



THE ACCOUNTANT | AUGUST 2019

# THE ACCOUNTANT

## THE ACCOUNTING INDUSTRY'S DEATH

Is Great News for  
your business

**PRESERVE YOUR  
TERMINAL  
BENEFITS**



OUR KEYNOTE SPEAKER:  
**PATRICK LOCH OTIENO LUMUMBA**

## ***LIA ANNUAL CONFERENCE 2019***

THEME: **ACCELERATING PUBLIC SECTOR PERFORMANCE IN DEVELOPING COUNTRIES**

Venue: **Avani Maseru**

Date: **23 - 25 October 2019**



## LESOTHO INSTITUTE OF ACCOUNTANTS

Admission of B.com Accounting graduates into Lesotho Institute of Accountants Membership

Holders of B.com Accounting are notified that they can apply for General Accountant membership of Lesotho Institute of Accountants. The applicants should have at least six (6) years' experience and meet the other competency requirements as set out in the membership admissions criteria of LIA.

The detailed competency requirements can be found on our website on the following link <http://www.lia.org.ls/Membership/General>.

For further information, please call our offices at 22312115.



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## CE'S FOREWORD

**Mr Monyaola Mosoloane**



*"Change is the law of life and those who look only to the past or present are certain to miss the future." John F. Kennedy*

This quote certainly holds true for professional accountants in this time of digital technologies and changing role of accountants to become trusted business advisors.

A number of positive changes have taken place within the Institute. LIA has recently signed the Mutual Recognition Agreement with SAICA. The agreement will help our members to have better opportunities outside the borders of Lesotho and get international recognition. LIA, as Professional Accounting Body, always strives for a better value proposition for its members. Mutual Recognitions and Reciprocity agreements are one way to open doors for our members, both in practice and in business.

The Fourth Industrial Revolution is upon us – also referred to as Industry 4.0. Concepts such as automation, artificial intelligence (AI) and the Internet of Things (IoT) are technological buzzwords that need to be embraced by accounting professionals across the board. Accountants need to build skills needed for future workplace. Whilst many might fear what the future may bring and how the role of a professional accountant will be impacted; the reality is that this change is inevitable and needs to be addressed in order to remain relevant in a digital world.

In response to above, LIA will soon introduce webinars that are meant to address these skills set and built technically sound accountants. The webinars will have courses from data science to integrated reporting. Everything that a professional accountant needs to know

is covered. Be on the lookout for this webinars and take advantage to uplift your knowledge and skills.

In addition to the technological changes facing the accounting world, there are global changes that will influence the role of LIA members as strategic business advisors. The article in this newsletter on "The Accounting Industry's death" shares some valuable insights on how the accounting professional will need to evolve in these changing times.

Accountants are custodians of assets of the organizations. Therefore, professional skepticism is a critical role played by accountants. In order to effectively provide sound judgements to our clients and stakeholders, to prevent fraud and corruption, it is imperative that accountants are capable to do fraud risk assessment. An article on fraud and corruption is included in this newsletter.

LIA is working hard behind the scenes to assist and support our members to enhance their professional value proposition and develop their competencies. Continuous professional development is mandated to all members. CPD seminars are offered throughout the year, and also as online webinars, will be introduced soon as mentioned earlier. I encourage members to attend these seminars regularly, to stay abreast of industry changes.

In closing, I urge you to embrace the technology and leverage on its advantage to and play a role of strategic business advisor in your organizations.



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# FRAUD AND CORRUPTION



**By Teboho Nchaki – TA(L)**

Fraud is defined as a wrongful act that is intended to deceive others for financial or personal gain, fraud includes among others, identity theft, credit card fraud, insurance fraud and many more.

Corruption is fraudulent conduct by those in power which involves misuse of funds for personal or financial gain. Corruption includes extortion, embezzlement, nepotism, bribery and many others.

Corrupt Practice means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party. For example giving a police man M30.00 for contravening Road Traffic Act no 8 of 1981, in this case bribery is identified as a corrupt practice.

## Political Corruption Practices

Political Corruption is the use of power by government officials for illegitimate private gain. It is an act of illegal by an officer to constitute political corruption only if the act is directly related to their official duties. Political corruption is often done under the collar of law or involves doing business through influence.

As we learned, forms of corruption vary but mainly include bribery, extortion, nepotism, patronage and or embezzlement. Corruption may facilitate criminal enterprises such as drug trafficking, money laundering and human trafficking but is not limited to these activities. The activities that constitute illegal corruption differ depending on the country or jurisdiction. For instance, some political funding practices that are legal in one place may be illegal in another. In some cases, government officials have broad or ill-defined powers, which make it difficult to distinguish between legal and illegal actions.

