibility to define and enforce ethical practice and discipline among members. The press release also called on the public to report to the Institute when they come across instances where a professional accountant has violated ethics. As your President this is one of the key matters which I will be making effort to advance during my Presidency. I am convinced that this is the one key process through which we will be able to continuously distinguish between those with expertise and a high sense of responsibility from the rest. But I must hasten to say that the primary objective is not to punish the violators but to build those who may have exposed some weaknesses through appropriate advice. For that reason, sanctions for ethical violations are designed to be not only punitive but also highly advisory.

In conclusion, let me take this opportunity to reiterate the need for people to be reporting ethical violations by professional accountants and also for the individual professional accountants to cooperate in the process. I have no doubt that through these collective efforts we will successfully rebuild the trust in the profession, the trust in the country's economic system and effectively contribute to the sustainable development of Malawi.

From the CEO

THANK YOU

As many of you know, I have been in this role since 1st April 2013. Then it was the predecessor organisation, the Society of Accountants in Malawi (SOCAM). A year later, on 31st March 2014, the revised Public Accountants and Auditors Act (Act No. 5 of 2013) became effective, merging SOCAM with the Public Accountants Examination Council (PAEC) to form Institute of Chartered Accountants in Malawi (ICAM). I had the privilege of being entrusted by the Council of ICAM to take the role of the first Chief Executive Officer (CEO) of ICAM. We launched ICAM in July 2014 under the theme "Strengthening the Accountancy Profession in Malawi" and embarked on this agenda of strengthening the accountancy profession in Malawi. I have been passionate about this agenda and I remain convinced that a strengthened accountancy profession will be a key pillar contributing to an enhanced business environment and advancement of governance and financial accountability in both the private and public sectors in Malawi. But alas! While this noble agenda continued, another opportunity, equally noble and which is also able to ignite my passion, came up. With some emotional struggle I had to make a decision between the





two opportunities. It is really with a heavy heart, that I must say farewell to ICAM. I will be exiting the role of CEO of ICAM on 31 March 2017 after serving in that role for 4 years.

But I am a member of ICAM, therefore although I leave the CEO position, ICAM will remain my home and I will always bear in mind ICAM's noble cause of serving the public interest. I trust that through other ways I will be able to continue contributing to the cause.

As a member of ICAM, the office won't have too much of a chance to miss me, I hope. I'll still remain in touch annually as I renew my membership. I will be in touch as I attend continuing professional development (CPD) events, my favourites being the Executive Retreat and the Annual Lakeshore Conference. I will also be in touch at the end of the year as I submit my annual CPD. Come September 2017, I also intend to submit an application to serve in one of the technical committees and attend quarterly meetings for the committee. And yes, I can also

contact the Director of Learning and Professional Development and enquire for opportunities of becoming an examiner, assessor, subject expert etc - all those experts they use in delivering ICAM's qualifications. This reminds how the Institute is so privileged to be served by members in all different roles. And I have enjoyed interacting with all the members who selflessly contributed to the Institute over the last 4 years. I take this opportunity to say thank you to all the members I have worked with over the 4 years. Please accept my sincere appreciation for the positive contributions you made to my service at ICAM. Together we have some successes, but for the failures I take full responsibility. As for the members who have not yet started enjoying the pleasure which comes with volunteering your services to the profession, I encourage you to do so, we can start together this September, and I promise you that the networking opportunities which come with this service are invaluable.

I must say that as I leave, I have great hope for ICAM, especially because I

am leaving behind a great team at the Secretariat. I have no doubt that the high calibre, fully fledged, Secretariat which I am leaving behind, together with the new CEO who will be hired, will effectively drive forward ICAM's strategy into the future. And I take this opportunity to say thank you to the amazing team at the Secretariat with whom I had the privilege of working with for four joyous years.

Thank you ICAM for 4 amazing years. Thank you members and students for the opportunity I had to work with you and to serve you. Thank you colleagues at the Secretariat for the unity we had and also for the fun. Yes, it wasn't all work! Thank you networks of ICAM for the collaboration in serving the public interest. And lastly, certainly not least, thank you Council of ICAM for the guidance.

The “Anticipatory Accountant” Takes the Lead



Between the present and future lies the realm of anticipation. It's not physics. It's a type of common sense that all professionals need to learn if they want to stay relevant in society.

At this year's Digital CPA conference in Las Vegas, professional accountants had the opportunity to discover a new set of skills. They learned how to read the future, avert the consequences of their behaviors, and create organizational cultures geared for the inconceivable. These skills form the model of the "anticipatory accountant." "What I'm giving you is an additional competency that will help you grow your practice," said Daniel Burrus, Technology Futurist and Innovation Expert. "It's the ability to anticipate; it is really a business model and a way of thinking."

Mr. Burrus provided attendees with a simple formula for anticipating change. First, you must be able to identify "hard trends." These are the conditions or events that are not only likely to happen but relatively unavoidable. For example, the impact of new technology on the

accountancy profession in the next 5-10 years is inevitable. Second, you should concentrate efforts on influencing "soft trends" as a means to benefit from hard trends. This means that while some changes may be inescapable, we don't necessarily have to be negatively impacted by them. We can see them as opportunities. In other words, we cannot change hard trends, but we can change soft ones.

Tom Hood, President and CEO of the Maryland Association of CPAs and The Business Learning Institute described the anticipatory accountant as being a professional that utilizes these ideas in his/her own firm and applies them when offering clients guidance. "The number one reason clients leave their CPA firms is because they're getting reactive services and not proactive advice," says Mr. Hood. "The idea of an anticipatory CPA is three things: they're aware, predictive, and adaptive of emerging trends for both their firms and their clients."

Beyond the realm of rapidly changing technologies, attendees also learned more about the dynamics of their own behaviors and how these impact both their businesses and personal lives. John Engels, President of Leadership Coaching, Inc., discussed advanced leadership skills. His presentation focused on maturity and emotional responsibility, both of which should be front-and-center when addressing problems and challenges.

"We need to put the focus not on the problem but the response to the problem, which often turns out to be more influential than the outcome of the problem itself," says Engels. "When important issues get avoided because of discomfort, maybe it's a compensation issue, maybe it's a succession plan that isn't happening, or maybe it's a partnership agreement. What do you do?" Mr. Engels encourages business leaders not to avoid relationship challenges based on discomfort. Instead, leaders should be robustly interested in reality—not just making people feel happy. The latter is nothing more than fostering a delusion. This often requires going out of our comfort zones to address.

Both the analytical approach of Mr. Burrus and the personal approach of Mr. Engels come together to help us visualize a new organizational mindset for the accountancy profession. The ideal firm should have many features. According to Dan Hood, Editor-in-Chief of *Accounting Today*, these include good compensation, work-life integration, staff mentoring and training, new technologies, and challenging opportunities for staff. "If you had to pick one characteristic it would be communication," says Hood. "Really making sure people understand where the firm is going and what role the staff can play in it."

Experts discussed various trends that are transforming the accountancy profession right now. "We've got new technology trends, such as block chain, artificial intelligence, and cognitive advisors, coming out," says Erik Asgeirsson, President and CEO of CPA.com, the event organizer. "The profession should look at this automation and increasing technology as an ally to the practice. The choice is how do you want to leverage technology?"

The trend of cloud-based technologies was the subject of several seminars at the event. Samantha Mansfield, Director of Communications at CPA.com, stressed in her seminar that the cloud is facilitating three main processes in the accountancy profession: digitization, virtualization, and introducing systems of engagement. Our

Integrated Reporting <IR> Longs for Finance Professionals

society is increasingly becoming paperless and computer-based—thus more digitized. Virtualization is on the rise as technology helps eliminate barriers and interact with clients in new and different ways. Growing use of the cloud is also encouraging the introduction of systems of engagement as opposed to systems of record with clients. Systems of Record are the traditional Enterprise Resource Planning (ERP)-type systems used for generating standard information (e.g., financial, production, human resources, etc.). The data in these systems is authoritative and integrated for consistency and mandatory usage. Systems of Engagement are systems that are used directly by clients for more collaborative and learning-based applications. "All of this is leading to this transformation of being a compliance-oriented profession to being an advisory-oriented profession," says Ms. Mansfield.

Another interesting trend that stood out at the conference was nano or micro-learning, which uses online and mobile platforms to deploy educational and professional development content in smaller more convenient portions of information. Micro-learning allows accountants to learn where and when it is easiest for them, and research suggests that many learn more effectively in shorter bursts.

While some of this may sound overwhelming it doesn't have to be. The message for the accountancy profession is actually quite empowering. Clearly, a renaissance is just beginning. Our society is changing. The needs of clients are changing. The form and content of information is changing. As a result, the profession is changing. Accounting firms and management accountants in corporations throughout the world can go forward in many different directions. The point is that you must go forward.

Mr. Engels summed it up best with one powerful tenet: "If you don't like change, you're going to hate being irrelevant."

by Bhumi Jariwala,



In assessing the results so far for integrated reporting adoption globally, there are at least two perspectives. A glass-half-full perspective is that over 1,000 private and public sector organizations have begun integrated reporting, at least to some extent. A glass-half-empty view would be that global adoption is patchy with higher levels of activity in some countries, such as Japan, the Netherlands, and Brazil, than in others.

