

“Auditorial Professionalism” A Glaring Dichotomy in an Illusionary Capitalist Economy.

Dr. Omah, I
(B.Sc, M.Sc, M.PHIL, PhD. Accounting)
Dept of Accounting & Finance
Faculty of mgt. Sciences.
Lagos State University.
Ojo, Nigeria.
E-mail: Omahishmeal@yahoo.com

Ojo – Agbodu A.A
(B.Sc, M.SC FCA – Chartered Account)
Dept of Accounting & Finance
Faculty of Mgt. Sciences
Lagos State University.
Ojo, Nigeria.
E-mail: Ojoagbodu@yahoo.com

Dr. Kehinde J.S.
(B.Sc, M.Sc, PhD. Financial Mgt)
Dept of Accounting & Finance
Faculty of Mgt. Sciences
Lagos state university
Ojo- Nigeria
E-mail: pastor Kehindebox@yahoo.com

Abstract:

Purpose: The contention of this paper is to highlight the glaring dichotomy in ethical divergence of auditorial professionalism in illusionary Capitalist economies of the third world nations. (A case study of Nigerian Economy):

Methodology / Approach: An empirical survey –based- data procurement on banking industry with reference to rescued financial institutions (CBN 2008)

Findings: Ethical professionalism is the bed-rock of auditorial professionalism. Divergence in ethical professionalism is the end- product of corruption which is the parental hydride of unpatriotism. True and fair in auditorial professionalism can only be achieved when patriotism, dedication and rule of law is the subject matter in any realistic society, other-wise an illusionary economy.

Research Limitations / Implications: In a case of a “Killer searching for the killer” is a foregone issue, “a post – office socialism”. Ethical auditorial professionalism has out-lived its utility in most capitalist economies of the third world nations.

As long as the ethical auditorial professionalism is tempered with, the killer searching for the killer, searches in Vain.

Originality / Value: According to Mythological concept, “an auditor is not a blood – hound, but a watch dog is a misnomer” In an illusionary capitalist economy, he is one – blood – seeker (Dracula), Financial conduit of misfortune of financial institutions.

Keywords: Ethical professionalism, auditorial professionalism, divergence, parental hydride of unpatriotism, Killer-searches for the killer, post- office- socialism, capitalist economy, illusionary economy, Financial conduit.

INTRODUCTION:

Auditing is a flow chart, a breathing mechanism in which a given system is revitalized with life giving blood. It is a specialized Function having complex, legal, social and economic implications. The auditor as an independent professional, lend credibility to the financial statements of organisation in which a large number of people have a stake. Auditing originate simultaneously with the development of organized system of accounting. A number of factors have influenced its existence in the course of its development. Development in the last five decades of the economic growth has extended the scope of auditing world over. The objective is no longer mere detection of frauds and errors, but to determine to what extent the financial statements fairly represent the actual financial position and the working results of an organisation.

Literature Review: Profuse references in the Vedic literature indicate that accountancy existed in a development form in ancient Kingdoms. Kautilya’s Arthshastra of the ancient kingdom of India and the middle – east gave detailed instructions regarding accounting and auditing of the state finances (Varma and Agrawal 1988). The early legislation relating to Companies in the colonial era was modeled on the British pattern. The companies Act after the British era made auditing of company accounts compulsory. The expanding size of business undertakings and their complex dealings has giving rise to the necessity of an independent professional attesting the financial statements. Auditing emerged as an independent professionalism.

The word audit has been derived from Latin word “**audire**” meaning to hear. In the beginning the accounting parties were needed to put their accounts before the auditor who heard the accounts from them and give faith defects of irregularities and mistakes if any. An audit is such an examination of books, accounts and vouchers of a business which will force the auditor to report if he is satisfied that the balance

sheet is properly given and gives a true and fair view of the accounts and that the profit and loss account gives a true and right view of the profit and loss of the undertaking for financial period, as to the best information and explanation given to him and as shown by the books and if not, to tell why he is not satisfied.

According to Montgomery: “Auditing is a systematic examination of the books and the records of a business or other organisation in order to ascertain or verify and to report upon the facts regarding its financial operations and the results there of.