**In Madrid**, Spain's opposition Socialist Party called a vote of no confidence in Prime Minister Mariano Rajoy's conservative government in response to a corruption case engulfing the ruling party. In an interview, Pedro Sanchez,

leader of the Spanish Workers Socialist Party said "we presented a motion of no confidence in Prime Minister Rajoy to restore dignity to our democracy."

In a recent court case, the high court found that the Popular Party benefitted from a massive graft scheme involving kickbacks in exchange for public contracts to businesses, and the court ordered the Popular Party to repay around Eur245,000.00, making it the first national political party in Spain to be reprimanded in a graft case.

## What motivates Fraud?

### Gressey Fraud Triangle

The Fraud triangle is a framework designed to explain the reasoning behind a decision to commit workplace fraud. The three stages, categorized by the effect on the individual, can be summarized as;

- Pressure - **the pressure on the individual** is the motivation behind the crime and can be either personal financial pressure, such as debt problems, or workplace debt problems, such as a shortfall in revenue. The pressure is seen by the individual as unsolvable by



## The Fraud Triangle

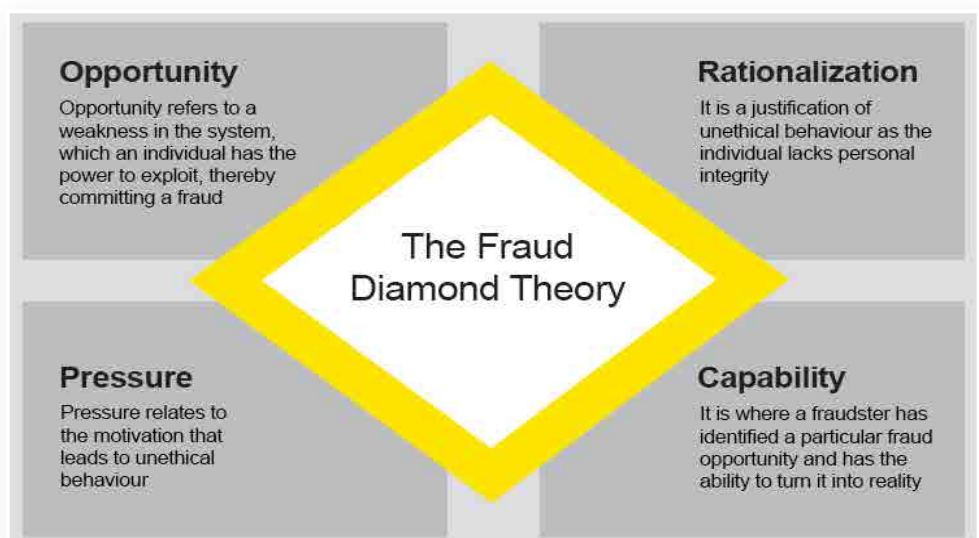


or a dishonest employer which is seen to minimize or mitigate the harm done by the crime.

In 2004, Wolfe and Hermanson introduced the Fraud Diamond Model where they presented another side that extends the fraud triangle which is "the fraudster's capabilities." Wolfe and Hermanson believed many frauds would not have occurred without the right person, with the right capabilities implementing the details

of the fraud. They also suggested four observable traits for committing fraud;

- orthodox, legal, sanctioned routes and unshakeable with others who may be able to offer assistance. A common example of a perceived unshakeable financial problem is gambling debt. Maintenance of a lifestyle is another common example.
- Opportunity - **the opportunity to commit fraud** is the way by which the individual will defraud the organization. In this stage the worker sees a clear course of action by which they can abuse their position to solve the perceived unshakeable financial problem in a way that again, perceived by them is unlikely to be discovered. In many cases the ability to solve the problem in secret is key to the perception of a viable opportunity.
- Rationalization - **the ability to rationalize the crime** is the final stage in the fraud triangle. This is a cognitive stage and requires the fraudster to be able to justify the crime in a way that is acceptable to his or her internal moral compass. Most fraudsters are first-time criminals and do not see themselves as criminals, but rather a victim of circumstance. Rationalizations are often based on external factors, such as a need to take care of a family,
- Authoritative position or function within the organization.
- Capacity to understand and exploit accounting systems and internal control weaknesses.
- Confidence that she/he will not be detected or if caught she/he will get out of it easily.
- Capability to deal with the stress created within an otherwise good person when she commits bad acts.







# CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD) EVENTS CALENDAR

# 2019

<b>INTEGRATED REPORTING WORKSHOP</b>	DECEMBER 2019	DONE
<b>ETHICS</b> (BREAKFAST SESSION) & Events Calendar Launch (BY LIA)	25 <sup>th</sup> JANUARY 2019	DONE
<b>International Financial Reporting Standards</b> <b>(IFRS)</b> 9, 15,16,17 Updates and latest developments, Adoption of Full IFRS and IFRS for SMEs (BY Consultant from Swaziland)	14 <sup>th</sup> – 15 <sup>th</sup> FEBRUARY 2019	M3,000.00/M2,800.00  DONE
<b>LIA ANNUAL CONFERENCE LAUNCH AND SUCCESS STRATEGIES</b> Top practices of fortune businesses, Success stories and Motivational Stories by Successful Business owners (Speakers: Mr. Lebona, Mr. Matekane,etc), Women in Business (Mrs Bosiu) & LIA 10 <sup>th</sup> Annual Conference Launch (Breakfast Session)	19 <sup>th</sup> APRIL 2019	FREE
<b>YOUNG ACCOUNTANTS IN ACCOUNTANCY PROFESSION</b> Young Accountants changing the world – Gen Z (Speaker : Ms. Likeleli)	31 <sup>st</sup> JULY 2019	FREE