Given the International Integrated Reporting Framework was only launched in late 2013, this is a promising start for the International Integrated Reporting Council (IIRC)'s strategic global momentum phase, which will make way for a global adoption phase in the coming years. So far, the global accountancy profession has proactively supported the IIRC and development of integrated reporting from its inception to now in a number of significant ways, including with a dedicated Integrated Reporting Network for Professional Accountancy Organizations and a policy position highlighting IFAC's support for integrated reporting.

One important driver for integrated reporting success will be the role chief financial officers (CFOs), and their finance and accounting teams, play in using their influence and practices to help deploy integrated reporting in a way that ensures actionable focus on the information and decisions that matter to an organization and its potential success.

Getting Back to Basics: What Does Integrated Reporting Represent?

Integrated reporting is a journey toward higher-quality, more meaningful corporate reporting that acts as a catalyst for behavioral change, and long-term thinking. Many organizations implementing integrated reporting highlight the strategic benefits arising from what is often referred to as integrated thinking, leading to improved conversations between board and management, and improvements in management information and decision making. The outcome is a better understanding of how value is created over time, more useful information leading to better managed opportunities and risks, and improved performance.

This is important from four perspectives all of which require CFO involvement.

Corporate governance: A broader perspective of value creation is important for boards of directors and their duty of care and accountability to investors and other stakeholders. Value creation over time cannot be achieved by decisions based solely on financial information and reports. To do so often leads to short-term thinking focused only on achieving near-term returns for the capital markets.

Investors: Today only around 20% of a company's market value can be accounted for by its financial and physical assets, and therefore explained by financial statement reporting. Other factors, particularly customer and supplier relationships, intellectual and human capital, technology, and processes make up an increasing proportion of a company's value. Value to investors is usefully captured by multi capitals where specific investor groups and other stakeholders are interested in how an organization is planning to create value over time. This is nicely captured by Blackrock CEO Larry Fink's 2016 communication to CEOs asking them to communicate to shareholders about their "annual strategic frameworks for long-term value creation."

Management: Understanding value creation more fully to guide management's strategic and operational decisions about resource allocation and value creation over time, involving managing trade-offs between the capitals and the outcomes for business, customers, suppliers, and society. Finance function: Integrated reporting provides a framework for moving beyond measuring the financial impact of decisions. For integrated reporting to flourish over time, with the change it represents for accountability and transparency in capital markets, private and public sector organizations need to see its value. Top-down sponsorship for integrated reporting, starting with the board and the CEO, is a prerequisite for any meaningful change, particularly because integrated reporting is not just a reporting process, and not something that can be implemented in one reporting period.

Integrated reporting will lead to better reporting for greater transparency when an integrated report is focused on material disclosures that assist decision making, applying the International Integrated Reporting Framework's principles. The current reporting system, which is widely seen as fragmented, complex, and confusing, can only benefit from an integrated approach that brings together all the relevant matters related to an organization's ability to create value over time.

A range of stakeholders will have more confidence in management when they gain a clear picture of the business from its integrated reporting and communication. In a time when expectations on the role of organizations has transformed, integrated reporting provides a means to build trust by taking into account the full range of capitals, or resources and relationships that make up its value creation story.

This can be important for all organization types:

those in the public sector where leaders are increasingly looking to integrated reporting to improve outcomes; established organizations, including those transforming their business models to unlock value in new ways, for example General Electric; and smaller organizations seeking to secure financing at a reasonable cost and establish credibility with customers and suppliers. Finance Professionals Needed to Take Integrated Reporting to Next Level

Given their organization-wide perspective and focus on providing business insights and analysis in support of decision making, as well as their leadership in corporate reporting, CFOs and the finance and accounting function are well placed to facilitate and enable integrated reporting adoption within their organizations. For many finance professionals, integrated reporting is a path to becoming a more effective business partner.

CFOs' and finance professionals' central role in managing, measuring, and reporting value creation is captured in Chief Value Officer: Accountants Can Save the Planet, a new book by Professor Mervyn King, IIRC Chairman. Prof. King argues that, reflecting this shift toward managing value creation from managing financial performance and impacts, the CFO should now be known as the CVO—the Chief Value Officer.

The shift of title to CVO is thought provoking. It changes the mindset of those in the role, as well as the perception of others around them. It also reflects what the function does in terms of financial and performance reporting, financing/treasury activities, planning and budgeting, and business analysis. The finance professional is ideally placed to work with others to identify the relevant matters potentially impacting value that also need to be built into setting organizational objectives and targets, managing risk and opportunity, undertaking project and investment appraisals, aligning performance to objectives with relevant performance measures, and establishing information collection systems and key metrics for internal processes.

Above all, the role of the CFO and finance function is to ensure that integrated reporting is a core activity and not something done in a corner office. From articulating the benefits of integrated reporting in the context of their own organization, assessing and enhancing internal capacity for integrated thinking and reporting, and enabling integrated reporting implementation with rigor and wide support, finance professionals have the opportunity to shape multicapitalism in the 21st century.



Audit Data Analytics: Opportunities and Tips



Introduction

Technological advances and new software solutions enable auditors to engage in audit data analytics in a variety of new ways, such as exploration of large sets of audit relevant data from internal and external sources that may produce audit evidence used in risk assessment, analytical procedures, substantive procedures and control testing.

There are many benefits that may be gained for audits, including:

Enhanced audit quality. By using data analysis techniques and methods, audit teams can start analyzing client data early in the audit process, enabling the teams to tailor the audit approach and deliver a higher-quality audit with more relevant audit evidence. These more advanced methods also support a forward looking, dynamic process of identification of anomalies, trends, correlations and fluctuations, pointing auditors to items where risks can be present. Further, performing transaction tests on entire populations rather than limiting testing to samples allows auditors to consider broader sets of audit relevant data and, therefore, produce higher-quality audit evidence.

Increased audit effectiveness. Data analytics can be used to evaluate and assess large volumes of information quickly and can result in a better understanding of the entity and its systems. These methods allow auditors to perform more frequent testing at shorter

intervals, rather than concentrating audit work around the year end. Engaging in continuous testing and monitoring of data leads to better informed risk identification, more accurate control assessments, and more timely and relevant audit reporting.

Improved client service. Auditors always need to first comply with professional ethics and independence requirements when engaging with clients. Provided these requirements are considered appropriately, the use of data analytics can add value over and above the traditional audit of historical financial statements. Audit data analytics can provide unique opportunities to provide further insight into risk and control assessment. Communication with clients is enhanced as identified issues are raised earlier in the audit process and clients can see their everyday data analyzed in new ways, providing the possibility for a fresh look and the opportunity to understand their own information from a different perspective.

Given the significance of these benefits for practitioners, small- and medium-sized practices (SMPs), and professional accountancy organizations (PAOs) supporting their members, an Audit Training of Trainers (Audit ToT) Community exchanged ideas on this topic, as well as discussed some related tips which can be useful for practitioners when engaging in audit data analytics. The Audit ToT Community is part of the EU REPARIS Program (The Road to Europe: Program of Accounting Reform and Institutional

Strengthening (REPARIS) facilitated by the World Bank Centre for Financial Reporting Reform (CFRR) and includes trainers from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Kosovo, Macedonia, Montenegro, Romania, and Serbia. Audit ToT is a training program with a practical focus that develops the capacity of audit trainers to deliver high-quality training and continuing professional development (CPD) programs, with a particular focus on meeting the needs and challenges of SMPs in implementing the International Standards on Auditing (ISAs).

These discussions have been summarized and published in a CFRR-related publication, **Audit Data Analytics: Opportunities and Tips**. Key messages include:

Large accounting firms are already making significant investments in developing home grown tools and methodologies surrounding audit data analytics. Many SMPs have yet to introduce these advances and reap the benefits. Major investments are required, such as human capital, hardware, and software, as well as development of implementation capabilities.

On the other hand, expectations of investors, audit committees, regulators, and other stakeholders regarding the use of technology advances in the audit are evolving rapidly. Clients, even small ones, are becoming better equipped technologically themselves, and as they come to appreciate the benefits offered by data analytics, they will undoubtedly

expect data analytics and technology to be used in the audit process.

It is becoming necessary for SMPs to start embracing the use of technology in the audit process. PAOs can support practitioners and SMPs in a variety of ways, including: providing education opportunities; raising awareness among clients and members of the key benefits; developing toolkits and guidance; researching and recommending software and hardware options, including generic data analysis tools; and providing members with support to convey their views, comments, and input to national and international standard setters.

Many challenges and questions arise with data analytics in the audit context of today that may need further guidance, including: ability to test entire populations and how to deal with exceptions; fitting audit evidence derived from audit data analytics within the current requirements; clarifying what kind of audit procedures they are; and how to address the issue of the integrity of underlining data used and the need to validate data from non-traditional external sources.

Audit standards will likely evolve. Standard setters do not want audit standards to inhibit ongoing innovations in this area but also recognize the need for careful consideration before the process of amending audit standards can take place.

In September 2016, the International Auditing and Assurance Standards Board Data Analytics Working Group issued a Request for Input, Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics. The paper informs stakeholders about the ongoing work in this area and gathers their input on whether all relevant considerations regarding audit data analytics have addressed before any revisions to the ISAs on Auditing are attempted. Comments are requested by February 15, 2017.