According to Dickee L.R: “Auditing is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they relate. In some instances it may be necessary to ascertain whether the transactions themselves are supported by authority”

According to Hanson: “An audit is an examination of such records to establish their reliability and authenticity of statements drawn from them”

According to De Paula: “An audit denotes the examination of a Balance sheet and profit and loss Account prepared by others together with the books, accounts and vouchers relating thereto in such a manner that the auditor must satisfy himself and honestly report that in his opinion such Balance sheet is properly drawn up so as to exhibit a true and correct view of the state of affairs of the particular concern according to the information and explanations given to him and as shown by the books”

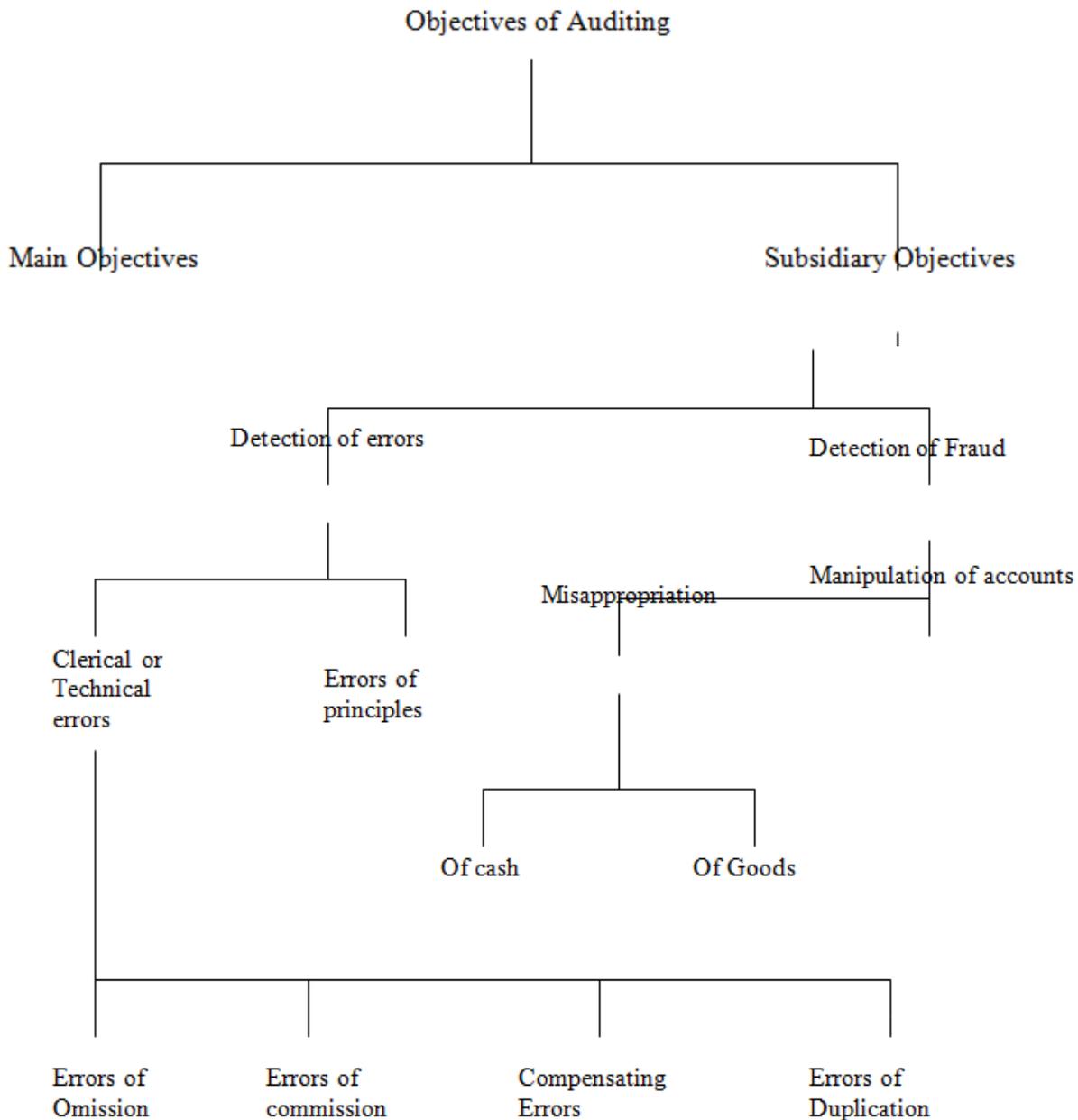
According to Spicer and Pigley: “An audit may be said to be such an examination of the books, accounts and vouchers of a business as well enable the auditor to satisfy himself that the B/S is properly drawn up so as to give a true and fair view of the state of affairs of the business and whether the profit and loss Account gives a true and fair view of the profit and lost for the financial period according to the best of information and the explanation given to him as shown by the books and if not, in what respect he is not satisfied”

According to Ronald A. Irish: “Auditing in its modern concept is a scientific and systematic examination of books, vouchers and other financial and legal records in order to verify and report upon the facts regarding financial condition disclosed by the Balance sheet and the net income revealed by the profit and loss Account”

According to Robert E. Schlosser: “Auditing is a systematic examination of financial statement, records and related operations to determine adherence to generally accepted accounting principles, Management policies or stated requirements”

According to Taylor & Perry: “An audit is an investigation by an auditor into the evidence from which the final revenue accounts and Balance sheet or other statement of an organisation have been prepared, in order to ascertain that they present a true and fair views of the summarized transactions for the period under review of the financial state of the organisation at the end date, so enabling the auditor to report thereon”.