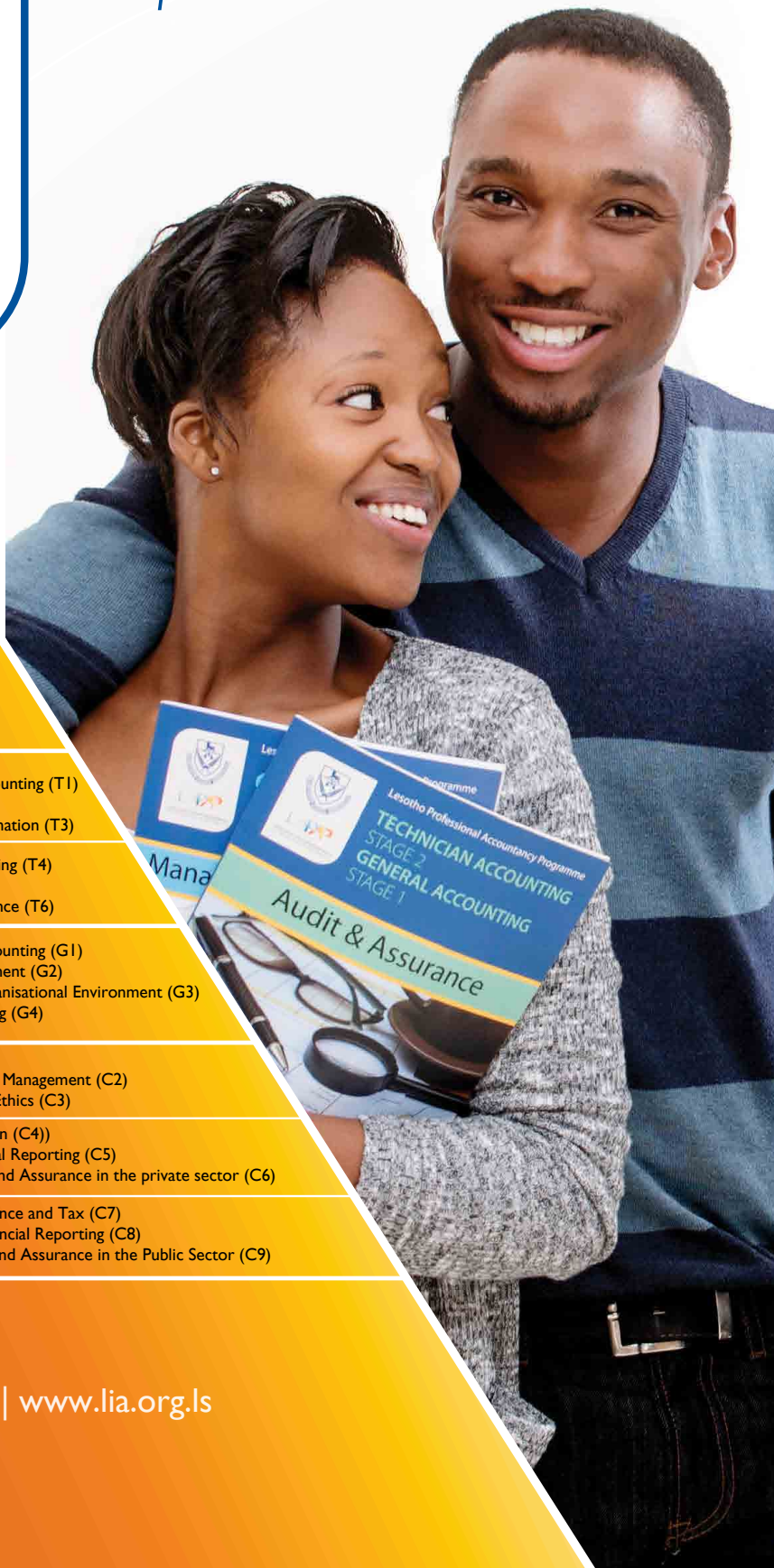


<b>FRAUD &amp; MONEY LAUNDERING</b> Fraud and Money Laundering And Public Finances (By FIU and DCEO)	23 <sup>rd</sup> AUGUST 2019	M2,500.00
<b>LIA 10th Annual Conference</b>	23 <sup>rd</sup> , 24 <sup>th</sup> & 25 <sup>th</sup> OCTOBER 2019	M4,500.00
IFRS 17 – Insurance Contracts	15 <sup>th</sup> – 16 <sup>th</sup> NOVEMBER 2019	M1,000.00
<b>INTEGRATED THINKING AND REPORTING</b> IR framework, adoption and implementation. (By W-Consulting)	6 <sup>th</sup> – 7 <sup>th</sup> DECEMBER 2019	M3,000.00





*“Developing Accountancy Professionals that thrive”*



TECHNICIAN ACCOUNTING STAGE	1	Principles of Accounting (T1) Costing (T2) Budget and Information (T3)
	2	Financial Accounting (T4) Tax and Law (T5) Audit and Assurance (T6)
GENERAL ACCOUNTING STAGE		Management Accounting (G1) Financial Management (G2) Business and Organisational Environment (G3) Financial Reporting (G4)
CHARTERED ACCOUNTING STAGE		Strategy (C1) Strategic Financial Management (C2) Governance and Ethics (C3)
		Advanced Taxation (C4) Advanced Financial Reporting (C5) Advanced Audit and Assurance in the private sector (C6)
		Public Sector Finance and Tax (C7) Public Sector Financial Reporting (C8) Advanced Audit and Assurance in the Public Sector (C9)

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# FORENSIC ACCOUNTING

## The New Trend

Source: <https://www.accountingverse.com/articles/forensic-accounting.html>

Business today is not the same as it was before. New ideas come and go, and business concepts are constantly evolving toward a better economic cause.

As a result of business developments, a number of specialized fields in accounting have evolved. One of the recent trends is forensic accounting. What is Forensic Accounting?

You have encountered the two terms before, separately at least; and never have you imagined that they can be put beside each other.

It is kind of weird when you think of private investigators in a crime scene all holding calculators instead of magnifiers and cameras. And it's even weird to see a bookkeeper trying to prepare quarterly financial statements with knives and elastic gloves! Well, the term is really not that troublesome. The term "forensic" means "relating to courts of justice or public disputes" or "suitable for use in a court of law". Forensic accounting involves the use of accounting expertise in court and litigation cases, fraud investigation, claims and dispute resolution, and other areas that involve legal matters. Unlike the popularly dramatic forensic setting that focuses on extraction of DNA and bullet trajectory calculation, forensic accounting deals with financial and corporate crimes such as fraud.

## What Forensic Accountants Do

Due to the recent cases of fraud and finance related crimes, the need for fraud deterrence and detection has been intensified. This is the reason forensic accounting continues to enjoy a rapidly increasing popularity in the world of business and finance.

Forensic accountants perform two main types of services: investigation and litigation support.

Investigation involves the examination of potential and actual evidences that could suggest the existence of fraudulent activities and the pertinent information associated in them.

In litigation support, forensic accountants provide assistance in a given case, primarily related to the calculation or estimation of economic damages and related issues. Forensic accountants also present evidences and act as expert witnesses in court rooms where they provide valuable points that are useful in deciding over fraud and related cases.

Due to the perceived expertise and the value placed by the society to forensic accountants, business entities seek for consultation and advisory services.

Forensic accountants are skilled in the ins and outs of fraud schemes. They can be hired to do investigative works and provide recommendations to mitigate the likelihood of fraud activities from occurring. Forensic accountants also work with incidents of negligence, bankruptcy, contracts, and other cases that involve recovery of damages.



## How to Become a Forensic Accountant

Because of the increasing popularity of this field, many schools now offer degrees and training programs related to forensic accounting.

The first thing that you should consider if you want to become a forensic accountant is to obtain a bachelor's degree in accounting. Forensic accounting courses are usually offered in the master's degree level.

Accounting certifications in the forensic accounting field will help you establish value and recognition in the society. Holding a certification proves that you are qualified to perform services in such field. Several accounting certifications are available to forensic accountants.