Auditors will always need to have a good foundation in traditional technical competences, which are already a core body of knowledge studied in university and professional educational programs. However, a new set of skills will be required in the technologically advanced audit. Education is required in information technology, statistics, and modeling and this body of knowledge will need to be integrated in university and professional education programs for current and future accountants.

PAOs can play an instrumental role in this process by offering practicing members opportunities to engage in a learning process via training and CPD programs or other focused learning to develop the newly acquired skills.

Many SMPs cannot afford to develop customized data analytical tools as the pioneering investments in hardware and software are a costly matter and simply beyond their resource availability.

There are several good alternatives that



SMPs can employ. These include using third party vendors to process and analyze data and using simple but powerful generic database tools with functionalities designed for auditors, such as the ability to access a variety of data sources and perform source data tests that are automated, traceable, and repeatable.

The potential of using technology, and especially data analytics, can extend beyond the scope of traditional audits. It provides practitioners and SMPs with an opportunity to engage with clients across a variety of service lines and in innovative new ways.

Auditors work with data on a daily basis and exploring new ways to analyze data is a natural evolutionary process for the accountancy profession. Provided auditors' independence is not impaired, data analytics can be used to provide greater insights, offer consulting and advisory

services, or engage via specialized assignments offering some targeted level of assurance in certain areas that provide clients with reduced risk and improved security.

The accountant's role from report writer to business partner is also gradually changing because accountants spend more time analyzing the company's results. Analyzing patterns or potential issues, as well as pulling data from different sources into one view where data can be overlapped and patterns can be recognized faster, may be especially beneficial for small- and medium-sized enterprises (SMEs), which lack in-house monitoring and controlling departments and rely on external auditors and/or accountants to provide a greater insight into operational and compliance risks.

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and global competition necessitates continuous improvement in business processes. Technology enables organizations to take advantage of knowledge. Knowledge management (KM) provides organizations with core competencies. As companies globalize and e-business builds momentum, the shared services model is attracting increased attention and resources.

Shared services may resemble outsourcing because both focus on core business areas and remove non-strategic functions. However with the shared services the work is re-routed internally instead of being sent to an outside provider.

The conventional approach is to take staff from finance functions across the group of companies from all locations and areas and put them together in a single location. This saves in terms of staff costs, fixed assets and IT costs. These people understand the business operations and the culture and will save in training costs. This FSSC will remain part of the organization structure which will have limited independence. The costs of operations of this FSSC are allocated back to business units involved.

In a radical change model, a completely new FSSC unit setup. In this model, a new location, new staff, new IT platforms and new processes are introduced. The FSSC has a completely independent mandate and will normally employ a good number of staff members.



The company may also consider the virtual shared service where ERPs connect various employees in different locations. Consultants may be hired to do the setup which is recommended, but where the organization has a capable project team, the setting up of FSSC could be handled internally.

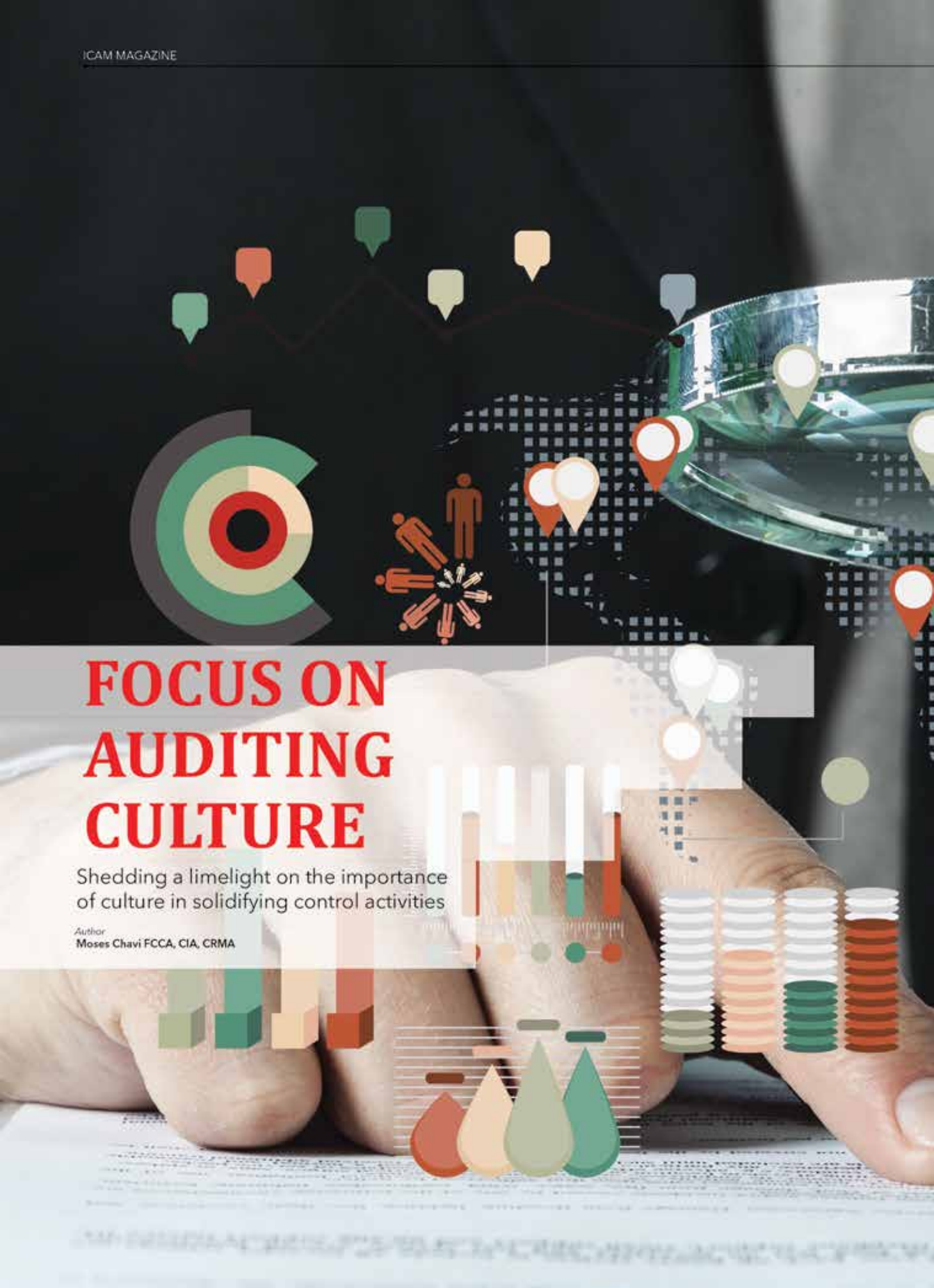
May be in future the Accountants will be piled together managing the FSSC segments for group companies than having each subsidiary managing its own accounting systems and functions and then consolidating at the end of the year, who knows?



FOCUS ON AUDITING CULTURE

Shedding a limelight on the importance
of culture in solidifying control activities

Author
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The Executive Perspectives on Top Risks Report for 2017 by North Carolina University's ERM Initiative and Protiviti (Key Issues Being Discussed in the Boardroom and C-Suite) – listed the 2017 10 Top Risks which includes Organizational Culture. Modestly adorning position 8, Organizational Culture is very contagious and may not encourage timely identification, and escalation of risk issues in the organization or institution.

According to the Report, Organizational Culture and the other risks, e.g. Regulatory Changes and Geopolitical Risks, came out top across different sectors due to, among other things, consideration of pertinent global developments including the UK Brexit Vote, increased volatility in commodity markets, polarization surrounding the US presidential election, terrorist events, continued discussion about fair wages and income equality, and ongoing instability in the Middle East. Locally, I believe, Organizational Culture would probably attain a higher risk ranking other than No. 8, considering the growing effects of economic slowdown, political environment, growing corruption concerns, and a perceived lapse of regulatory controls.

The Anatomy of Culture

Organizational Behavioral studies allude that Culture is a "shared social knowledge within an organization regarding the rules, norms, and values that shape the attitudes and behaviors of its employees." This understanding captures both the rules – which will

be in form of policies and procedures – and the norms, which would be considered as accepted practices and way of life.

The common line used for culture is "the way we do things over here". It is a way of life and a solid chain of routine activities that an organization and its people go-through every day, all the time. It is something that external parties, especially external auditors and outsourced internal auditors, can see it happening – but somehow can never comprehend how it happens! This is why auditing culture is an uphill climb.

A simple illustration on culture would go this way – "a new smoking employee who joins a company where people smoke within the offices, would definitely light his cigarettes within the offices too. However, if the new employee notices that all old guards conduct their smoking routine outside the offices, he would most likely follow the norm and light his cigarettes outside the offices. That's "culture" over there!



How Does Culture Develop

Results from the most recent 2016 North American Pulse of Internal Audit survey, conducted by the Institute of Internal Auditors (IIA), backs the idea that organizations have many factors influencing culture. In the influencing factors they identified, behavior modeled by management and behavior modeled by other employees ranked as No. 1 and No. 4 respectively. The No. 2 position was taken by direct communications from management – here being indicated as more influential on culture over and above the code of conduct, formal training and other forms of internal practices.

The IIA's survey flagged the important role played by Management's attitude towards established controls and practices. I am even more persuaded that the behavior modeled by other employees emanates from Management's own endorsement of such behavior, in a direct or indirect way. And, in a subtle way, if the Senior Executives are the first to violate established company policies, it becomes much

results into a talking but very no-progressive organization.