HISTORICAL OBJECTIVES:



Nature: Auditing is concerned with the verification of accounting data with a view of determining the accuracy and reliability of accounting statements. Verification of accounting data involves a careful evaluation of all evidences available to the auditor in support of monetary transactions. The auditor examines internal evidence i.e. the records, vouchers and books of accounts. Auditing primarily involves testing the reliability, competency and adequacy of evidence in support of monetary transactions of an organisation. It is not merely mechanical ticking of entries in books of accounts with the vouchers of other records. It is the process of testing and weighing of evidence. Auditing is analytical, critical and investigative. It has its principal roots not in accounting which it reviews, but in logic on which it lend heavily for ideas and methods. The function of reporting is the end-product of auditing. A well laid out

and implemented audit helps an auditor to arrive at proper conclusions regarding the accounting statements and in the formulation of his opinion.

Objectives of Auditorial Professionalism.

- To report on the view given by the accounts and statements put forth by the client as per the terms of appointment.
- Verification of accounting data with a view to determine the accuracy and reliability of accounting statements.
- Verification of accounting data in support of monetary transactions, examining the internal evidence ie, the records, and books of accounts.
- Arrive at proper conclusions regarding the accounting statements after a test of reliability.

Ethical Professionalism and Divergence:

Ethical professionalism is the bed-rock of auditorial professionalism. Divergence in the ethical professionalism begets corruption which is the parental hydride of dishonesty and unpatriotism. Unless the interest of a nation is properly guided and placed above any individual in the society, an efforts to track down the killer of the economy is vanity. Fictitious audit report is one of the killers of ethical auditorial professionalism in the illusionary economy where impossible is made possible. Illusionary economy is the brethren of dishonesty and unpatriotism.

- Why must a financial institution extend credit to the tune of billions without collateral security?
- Why must the directors of such financial institution have the same opinion or were they the beneficiaries of such loans?
- Why the auditor of these financial institutions blindfolded for decades or was it that the accounts of these institutions not available for audit for years?
- Why must the auditors of these financial institutions under centrally guided rules and regulations unable to disclose in their best interest or were they under the influence of power lords, so called the directors of such institution.
- What then is true and fair in their best of knowledge?
- Are there rule of law, who then is responsible for its implementation-the shareholders or creditors?

All these tentative questions pose challenging trends to the economic stability and mainstay for survival of any illusionary economic system. The analysis reveals that the killer searching for the killer, searches in vain, if ethical auditorial professionalism is misguided.

- Who then is the killer?
- Who searches for the killer?

Ethical auditorial professionalism in an illusionary capitalist economy is a dormant toothless- bull-lion in its social responsibility. Thanks to CBN for its partial rescue – operation to these faceless financial institutions and their fraud managers. Auditorial professionalism on a bed – rock of dishonesty and corruption is always at the constraint end, being illusionary – mirage- trade, in an illusionary economy, holds virtually nothing in common with what is obtainable world- over.

- Why must a particular audit firm be engaged for several years, re-circling its function, whether information (data) is provided to her or not, be re-appointed?
- They, the auditors become subordinate to detection of the power lords of the financial institutions, obeying the directors’ personal interests rather than being independent auditors with powers vested on them.

- A killer searching for the killer searches in vain.

Further Research Limitations:

- The major constraint in this study is data procurement due to limited responses from the rescued financial institutions.
- Concealing information and data by audit firms, particularly those in the payroll of failing banks.

Conclusions:

- We must all together rise against corruption.
- We must all together rise against neo-colonization.
- We must all together rise against indiscipline.
- We must all together rise in favour of patriotism.
- We must all together say “NO” to dishonesty.
- We must all advocate for a change, we all must change individually and then collectively.

Selected References:

Aggarwal & Varma M.M (1988): 2nd Edn. Practical Auditing, forward Book Depot, Educational publishers. 4093, Nai Sarak, Delhi- 110006-INDIA.

CBN Note 2008: Business Day March 2008.

Dayal. S (1988): 7th Rev. Edn. Auditing, Surjeet Book Depot (Regd), 4074-75, Nai Sarak, Delhi- 110006- INDIA