## Forensic Accounting Jobs and Salary

Forensic accounting is hailed as one of the fastest growing careers today; probably the fastest in the accountancy profession.

Forensic accountants are hired by private employers and the public who wish to avail of their valued services. Government agencies hire FAs to assist them in solving financial irregularities within their system. The research and academe sector also demands for their knowledge in such specialized field.

Having a background in forensic accounting exposes accountants to wider lenses in the accounting horizon. It provides a value-added qualification that is useful especially to those who are in the management level positions and advisory departments. The average salary of forensic accountants in the US is around \$75,000


with many earning more than \$100,000 annually. Six-digit annual salary is not uncommon in this type of specialization. The starting salary of forensic accountants ranges from \$30,000 to \$60,000 per annum.

## Forensic Accounting Certifications

Certified in Financial Forensics (CFF). This certification is granted by the American Institute of Certified Public Accountants (AICPA) to Certified Public Accountants (CPAs) who have developed expertise in the forensic accounting field. This is an additional accreditation you may wish to consider in addition to having a CPA license.

Certified Forensic Accountant (Cr.FA). The American College of Forensic Examiners International (ACFEI) grants the Cr.FA credential also to CPAs who meet their certification requirements. Certified Fraud Examiner (CFE). The CFE is a globally recognized professional designation for individuals who specialize in fraud prevention, detection and deterrence. It is offered by the Association of Fraud Examiners (ACFE). CFEs exhibit proficiency and professional excellence in performing services to uncover fraud and implement internal controls and systems to prevent them from occurring.

Forensic accountants are well respected because of their ability to utilize accounting expertise and detective skills. They can have a very rewarding and enjoyable career with good employment and earning opportunities. If you are looking for an exciting way to practice accounting, then you might want to consider getting into forensic accounting.



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# PRESERVE YOUR TERMINAL BENEFITS



*By Tokiso Nthebe*

## I left my job - what do I do with my terminal benefits?

Many young, ambitious and educated professionals much like myself are often on the lookout for bigger and better roles within the corporate space. We seek that senior position with the BIG paycheck, a plethora of benefits and the fancy job title (generally speaking). We go to great lengths in pursuit of this dream; we proactively and boldly apply for positions, even those we do not qualify for, we enroll for postgraduate programs with the hope of getting one step closer to the dream. We even resort to moving from one corporate to another within the space of a year, hoping to climb the corporate ladder quickly; this is usually frowned upon!

While all this may seem very exciting; moving from the interview to negotiating benefits to social media updates with cool hash tags like #CareerMoves #NewEmployerThings and eventually starting with the new employer; the biggest mistake many young professionals like myself make is not preserving their terminal benefits when changing jobs. The misconception is that we can start over again with the new employer and recover the money because we still have time, being young and all. As a result, the trend is to cash out the benefits, spend extravagantly on holidays, car deposits and/or new clothes to name a few... BIG MISTAKE!

Several articles have emphasized (and continue to do so), the low savings rates globally, with only 6% of people in South Africa financially prepared to retire comfortably for example. According to an article by Hessey (2018), the biggest concern (despite the low savings rates for retirement) is

the lack of preservation of terminal benefits when people change jobs; where only 8.7% of people who exited retirement funds in 2017/18 preserved their benefits in South Africa.

This is alarmingly low and one can safely assume the scenario is similar for people retiring in Lesotho. The financial services industry recommendation is that your retirement replacement ratio should be 75% of your final salary for you to maintain your current standard of living during retirement (see table below). For example, if your current monthly salary is M10, 000.00, then your monthly income during retirement years should be M7, 500.00 to comfortably maintain the standard of living. How much would you need to save towards your pension to achieve this goal?

Current monthly salary	M 10,000.00
Recommended retirement replacement income	75% of pensionable income
Recommended income at retirement	M75,000.00

To achieve the 75% retirement replacement goal requires a number of initiatives depending on the individual. For purposes of this article, the focus will be on occupational retirement vehicles. There are however other vehicles available for retirement savings, but those will not be covered in this article.



Individuals can consider one or more of the following initiatives: contributing at least 20% of your salary towards your pension (the industry standard is 12.5% contributed by the employer and 7.5% by the employee), making voluntary contributions to a retirement annuity, starting a business and/or starting investments. This is particularly difficult because our financial resources are very limited, it requires a lot of discipline, and for one to have a long term view. It is not easy staying committed, but luckily the compulsory contribution towards our retirement reduces the burden. The challenge however comes to play on your last day in the office, when asked "what do you want to do with your terminal benefits?"