Apart from Management and other employees' influence, the other sources of culture as identified by the IIA survey are more structural in nature (e.g. policies, procedures, code of conduct, authority matrix, etc.) and these are only as effective as the implementers' attitude in respecting them.

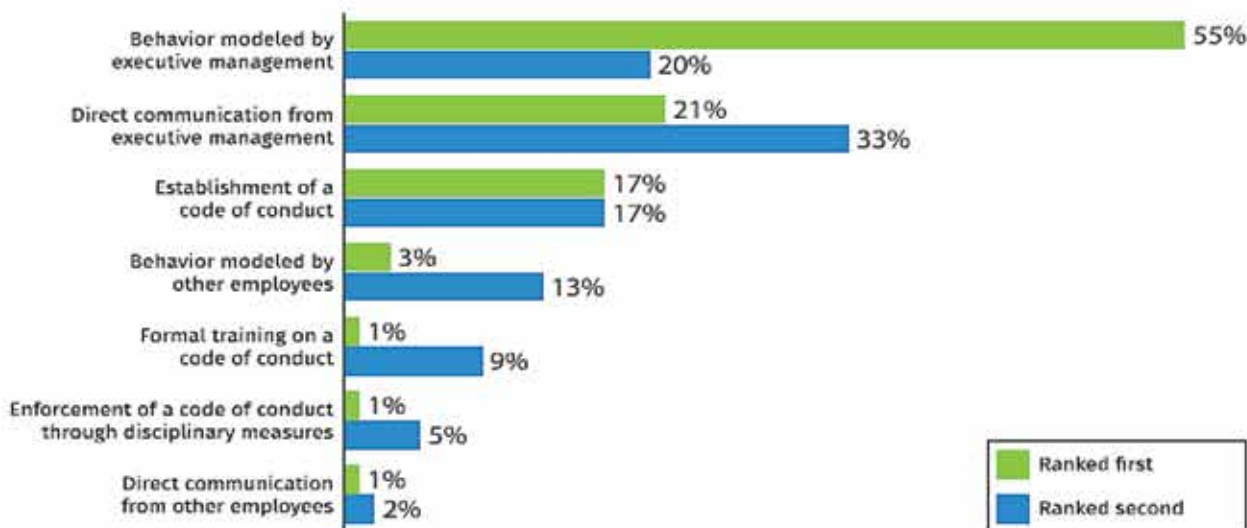
Who Can Audit Culture

Internal audit cannot effectively assess culture without a profound and deep understanding of the organization's values and expected behaviors coupled with a thorough appreciation of how they influence the organization's priorities in relation to good governance, risk management, and control. Developing this easier for other employees to follow suit and accordingly disregard approved policies.

Understanding should be a group effort involving not only internal audit staff but also other applicable disciplines, especially

Activities – whilst the cultural aspect is a sub-factor of COSO's Control Environment. A deeper look into the growing interest of auditing organizational culture unveils the fact that the "culture issue" has always been there, but somehow, audit focus was again mostly placed on the governance structure, policies and procedures, codes of conduct, delegation of authority, among other good-to-haves. However, the elephant in the room, which is the attitude of Executive Management towards all these factors was being ordinarily ignored by auditors.

It is true that factors such as management integrity and ethical values as well as operating philosophy affect the control environment – probably more so than simpler objective factors. This truth is being locally highlighted even the more with the burgeoning corruption scandals and questionable actions by senior executives of reputable organizations, those trusted with national governance and public institutions. Such questionable actions do occur in the midst of mature



2016 North American Pulse of Internal Audit

For example, if a company's procurement policy requires multiple quotations to be obtained from pre-approved contractors or suppliers – however, management disregards this requirement and routinely make purchases and service solicitations from unapproved sole suppliers, family friends and companions, it would not come as a surprise if the approved policies become obsolete. Management needs to understand that most employee behaviors are birthed from observation; hence, cheap talk without the walk simply

compliance and ethics. The resulting clear understanding enables internal audit to focus on indicators of culture and undertake root cause analysis – isolating and understanding why issues occur and how they can drive unwanted underlying behaviors.

Culture should be a key concern of the internal audit teams, just as it should be for the external audit teams. The IIA's publication on culture – A Hard Look at the Soft Stuff said that. However, many audit engagements focus solely on Control

control structures, documented procedures, and approved authority lines. Regardless of such structural beauties, the attitude of those who set the "tone at the top" ultimately do determine the success and effectiveness of laid-down controls.

To get back to the topical question, "who then can audit culture"? There is no clear Yes or No answer to this question – some thought leaders believe that in-house internal auditors are better placed to audit culture due to their location and visibility advantage within the entities – whilst,

others strongly argue that in-house audit teams would be blinded by the same infectious cultures, and hence, cannot objectively audit their own culture. The latter school of thought persuades others to believe that independent auditors, either outsourced internal audit teams, or indeed external auditors, are the best to undertake the assignments and reviews on auditing culture due to their perceived "non-biased" approach to client environments.

In my view, apart from conditional competence and experience matters, both in-house and outsourced audit teams have the required capabilities to undertake the audit of culture.

How to Audit Culture

Cultural red flags can be incorporated into the main audit phases: planning, fieldwork, reporting, and issue follow up. Maintaining red-flag awareness within the audit process is a great place to start because the results are directly observable by the audit team, repeatable, as you will be doing this on every engagement, and trackable, as long as the assigned teams are documenting the observations to look for trends and patterns. According to Wolters Kluwer's Auditing Culture: A Red Flag Approach, some of the red flags per audit phase include the following:

Phase	Red Flags
Planning	<input type="checkbox"/> Push-back from management prior to the start of the audit <input type="checkbox"/> Requesting a later start date than was presented in the engagement letter <input type="checkbox"/> Reluctance to attend a kick-off meeting
Fieldwork	<input type="checkbox"/> Lack of access to process owners <input type="checkbox"/> Slow or no response to follow-up questions <input type="checkbox"/> Management not reacting to issues brought up during the audit
Reporting	<input type="checkbox"/> Management arguing over "audit scores" instead of focusing on the content in the report <input type="checkbox"/> Over-use of the phrase "management accepts the risk"
Follow-up	<input type="checkbox"/> Findings are often repeat issues that were never addressed <input type="checkbox"/> Management is not meeting agreed-upon dates <input type="checkbox"/> Management ignores communication from audit

Apart from incorporating the Red Flag approach to various audit phases, auditing culture also requires a raised awareness on the organization's willingness to embrace a transparent and more compliant culture. This can be evidenced by Management's interest in key issues such as cultural diversity, keen interest in pursuing hotline reports without undue retaliation to whistleblowers, promotion of excellent employee behaviors, e.g. via positive appraisals employee incentives, and thwarting of unacceptable behaviors, e.g. via documented and communicated disciplinary actions. In addition, disciplinary action should be seen to be impartial regardless of the involved personnel. According to Wolters and Kluwers report, an organization that only maintains a hotline out of obligation, or that treats the follow up process as an afterthought is one that has established a culture that is prone to fraud, waste, and abuse.

The biggest challenge in auditing culture is the attitude and emotional aspect of such audits. Reporting on human behavior, rather than on the core-coded compliance issues, can be even more challenging when you have to put the audit observations on paper. It is more likely that the Process Owners and/or concerned Management would not easily accept the reported issues.

Once an audit team decides to incorporate the culture audits in its annual plans, it is pertinent to conduct, first, a culture audit for the audit team. It is very hypocritical to start raising awareness of the "wrongs" being done by other Divisions or entities before analyzing and assessing our own cultural flaws. The Senior Management and employees of our clients and/or organizational departments will only respect our reports depending on the perceived integrity, respect and value that they place on our own audit culture.

Reporting on the Culture Audit

When reporting on a culture audit, it is very important to remember that it cannot be business as usual, hence, the concerned audit team needs to devise a different reporting strategy from the other compliance/program-based audits; for example - the team may choose to present the findings in a more info-graphic approach, and focus on highlighting both the achievements and "improvement opportunities"

(which would be the carrier for the gaps). Thus, for example, instead of only rushing to report that the company's management only hire employees from a particular region, the report can also report a positive issue, for example, the organization's achievement of an optimal gender balance across the various departments.

For now, auditing culture is still a developing area, and, progressively audit teams will become more competent, knowledgeable, and aware of the best modes of operation to address this fundamental drive of organizational controls.



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INTERNAL AUDITORS ROLE REDEFINED

Author

Michael Ilemba
Limbe Leaf Tobacco Company



In my experience as an auditor, I still find that too many auditors practice the traditional form of auditing that can be described as tick and tie. While this is important to verify accuracy and completeness, modern internal auditing is far more complex and while it presents numerous challenges due to its very expansive nature, it also provides countless opportunities to add value in new and innovative ways, also for internal auditors to demonstrate their abilities. By focusing on and understanding the elements of the audit definition, internal auditors would find that they can expand and enhance their work in ways that would create a much more positive and rewarding experience with management.