The "default" answer is to ask the HR officer to withdraw the benefits and pay them into your account. We make this decision with best intentions convincing ourselves "I will invest the benefits" "I will spend part of the money to settle debt" "I will use the money wisely, not touching it for my personal expenses" But how many of us actually do this, especially when we have so many financial commitments to take care of?

Many research studies like Reyers, van Schalkwyk and Gouws (2015) have argued that human beings are irrational; and do not make optimal choices when it comes to making financial decisions. Furthermore, they argue that behavioral factors potentially affect retirement preservation decisions. This being the case, it is extremely hard for anyone (myself included) to ignore the LSL80, 000.00 (for example) lump sum paid into your bank account and convince yourself that you will be "rational" with the money. Equally important to consider are the tax implications of making decisions regarding what to do with our terminal benefits. It is in your best interest to ensure that you know and understand the tax implications.

## So what options are available?

Ask your HR Officer to transfer your benefits to the new employer's retirement fund. This way you avoid the temptation of having access to and spending the money. Another advantage is you benefit from compounding interest if you preserve the benefits - for example you earn interest on LSL80, 000.00 which you've built over a number of years. The disadvantage however with preserving within the pension fund is that

the tax laws may change anytime, where you may not know with certainty what the tax legislation may be when you retire. So instead of benefiting from the tax free deduction when cashing out now and investing elsewhere, you assume the risk of any unpredicted changes in the legislation. It is advisable to speak to your financial advisor regarding options available on how to manage this. Move the funds to a preservation fund or retirement annuity. These are available with legally registered insurance companies locally. Similar to the point above, speak to your financial advisor about the best options, the advantages and disadvantages of preserving within these instruments.

## Cash out your benefits

If you opt to withdraw the benefits, consider the tax implications and any tax free deductions that can benefit you. Then consider investing some of the funds withdrawn in a unit trust with a legally registered asset management company. There are different types of unit trust funds available, it will be important to shop around for the best suitable fund, so speak to your financial advisor about the best options for you. Another option is to settle expensive debt that stifles your disposable income, especially if you need more disposable income for current priorities. By settling debt, this could free up some money to invest. Again speak to your financial advisor about options that suit your specific needs.

## Starting a business venture

Should you consider using the money to start a business, ensure that you understand all risks involved with starting a business and speak to your financial advisor about the risks important and how best to mitigate this. My challenge to anyone faced with this situation is to take time, think about the available options, do your research and speak to a financial advisor. We often take these decisions lightly and end up paying a hefty price 20 years later. Do not make that mistake. As I get ready for the #CareerMoves #NewEmployerThings chapter of my life, my wish is that we take control of our finances and make better, wiser and informed financial decisions in 2019.

Reference: Retirement benefits: A new era?  
<https://www.iol.co.za/personal-finance/retirement/retirement>





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# THE ACCOUNTING INDUSTRY'S DEATH Is Great News For Your Business

By Michael Burdick, CEO of Paro  
August 17, 2017



Change isn't comfortable -- especially when it comes to industries steeped in tradition, such as accounting. Whether they welcome the innovation or loathe the disruption, accounting firms are forced to adjust as their previously static sector grapples with major change.

Asian brokerage firm CLSA recently released a report detailing the future of technology in the accounting world. While the shockwaves of cloud storage technology still reverberate, the report indicates accountants won't have much time to rest. Machine learning, the gig economy and AI are poised to disrupt the industry even further.

We're living during a watershed moment for accounting, which creates repercussions throughout the business world. It's the end of accounting as we know it, but entrepreneurs should feel fine. A new normal will rise from the ashes of the archaic industry, and this revival will lower costs and increase transparency for businesses in every sector.

## Why accounting needs a reboot

As an industry, accounting has been broken for decades. It holds onto the old ways of doing things, even in the face of inevitable change.

The rise of personal computers in the 1980s turned the profession on its head, with software empowering business owners to handle their own bookkeeping and finances. Accounting became a more commoditized profession because of technology, forever altering the dynamics between accountants and business owners. Unfortunately, accounting firms didn't get the message.

People running accounting firms tend to be older, less comfortable with technology and unfamiliar with new tools. As a result, there is little incentive for junior team members to innovate. Their clients

end up missing out on opportunities for increased efficiencies or other areas of improvement. For example, I have met countless business owners who were in the dark about their company financials because of outdated technology. If your accountant is still working on the desktop version of QuickBooks -- or keeping records in shoeboxes -- he or she is the only one who has access to your financials. Unless you can convince your accountant to embrace QuickBooks Online or similar cloud software, you're basically unable to track your company's performance.