Hence as we take a closer look at the new role of internal auditing, it is helpful to review the definition of internal auditing as set by the IIA,

According to the IIA, the definition of internal auditing "states the fundamental purpose, nature, and scope of internal auditing"

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Although this definition has been in place for years, it is still misunderstood by many nonauditors, and unfortunately, even by some internal auditors. The definition reflects a modern view of the profession and positions auditors in such a way that they can provide much more valuable assistance to

their organizations. The definition creates a variety of challenges and opportunities for internal auditors, who are no longer engaged in a static, routine, repetitive, and accounting/finance-focused activity, but instead admonishes internal auditors to review business programs, processes, and initiatives in innovative ways that can add tangible value to the organization. The definition contains some key language that is important to note:

1. Independence

This has to do primarily with the position of internal audit within the organization's hierarchy. Internal audit should report to the audit committee (or its equivalent) on the board of directors so it receives advice and support to perform its duties. Furthermore, internal audit should not be under the control of those they audit. This direct reporting

line to the highest authority within the organization will help internal audit reach its full potential, and also get the attention from those whose influence, recognition, and respect can compel corrective action of any anomalies identified by the auditors.

2. Objectivity

This relates to the auditors' frame of mind and their ability to examine documents, processes, and programs without a bias, without an agenda, with no other motive than to find the truth and communicate it accurately and promptly. Conflicts of interest are one of the biggest threats to objectivity, so internal auditors must be careful to balance maintaining healthy professional and social relationships with others in the organization without becoming too cozy with them.

3. Assurance

This relates to the auditors' ability to give confidence and make statements regarding the condition of matters within the organization. It is mostly connected to compliance audits as it focus on verifying adherence of process and systems to policies, procedures, laws and regulations etc. Internal auditors do not provide absolute assurance but rather reasonable assurance. However, this does not mean that internal auditors do substandard work knowing that they can't guarantee results. Internal auditors are expected to display competence, knowledge, and act with due professional care in all their dealings in order to provide the best assurance possible.

4. Consulting

Consulting involves giving advice to management and the board, and engaging in activities that helps the organization resolve nagging business issues. These engagements address performance, how to improve organizational programs, processes, and activities, and how to respond to business challenges. It relates to the way auditors do their work suggesting that the traditional mindset and role of the auditor as the the company police man is being redefined and replaced by a more business-minded professional whose goal is to be respected more so than being feared.

5. Designed to add value.

If you ask a gathering of internal auditors if they add value in their organizations, they unanimously

raise their hands in agreement. If you pose the same question to non-auditors, the response is often far less enthusiastic. In fact, some may even argue that internal audit is an expense they can't do without because regulations or stakeholders demand its existence.

6. Improve an organization's operations

This is a very interesting statement because many auditors see their role as that of checking things and verifying the accuracy of various items and activities within the organization. But to improve an organization's operations, one would argue that this is a rather complex goal and an insurmountable target. However this is not only achievable, but also expected of modern internal auditors. Over the years, internal auditors have made many positive contributions to their organizations, but in some cases, they have become part of a problem by creating bureaucracy within organizations through hefty lists of recommendations of controls to mitigate risks. Some audit teams operate under the mindset that they have to find something so they can produce a report, which inevitably results in recommendations for unnecessary additional control procedures.

7. Help an organization accomplish its objectives.

Many auditors practice what has been commonly referred to as controls-based auditing. In essence, they look for the controls within the process or program of their review, then check them to see if they are present and operating as expected. While this is important, they often forget to link those controls to the relevant risks, and link these risks to the business objectives that those risks threaten. All of this is to say that the starting point for everything auditors do, should be the identification of the relevant business objectives. With that in mind, then, internal auditors must do their work in ways that help the organization achieve its objectives by properly responding to the risks that threaten these objectives. By focusing on this, internal auditors can add value and the possibilities are almost endless.

8. By bringing a systematic, disciplined approach.

This refers to the approach followed when performing the work. This is encapsulated in the Standards, the Practice Guides and Practice

Advisories, which provide a great deal of guidance on how to plan, execute, and communicate the results of the work done. The methodology is quite extensive, and it provides enough direction and flexibility as a framework to examine virtually any aspect of an organization's operations.

9. To evaluate and improve the effectiveness.

The role of the auditor goes beyond evaluating business dynamics and writing reports that merely lists the problems identified. The definition indicates that the auditor should evaluate, but also help to improve the organization's ability to achieve the goals and objectives related to, risk management, controls and governance processes.

The Other Parts of the Definition

While many internal audit functions focus on the accounting and compliance aspects of internal auditing, the definition contains more aspects of the trade that are not as widely embraced and practiced by auditors. However, by thoroughly understanding the elements of the definition one can agree that it speaks more than just the routine audit work but rather it goes a long way to the auditors' attitude, disposition, frame of mind, and working practices. For example a consulting activity Internal auditors should not only focus on one-on-one interviews but should also facilitate sessions, where key employees could be brought together for discussion, fact finding, problem identification and prioritizing alternatives.

Internal auditors have focused disproportionately on accounting and financial risks, the risk of poor recordkeeping and classification, financial abuse, and theft. But many organizations thrive or fail based on their ability to manage the risk of inefficiency, ineffectiveness, rework, and delays better than the competition hence the need for modern auditors to look at their position.

* See IIA Organizational Governance Position Paper, July 2006

* See Hernan Murdock Operational Auditing principles and Techniques for a Changing world

The Role of the Executive in IT Strategy





Author
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Information Technology (IT) strategy development is one of the critical tasks for executive management and yet it is usually overlooked. Most times it is left to the IT manager to handle as he or she pleases. Most executives' involvement in IT strategy is usually in one of two ways; to give a pat on the back if IT strategy, by sheer chance, is going according to plan or else to give the boot to the IT Manager if technology is not working according to expectations.

There are several reasons why executives do not get involved in IT strategy. Some executives have the perception that technology is so complex and that it is difficult to understand hence they do not even make an effort. This, of course, is compounded by the IT professionals who communicate technology issues using technical and complex jargon making it so difficult for lay people to grasp. Some executives look at technology as a support function and not part of the core business hence the relegation several tiers down the pecking order of organisational priorities.

However, executives are slowly coming to terms with the fact that technology is at the core of every business and that the future of each organization depends on it. Technology is no longer a support function but it is at the core of every organization. Following this trend the IT function is starting to report into more strategic positions like the CEO or DCEO. This is unlike in the old days when the IT function was reporting either to the Finance Manager who subsequently reported to the Head of Finance and then further to the CEO. The problem with this approach was that the IT agenda was not given much attention and effort.

Organizations have gone further to set up specific committees at the board level to look at the IT strategy development and implementation. The membership of such committees is specific to incorporate members who have experience of innovations, technology and business trends. The major role of the board in terms of technology is to review the IT strategy and the corresponding budgets related to the strategy. The board committee will also be responsible for reviewing performance of the implementation of the IT strategy in relation to the whole organization's business strategy. When IT strategy is very clear at the board level there will be clarity and focus. Organization's which do not have clear IT strategies will always be 'knee jerking' to every new technology which comes into effect without carrying out a proper business case. As a rule of thumb every project should have an approved business case before it is implemented.

Why have an IT strategy?

In simple terms an ICT strategy is a long-term action plan for achieving a goal, set in the context of a rapidly changing technology environment. For any ICT strategy to be effective it must have measurable alignment to a business strategy, this is where many ICT strategies fail. Considering the rapidly changing technology environment the strategy needs to be reviewed regularly in order to align to internal changes, external changes and also to cater for customer needs. One of the challenges is when companies are so fixated in implementing technological changes without being mindful of the changing trends on how customers want to conduct their business.



The ICT head usually has some ideas which he/she will have to feed into the executive. Equally as much the business team should also have ideas which they want to implement which they lay at the hands of the technology experts to find them solutions. Most solutions are aimed at enhancing efficiencies and service delivery. The ICT strategy should be able to support the overall corporate strategy. And this strategy should address specific objectives in the overall corporate strategy.

The IT strategy describes how an organization positions and differentiates itself from the rest technologically. The strategy will also describe how an organization leverages technology to deliver on its corporate deliverables. This is where the IT strategy is used to align technology with overall business strategy. The IT strategy is supposed to feed into the corporate strategy.

Having an IT strategy in an organization ensures that there should be focus on the technology direction and priorities which have been taken. Having an IT strategy simplifies decision making. Because there is a clear focus it will be easier to track progress.

An IT strategy acts as a communication tool for various stakeholders buy-in and so that all should be on the same page.

The IT strategy informs the board and the executive on how much budget is needed in order to deliver on the bouquet of technologies selected. Many times management works in reverse in order to select the technology which will fit into the available budget. Resources will be allocated only to the relevant initiatives if there is a clear IT strategy.



There are so many technologies out there and all of them are perfect but they might not be fitting for your organization.

The timing of getting on board certain technologies is also very crucial. There are times when an organization has to be a leader, a middle entrant or a laggard. At the same time the risk is that when an organization gets on board a technology very late there will be very little benefit the technology can do to an organization as most organizations would have moved on. History has on record companies who have made losses because of bad investment in new technologies. A recent example is the Toshiba story where they invested heavily in R&D and implementation of nuclear technology but have made huge losses in the process approximated to \$6B. Of course there were other issues which consolidated their bad investment such as delays and cost overruns at the projects.

IT Strategy ownership

Unlike popular belief that ownership of the IT strategy lies with the IT head, this should be a concerted effort between management and the board.

The lead and implementation of the IT strategy is usually carried out by the IT head with support from management.

Managing an organization with a clear IT strategy has so many benefits to the organization including the sustainability and profitability of the company. On the other hand organizations with no clear IT strategies are at risk of being obsolete or of incurring losses due to bad investments. IT strategy, if developed and implemented well, will be very critical to the success of 21st Century organization.

THE INFLUENTIAL THREE

2016 will go down in history as a year of mixed fortunes. The economy wobbled but intervention measures were also being put in place. The financial services sector saw probably Malawi's biggest ever merger when FDH Bank finally swallowed the Malawi Savings Bank making it the bank with the widest network of branches and agencies in the country. The banking sector kept of defying economic philosophy, making huge profits as ever.

2016 will also be remembered for failed activism. Most protests and demonstrations called against mediocre delivery of some services never attracted the attention of people. The war against corruption too went on a fast spring turn in the year as convictions in line with the infamous Cashgate started to give people hope that finally the wheels of justice were rolling.

The national assembly still remained a battle ground for political millage. Power disruptions took centre stage as the lowering levels of water in Shire were a headache to ESCOM leading to persistent power blackouts. Optimism was there however that the Kammwamba coal powered electricity generation will inject some relief to the electricity grid.

Attempts to awake the economy were being made with the Malawi Investment Forum taking centre stage. So many deals were signed whose implementation would point back to the meeting as the genesis of a new developmental era.

In the midst of dreams and broken dreams, in the midst of ups and downs, in the midst of the waves of successes and failures, Malawi has had outstanding personalities that have won hearts of many more through their works and deeds. This edition is delighted to feature the top three thus according to the views of members of the Institute of Chartered Accountants in Malawi (ICAM).

We asked ICAM members to vote for who they think has been the most outstanding person in the year 2016 regardless of what the person does, his or her position, profession or any element that could have biased the research. The positioning is therefore as a result of votes received.



1

Rt. Hon. Dr. Saulos Chilima

Malawi's vice president seems to have clicked a node with the majority of accountants in the country. With more nominations than anyone else and as a near-universal choice, Dr. Chilima has been a dominant figure in the Malawi leadership portfolio. He is credited with spearheading the public service reform program that faced stiff resistance at its inception.

Chilima has been more of a corporate minded individual – result driven and vision focused. He instilled the fast eroding tenet of a successful people – discipline. He is reported to report to office as early as 8am and knock off on time. He once ordered the closure of doors at a meeting to ensure that late comers were no longer allowed in. Even those that were shabby dressed had to be taken out of the meeting. He once surprised the Malawi Confederation of Chambers of Commerce and Industry when he arrived early for a meeting and had to wait for the business gurus. He has been a disciplinarian.

But it is the reforms that won him more praise. Writing in the Third Quarter Reforms Progress bulletin, Malawi's first ever youngest vice president says: 'There is apparent increasing acceptance in public service that reforms this time are working and will work. That increasing acceptance is contributing to decreasing resistance thus improved progress; and there is increasing understanding of reform intent and spirit in public service and general population.'

In all fairness, it is his professionalism when handling tasks, his zeal to see the job done and his capacity to rise above party politics that earned him respect and support from all corners.

In 2017 the vice president is expected to challenge the youth to show their value, he is expected to play greater roles in ensuring that the economy takes better shape as he is a trained economist. And just as he was guest of honour at several conferences and meetings in the year 2016, 2017 seems to be no different but those inviting him have to be aware that there will be no compromise on time. A meeting would start at the exact dot of time that the invitation letter says otherwise the vice president would not mince ways to express displeasure with lack of time management.

As a member of the Leadership Council of Compact 2025, a partnership that develops and disseminates evidence-based advice to politicians and other decision-makers aimed at ending hunger and under nutrition in the coming 10 years, by 2025, he is expected to take a strong lead in ensuring that the year 2017 is hunger free in Malawi and beyond





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Mrs Mary Kachale

It can better be expressed that the year 2016 saw the rising and rising of Mary Kachale, Malawi's Director of Public Prosecutions. Just a year prior to that, she was named the Nyasatimes person of the year for notching 15 convictions in the ongoing cashgate scandal, and for remaining un intimidated by potential convicts who may probably have been trying all they could to escape from the long jaws of the law.

In the year 2016, the iron lady prosecutor successfully handled highly sensitive high profile cases. In general sense her handling of cashgate cases can at best be described as awesome. She demonstrated professionalism of the highest order.

The top but humble prosecutor simply says: "The knowledge that my service to the nation is really a divine vocation empowers me daily. I believe that The Lord is a God of justice; everyone who pursues justice, therefore, is working in concert with Him. The exploitation of the poor and abuse of resources intended for their benefit are matters that break the heart of God. To be involved in the task of trying to address that abuse gives me a great sense of impetus to work with the best of my abilities each day. This DPP-position

is a privileged assignment to try and diminish the influence of evil and greed in our society; while one cannot achieve complete eradication of corruption, fraud and plunder of public resources, any measure of diminution in those vices arising from my interventions is something that inspires my heart to work diligently each passing day."

And what gives her the confidence, drive and motivation to soldier on in such a tough environment. Mrs. Kachale confesses: "The knowledge that I am working with God in this office gives me great confidence whenever I encounter difficult situations. So I rely on much prayer from people that God has placed in my life. I have to remember every day that "I can do all things through Christ who gives me strength!" Every challenge is an opportunity to grow as a person and to experience the sure help of God in practical ways. One must never try to carry difficulties of life alone; you also need the humility to learn from some opposition (which may arise due to your own inadequacies). In it all, solving problems and handling challenging situations with maturity is part and parcel of personal development. In other words one cannot live a fulfilled life if one is not prepared to face difficult situations which come along your path in life; the key is to accept the grace which God gives to encounter those challenges with humility."

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Mary Kachale once served as Chief State Advocate in the Ministry of Justice and Constitutional Affairs. She is a holder of a BA degree (honours) from the University of Malawi Chancellor College so too a Diploma in International Protection of Human Rights from the Institute of Human Rights in Finland. To her list of academic credentials is also an LLM in Public International Law from the University College, London.

In 2017 Mary Kachale will remain the beacon of hope for Malawians that await justice to take its course on all cashgate suspects. The speed with which she will conclude cases will further solidify her position and respect in the legal fraternity. She faces an enormous task to deal with the many cases on her desk but as successful as she had been in 2016, the expectation is that 2017 will also be her year.

She has a simple word for fellow Malawians: "Never underestimate the power of one: it takes the collusion of each one of us to destroy our society. However, if one person in the chain of vice refuses to cooperate and chooses to stand for the right values the entire system of abuse will be disrupted. If each one of us decided to stand up for what we believe (instead of cowering under the fear of men) we can together rescue the destiny of this great nation from the hands of the minority who are exploiting everybody. I believe that Malawi is a great nation and Malawians are very gifted people. However, our national potential can never fully manifest if individual citizens refuse to take personal responsibility for their respective areas of influence! Each one must choose to be the person who makes the positive difference in whatever sector of the economy they find themselves in; each teacher must choose to instill discipline and hard work in their students (instead of cheating and likasa culture); each accounts clerk must refuse to process illicit payments; each traffic officer must decide to perform her job with integrity; each pharmacist must commit to not steal medicine, each watchman must refuse to permit stolen goods exit the premises...the list is endless. But the point is that for our nation to turn the corner for the better everyone must accept their individual responsibility in their small area; the sum total of such decisions will be a huge dividend of national development."



Noel Chalamanda

Youthful legal practitioner Noel Chalamanda surprised people when he contested for public office as a councilor. He eventually rose to become mayor for the City of Blantyre and that is when his developmental colours started shining bright.

For those that gave Noel Chalamanda a nod as the most influential, they share the view that he transformed the city of Blantyre. In 2016 Mayor Chalamanda resuscitated the mayor's trophy. If anything he brought professionalism to the office of the mayor. In all fairness, he was the shining example of the mayoral office in Malawi.

Chalamanda seemed to have endeavoured to live by his promise in the final year of his tenure of office. He had once said: "I have clear vision to attend to the infrastructure and ensure decent roads, pavements, street lights, bridges, decent and modern office and business centres."

There will be a difference however in 2017 as Chalamanda will no longer be in the mayoral robes as his tenure of office expired and he was not lucky to be re-elected into office. Chalamanda is therefore most likely to concentrate on his legal private practice as well as improving his ward as he remains a councilor.



Author
Patrick Achitabwino

SECURING FUEL SUPPLY

Memories are still fresh in the minds of so many people when fuel scarcity was a big issue in Malawi. The compounding factor was mainly that the landlocked country had no strategic fuel reserves in country. The fuel storage capacity for the country has always been putting the country at the brink of near fuel unavailability. The country has fuel stocks for only 15 days of which about 6 or 7 days of the stock will be with Oil Marketing Companies (OMCs) with the remaining 8 to 9 days fuel stock being kept in road tankers. This eventually paralyses the whole system, choking the transportation industry as truck owners face severe losses firstly through evaporation of product and secondly inability to achieve minimum number of roundtrips to the port that make economic sense.

According to Chief Executive Officer for National Oil Company of Malawi (NOCMA) Robert Mdeza, Malawi has about 450 road tankers and 54 rail tank wagons for a country whose fuel consumption stands at approximately 1 million litres a day. Mdeza points out: "We have as a country over-invested in transportation tankers instead of building fuel storage reserves. The transport capacity can haul up to 60million litres a month"

And the economic suffering of transporters is well expounded by Mdeza: "OMCs sometimes take up to 40 days to offload fuel from a tanker. Yet when the transporters

were getting loans from banks their proposals had it that they would be able to do three trips a month. Most are now failing to service loans and banks are repossessing some of their property."