Beyond glaring technical issues, many accountants stubbornly adhere to antiquated traditions. Firms stifle rising talent by enforcing lengthy wait times for partnership -- sometimes up to 10 or more years. This sort of inflexibility pushes ambitious young workers and creates a stagnant culture. An established accounting firm feels reliable, but entrepreneurs who work with these companies receive obsolete service instead of innovation. Despite these incredible inefficiencies, accounting firms still manage to sustain bloated profit margins. As one of the most lucrative trades in the nation, the accounting industry enjoys net profits averaging 18.3 percent of sales -- the highest of any sector, according to Sageworks. If their net profit margins are nearly 20 percent, their gross profit margins must be closer to 60 percent.

Accounting firms certainly don't mind those hefty profits, but their clients will begin to question bloated bills for second-rate service. Entrepreneurs could easily receive better treatment for less money, but these fossilized firms have had no reason to change their ways.



This excessive wiggle room also creates space for newcomers to disrupt the industry. As Amazon CEO Jeff Bezos eloquently stated, "Your margin is my opportunity." Ready or not, change is coming to accounting. The dinosaurs of the accounting industry are dying, but new entrants are ready to embrace technology, provide better customer service and offer increased transparency. Amid this accounting renaissance, it's still important to consider a few basics:

## **1. Understand the differences between various titles.**

Bookkeepers, accountants, analysts and CFOs all do different things, but that isn't always clear to outsiders. We've had many clients ask for a CFO, for example, when they actually needed a bookkeeper. Considering the average CFO could earn nearly eight times the salary of a bookkeeper, it's important to pick the right person for your needs. Don't let big accounting firms strong-arm you; educate yourself on the role you need to fill, and learn to ask for what you want.

## **2. Ask potential partners probing questions.**

How will this firm support your businesses through different growth stages? What resources do they have? How have they adopted new technologies? If they have served others in your industry, request references. Ask which tools they recommend clients use -- including examples such as Recurly, Xero and Kabbage -- and see whether they offer blank stares or useful insight.

Finally, ask about their system of checks and balances. How will they assure you their work is correct? How are they billing you? Which deliverables will you receive regularly? Don't be afraid to ask difficult questions; you're trying to find the perfect partner for your business.

## **3. Consider every available option.**

While a local mid-market firm might be ideal for your company, don't feel like you're limited by traditional arrangements. Bench, for example, uses artificial intelligence to deliver bookkeeping services to small businesses and independent contractors.

If your company is beyond that initial growth stage, you could embrace the gig economy and use freelancers to handle your accounting. Marketplaces are infinitely more efficient than antiquated accounting firms, creating potential

cost savings for business owners. Considering that a Randstad study found that 68 percent of employers believe half the workforce will be part of the gig economy by 2025, it doesn't hurt to familiarize your business with this growing trend.

## **4. Seek like-minded partners.**

According to CultureIQ, 73 percent of employers believe a better corporate culture provides a competitive edge. Go through a values exercise to solidify what your company stands for, and associate yourself with companies that share those ideals. If you trust your employees while encouraging openness and flexibility, seek modern accountants that buck the old trends and mesh with your approach.

## **5. Stay on top of trends.**

Most trends don't manifest overnight. Read books and articles, listen to podcasts and talk with others in your industry to see which way the wind is blowing. If you haven't already -- IDG Enterprise reports about 70 percent of companies have at least one application in the cloud -- use cloud computing to make it easier to share your financial information internally and with external partners.

Are you still clinging to paper receipts? Get with the times by embracing digital platforms to track and organize expenses. Apps such as Expensify and Wave can do a lot of the work for you, but you can also just snap photos and keep them in a designated receipts folder. Stop sending snail mail invoices, and start emailing those documents to clients. These steps might be painful, but they'll make it much easier for your bookkeeper or accountant to see exactly what's going on with your finances.

The accounting industry might be broken, but that doesn't mean entrepreneurs can throw their arms up in disgust and neglect their finances. As upstarts break into the field and offer accounting solutions that match the modern marketplace, the landscape will undergo tremendous change. Regardless of your solution to this accounting problem -- a midmarket firm, an in-house accountant or a team of freelancers -- it's necessary to know what you're getting yourself into. Your company's livelihood literally depends on it.

Source: <https://www.entrepreneur.com/article/298649>



# THE ROLE OF ACCOUNTANTS IN ECONOMIC GROWTH

By Mokotjo Maseli – TA(L)

For a long time many of us have been under the impression that economists are the responsible party when it comes to economic growth, maybe because of the fact that the word “economist” has a direct link to the bone of contention, “economy”. But is it really the case? Can we entrust only economists with the task of growing the economy to the levels of abundance?