Yet in all this uncertain situation, according to SADC protocols, hinterland countries like Malawi should always ensure that they have fuel stocks for 90 days. In Malawi, the normal and anticipated scenario would sound that 60 days stock be in the hands of the government with the OMCs managing the remaining 30 days.

To the contrary of the fuel level stock expectation, in the light of continued population growth, fuel storage capacity had been decreasing. Oil Marketing Companies ended up decommissioning fuel depots in Nkhatabay, Mzuzu and Luchenza thus putting more pressure on tankers to keep on serving as temporary fuel reserves.

Tracing the fuel journey

It is not that the country has been sleeping on the wheel since the dawn of independence in terms of securing a fuel future. At the time Malawi was gaining independence fuel was being transported into the country from Beira. The big oil companies then, namely, Shell, Caltex and Mobil Oil were the importers. But the war for the independence of Mozambique from the Portuguese colonizers staked Malawi on the

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'From Mozambique a train will be delivering fuel to Blantyre and Lilongwe then Oil Marketing Companies will be getting fuel from the depots to their respective storage depots.'

— Robert Mdeza, CEO, NOCMA

cross of uncertainty. The rail line was usually being disrupted by the war hence inability to receive fuel through Luchenza depot in Thyolo and Makata in Blantyre.

But not only did it just rain on Malawi but poured as well. No sooner had Mozambique gained independence than a civil war broke out and that disrupted the rail system. At the height of the war, Malawi had no choice but to airlift fuel into the country from South Africa. Zambia was in a better position as it had Tanzania as its fuel importing source. Malawi had no choice but to look north as well thus building a fuel strategic reserve in Tanzania in the early 1990s. Malawi's reserve in Dar es Salaam had the capacity to stock fuel for 40 days. From there fuel would be transported to Mbeya then Chilumba and Chipoka and put on trains destined for Lilongwe and Blantyre.

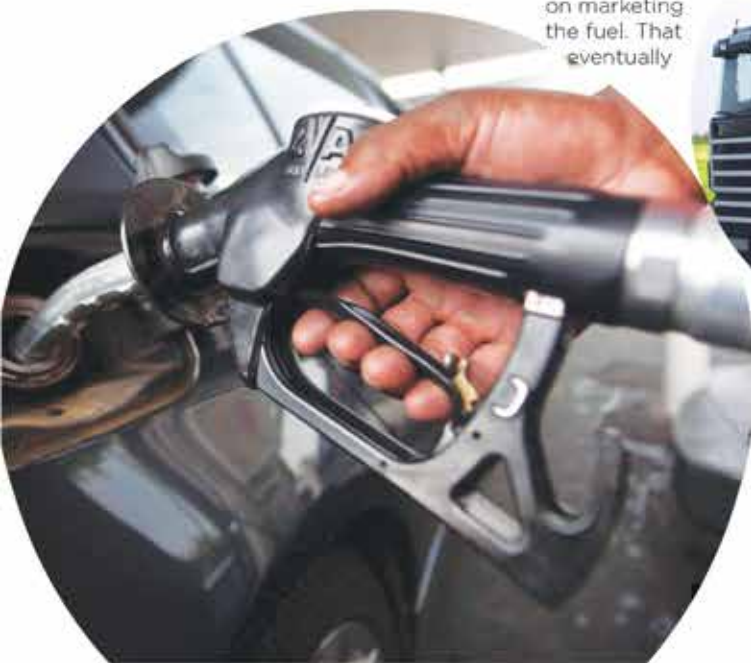
The dynamics of fuel importation then changed. Major companies started pulling out the first one being Shell. Then the last straw to break the camel's back was the liberalization of the economy in 1994 as per the dictates of the International Monetary Fund. Oil companies had then set up an Industry Petroleum Supply Procurement Unit (IPSU) which was under Oilcom. The devaluation of the kwacha resulted in the oil companies suffering exchange losses. They then backtracked from the duty of importing to only concentrate on marketing the fuel. That eventually

put the Petroleum Control Commission in a fix as the regulatory body was asked to become an importer. The involvement of PCC was an act of desperation on the part of the government to serve the situation as there was no legal backing for the importation role of PCC. The combination of roles of regulator and supplier brought governance challenges to government. In order to correct the situation, in 1999, PCC stopped importing and instead individual oil companies started to import their own supplies and PCC was confined to Regulation from May 2000.

As the Ministry of Natural Resources, Energy and Mines study tour report on bulk procurement system and strategic reserves management plan says: 'on their part the OMCs formed a consortium, the Petroleum Importers Limited (PIL) which was similar to the defunct IPSU. PIL imports petroleum products on behalf of major OMCs and over the years membership of PIL has been restricted to the four major OMCs. This has resulted in small OMCs resorting to importing own small quantities. In an environment where small OMCs had to get volumes from the other OMCs, this has been at a premium.'

So many challenges therefore arise from such an importing system, among them, multiplicity of importers that leads to fragmentation of financial instruments resulting into high transaction costs, large un-accounted for fuel volumes leading to losses in taxes and levies, no level playing field among OMCs, unwillingness of private sector to take exposure where there are extraordinary events (e.g. major devaluation of currency).

Not only that, the challenges extend as far as limited investment in additional storage capacity to ensure security of supplies, limited bargaining as a country that could help lower premiums due to fragmentation of orders by allowing individual company to procure on their



own, high fixed costs which could otherwise be shared in the case of a pooled and coordinated approach, conflict of interest between the PIL commercial objectives against national development objectives.

Hope and great hope

The government had to come up with a mitigating measure and that was through establishing the National Oil Company of Malawi (NOCMA). Among its core objectives was to manage the country's strategic fuel reserves constructed by the Government. Eventually that saw the construction of fuel reserves in Mzuzu, Lilongwe and Matindi in Blantyre.

Lilongwe and Blantyre depots have capacity of 25 million litres each, while the Mzuzu site has the capacity of 10 million litres, thus providing a total capacity of 60 million litres. The reserves have been constructed using a credit line from Exim Bank of India worth \$26 million. To ease the mode of transport, Lilongwe and Blantyre depots will have rail sidings for easy delivery of fuel.

Mdeza explains: 'From Mozambique a train will be delivering fuel to Blantyre and Lilongwe then Oil Marketing Companies will be getting fuel from the depots to their respective storage depots.' This will eventually ease pressure on the use of road tankers as storage thus minimizing fuel evaporation so too ensuring that the country has security of fuel supply.

"We will ensure that we manage the fuel reserve meniscus set at 60-days demand cover so that the moment fuel goes below the expected level then refill takes place immediately. OMCs will be taking fuel that is above the meniscus. This will ensure that we have adequate fuel in the country," explains Mdeza.

With NOCMA coming into the front line, it entails therefore that in the near future OMCs will buy their fuel from NOCMA based on their nominated volumes required for their market share. NOCMA will therefore be replenishing the strategic fuel reserves on a continuous basis to maintain stocks at 60-day cover. With the country buying on 90-day

credit cycle the stock will be financed by the working capital component within this 90-day cycle thereby obviating the need for government to borrow money to stock up the SFRs.

There are several advantages with the process, among them, security of supply in times of extraordinary events (e.g. major devaluation of currency or disruptions to the routes), level playing field amongst all OMCs, ease of tax administration, reduction in transaction costs, elimination of information asymmetry, benefits from economies of scale, no price transferring which a proliferation of import licenses can promote, minimal security supplies risk due to ownership by government of large storage facilities which will always be stocked, reliable import data and price stability, as well as reduction of volumes ending up in the black market.

No easy road

Petroleum Importers Limited is not taking the issue lying down. PIL is stamping its feet on the ground insisting that the consortium will keep on importing fuel into the country. According to PIL General Manager Enwell Kadango, NOCMA does not have the mandate to import and trade fuel as per the National Energy Policy of 2003.

Kadango was quoted by The Nation newspaper as saying: 'for that reason we believe PIL will continue to do its role as it has done for the past 15 years. If there is any change, stakeholders in the industry, including PIL, will be advised as we currently have contracts running to

2016 both with suppliers and local distributors in the country."

NOCMA also faced a slight technological hitch hence inability to commission the reserves on time as the meters used were not in line with specifications in line with the Malawi Bureau of Standards.

Mdeza explains: "New meters had to come in as per the appropriate standards."

At last

The strategic fuel reserves have been constructed; all preparatory processes have been undertaken. Commissioning is in the wings and the SFRs will finally one day become the receiving point of all imported fuel into the country.

Mdeza highlights: 'fuel reserves are about reducing bottlenecks that were there as we are a landlocked country. Our fuel comes from a very long distance in India and the Arabian Gulf.'





SUSAN CHATHA

Some people have fascinating tales to tell. They may seem to start the journey of their life with the end point and finish with the beginning point. Such can be said to be the same for Susan Chatha, Assistant Finance Manager for NBS Bank.

By Patrick Achitabwino

THE INVERSE JOURNEY

Here is the thing: she firstly qualified as a chartered accountant then earned a Masters degree with ESAMI. Interestingly she then went to The Polytechnic to study for the Bachelors degree.

Her explanation is very simple: "some people have a perception that if you are qualified but do not have a first degree then you have low value. I thought I needed it."

But there is an interesting element to the life of Susan. She did all those studies while she was working and that was never easy. Lest you think that her performance was average. You will be wrong she qualified as the best student in her final year accountancy examinations and was given an award which was presented at Mount Soche hotel.

The many colours

Susan Chatha is a person of many colours, an exciting lady of chameleon ideas. She served on the board of TEVETA as a Director and is a financial advisor for the Malawi Association of Monitoring and Evaluation. She carries in her the blood of entrepreneurship and she is not afraid to venture into any legitimate business as well as she is sure she will make better returns. Her business interests span a lot of products. Religiously, she is the President of Dorcas in Naperi district which spans three churches – Naperi, Chimwankhunda and Manja. She is also a member of ICAM's Information and Public Relations Committee.

Never give up

Susan always has a smile every time she narrates her life's story but never mistake that with a feeble heart. She has a heart as hard as steel, a heart that cannot be broken by disappointments. The trend of life may be seen to be pulling her back, but she soldiers on. Listen to her narrating the story of Taris Designs and Tailoring School which she owns.

"When we started the school in April 2015 we had 1 student. By the end of the year we had 3 students," the story starts. "We believed things would work for us. We had the determination and belief that at one point we will break through. When you introduce a business you go into steps. As we had just introduced the business we did not expect much until the moment we would reach the maturity stage."

But there was something more that kept them defying all odds. And it was the magnitude of the investment made. Susan explains: "We could not close the business because we had spent a lot of money. We had invested in over 30 machines. We could not have just given up." Going on could never have been easy. The school lacked publicity, intermittent and unreliable power supply kept the school on its knees most of the time and most students that were expressing interest were from far areas and the school had no boarding facilities to cater for them. 2016 marked the beginning of change. About 20 students got registered and the school eventually organized a graduation ceremony for the first cohort of students with the Minister of Gender Hon. Patricia Kaliati being the Guest of Honour. That marked the opening of a new chapter and the floodgate of students enrolling at the institute.

Susan explains: "The graduation gave us publicity. We were beamed on TVM several times. I was even featured on Mayi wa Lero program on TV. We then started working with TEVETA that have since then been monitoring us. Even Beehive recognised us and they gave us students as well. We are filled as of now."

After wading through all the storms of challenges, the school has reached the maximum enrollment capacity and can take in students no more. New avenues appear to be in the wings.



"People are expressing interest for weekend and evening classes and we are planning for that. We are also looking at establishing boarding facilities and we are focusing on that as we look into the future," with a smile she says.

Taris Designs and Tailoring school has a tracing of humble beginnings. It all started as a tailoring shop then Susan Chatha and her colleague Regina Sekani thought of doing something beyond. That was how the thought of establishing a school came up. But they needed to also have a deeper insight and knowledge of tailoring and designing. They agreed therefore that Regina Sekani goes to Beehive school for two years to learn. Regina is now the Principal of the school as Susan Chatha is the Managing Director. The future of the school seems to be bright and brighter with more plans being in the pipeline. The school is sending one member of staff to the Catholic University to learn sign language so that it could cater for deaf students. Not that the deaf comprise a new target market but to enhance the school's vision of giving hope to the disadvantaged. Susan says: 'The business is not all about making money but assisting other needy people. We want to embark on our own social responsibility. If other people can pay that will be fine but we would want to touch the lives of those that are deaf but have no financial capacity to achieve the tailoring and designing dream. We want them to add value to the societies they live in. They have to understand that not all is lost on them' Philanthropy is no new to the school. Actually, the school has two students that learn free as they could not afford fees.

Entrepreneur extraordinaire

Just tell Susan Chatha what you want and you will be assured of delivery on time. The born entrepreneur, trained accountant and aspiring marketer also runs what is called Eastlight Supplies. She does it more of part time and it is Eastlight that has seen her flying often to China and Dubai. Eastlight has tiles all the time and concentrates mainly

on building materials.

Chatha gives an insight: "I have not marketed Eastlight. Business has usually been through word of the mouth. Further beyond I am an opportunist, I easily venture into any business where I can make money. I have even supplied furniture to many people in the country."

It is not surprising that Susan has a great affinity to business. She was born in business family of 5 boys and one girl. The parental family business was in selling refrigerators. The parents would therefore send the children to South Africa to buy the refrigerators hence such being the learning process.

"I strongly feel that having been exposed to business I eventually developed a liking for business and no wonder I concentrate on business as well," explains Chatha.

What else for Susan?

For Susan, marketing as a profession makes better sense to her as well. She loves mixing with people, talking to them and strongly feels that she takes time to study basics of marketing for knowledge sake. Her characters are no wonder as she once won the best actress award during a drama festival while she was a student at Chichiri secondary school.

Chatha points out: "marketing is going to assist my business. We will not keep on working forever. Marketing is the skill that I have to enhance if my businesses are to grow."

Lessons in life

Speaking at one of the conferences, entrepreneur Jimmy Koreia-Mpatsa spoke of partnerships in business. The idea excited Susan but she had to learn it the hard way. She partnered with two colleagues that had knowledge and expertise in the manufacturing of glycerine for dish wash. The business took off on a supersonic speed but suddenly, as she says, 'sometimes people become greedy.'

"My partners would do the sales only to report to me of vehicle breakdowns and many other problems as they were greedy with the money we were making. I still believe in what Mr. Mpatsa said but I am strongly convinced that for partnerships to be successful you need to find trustworthy partners. Greed is the killer in partnerships as most people lack integrity."

Susan likes learning from people that she admires. In seeking inspiration pertaining to success in business as a lady then to her mind comes Mrs. Tammy Phiri who has a chain of businesses like electrical and hardware supplies, cottage, properties that include several flats and she also do farming on a large scale.

Susan has an advise for girls: "We all need to have dreams and a vision of where we want to be. With passion all things are possible. We need determination. Usually women self-restrict themselves that 'I can't do this,' but no, they can do anything. They have greatness in them. It is not only just men that can do it."

Tracing the roots

Susan was born in Blantyre and her father hailed from Zomba and mother from Chikwawa. Being the only lady in a family of five boys had its own challenges.

Chatha recalls: "If I happen to have a disagreement with any of the brothers, they would all gang up against me. However, when it came to tasks, we were all assigned the same tasks. My brothers could cook as well. Susan went to Chitawira primary school, Our Lady of Wisdom Secondary school then Chichiri Secondary School in Blantyre.

Susan went to Chitawira primary school, Our Lady of Wisdom Secondary school then Chichiri Secondary School in Blantyre.



PRESS RELEASE

REPORTING OF VIOLATION OF ETHICS BY PROFESSIONAL ACCOUNTANTS

The Institute of Chartered Accountants in Malawi (ICAM) is the Professional Accountancy Organisation (PAO) in Malawi. One of the functions of ICAM, as provided under Section 41 (f) of the Public Accountants and Auditors Act (Act No. 5 of 2013) is: **the definition and enforcement of ethical practice and discipline among its members.**

In discharging this function, ICAM has in place structures responsible for; updating its members on the ethical requirements of professional accountants; investigating allegations of violation of ethics; and disciplining its members where cases of violation of ethics have been established.

ICAM believes that fostering an economic environment that supports honesty, integrity, respect, trust, responsibility and citizenship from all professionals clears a path to rebuilding a strong economic environment in Malawi.

In accordance with the Code of Ethics for Professional Accountants, by which all members of ICAM abide, the public (institutions, employers etc.) is hereby requested to report to ICAM any suspected illegal or unethical behavior of professional accountants. Without being exhaustive, the following are matters that are considered as violation of ethics by professional accountant(s):

- Failure to comply with legal requirements.
- Involvement in cases of dishonesty, in particular, theft, fraud, perjury, bribery or corruption.
- Failure to perform any work or duties commonly performed by professional accountants with such degree of care and skill as may reasonably be expected of a professional accountant.
- Evading or assisting another person in evading tax, duty, levy, rate etc.
- Preparing, making or assisting another person to prepare or make a false statement.
- Preparing or maintaining any false book of account or other record.
- Divulging to any third party, any confidential information obtained in the course of professional relations with any client or employer.
- Soliciting professional work by offering or paying a reward.
- Criminal conviction relating to accountancy or any other criminal conviction.
- Failure to discharge financial obligations.
- Negligence or misconduct.
- Giving false or forged evidence to any authority or client.

All violations of ethics by professional accountants reported to ICAM will be judiciously and diligently investigated. We assure the public that all reported incidents shall be treated with due confidentiality and where cases of violation are established, disciplinary sanctions will be meted out on the professional accountant (s) involved.

As a PAO, ICAM is committed to serving the public interest and to collaborating with other stakeholders in rebuilding Malawi's foundations for a stronger economy. We hence appeal for active participation and engagement by all in discharging this noble duty for a better Malawi.

Please report all violations of ethics by professional accountants to:

The Chief Executive Officer

The Institute of Chartered Accountants in Malawi

P.O. Box 1

Blantyre:

e-mail: icam@icam.mw

Tel: 01820301 (talk to the Chief Executive Officer)



HENRY CHOWAWA

PRESIDENT

For: COUNCIL

9 February 2017

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