While popular opinion may be of such thought I beg to differ, the subsequent argument will reason for the difference in opinion. Economic activity in its literal sense is trading, exchange of goods and/or services for other goods and/or service. The question is then, who is responsible for creating and maintaining such activity? It is of course entrepreneurs who come up with business ideas, but the role of fine tuning such ideas to near perfection is left to someone else.

**ACCOUNTANTS.** Yes, accountants, the gentlemen and ladies who are tasked with keeping track of trade activities for various organizations and individuals who are in the business of buying and selling.

Why are do we say accountants are the custodians of trade? Firstly, accountants come in different forms, you get financial accountants, management accountants, business and tax advisors as well as auditors. This is simply due to the fact that different aspects of the economy rely solely on accountants’ opinion, one cannot really ask the opinion of an economist with regard to the feasibility of a business idea or the going concern of a business entity, such counsel is usually sought from accountants. It is accountants who build the business up, it is accountants who design business rescue plans, it is accountants who formulate strategies for growth and competitiveness from informal businesses to multinational corporations.

The role of accountants in businesses should not be limited to just bean counting, instead they should be treated and used as the tool required to shape and model businesses. Accountants are in essence business developers, as such, their role in business is not constricted but ranges far and wide. We are saying accountants provide essential information for decision making at all levels of business hierarchy, more especially at strategic level. In a trade environment informed decision making is key, uninformed decisions are detrimental in a business environment.

It is therefore of high importance for accountants to realize their essential role in growing the economy of Lesotho, more especially now that it is on tenterhooks.

This “God’s work” comes in different forms, including bookkeeping, analysis, reporting and forming of opinions, it is a well-known fact that shareholders of any business entity rely greatly on the opinion of external auditors on whether the officers of such an entity are fully undertaking their fiduciary duties. The managers on the other hand rely on management accountants to direct the business with regards to internal control and/or performance management, the role of financial accountants in terms of bookkeeping and reporting therefore, should not be underestimated because it is through them that we get to know the financial performance of such an entity, this further validates the opinion





that business is reliant on accountants. We have a fiduciary duty to ensure that our clients' businesses grow exponentially, and to maintain and observe ethical protocol in doing so.

Recent studies commissioned by the Basotho Enterprise Development Corporation (BEDCO) on Business Development Services Provider (BDSP) Ecosystem and Institutional Assessment indicate that amongst other constraints hindering the growth of a diversified economy is a huge gap in the Business Development Services (BDS) space. Many businesses in Lesotho are not getting enough technical support from experts hence lack of growth and/or eventual business failure. Accountants with their skills set have not really exhausted their maximum in business development as we have been leaning more on historical reporting. This means we have always operated more in a reactionary manner than proactively, we have therefore been underutilizing our knowledge capacity. The training that modern day accountants receive is such that forward thinking should be the order of the day.

While no in-depth studies have yet been done, the above argument of underutilization of capacity can be evidenced by minimal growth of accounting practices, Small Medium Practices (SMPs) struggle to grow beyond one man shows due lack of integrated thinking and approach to the practice. We should not only view ourselves as reporters, we should also be able to diagnose potential glitches in business and thus advance fitting solutions, we have that ability. What we need is a different outlook and approach in modus operandi.

Accountants in their various forms are consequently stakeholders of great importance in the development of what we know and call ECONOMY, as such it of high importance that they self-introspect and subsequently claim their rightful place in shaping the economy that all of us desire.

We owe it to ourselves, our country and our profession to take up the baton and lead, more especially now that our profession is against the ropes. The accounting and audit profession has in recent times been hit by a myriad of scandals which have knocked down confidence levels to all-time lows, this has even led to calls for more rigorous regulation of the profession. Manipulation of rules and lack of transparency primarily drive distrust in the accountancy profession amongst financial decision makers, 12% of financial

decision makers distrust the accountancy profession. 67% of financial decision makers think professional accountancy bodies don't do enough to reprimand unethical or questionable practices as per findings by Edelman Intelligence in the 2018 survey, 63% of the financial decision makers feel self-regulation of the profession is not working. Calls have been made to even break down the Big Four as well as measures such as audit rotation.

These findings tell us that a lot has to be done to bring back the lost integrity and trust of our stakeholders, our relationship towards our stakeholders is of an agency, due diligence and continuous professional development (CPD) should be the order of the day to continuously provide impeccable service. The accountancy profession is facing a number of challenges, including improving the quality of service and the reputation of the profession.

As has been mentioned before, our role in economic development is huge. We need to start taking ownership of who we are and what we are capable of, this will go a long way in helping us regain public trust in the profession.

## NB

- Surveyed Countries -Australia, New Zealand, UK, Ireland, South Africa
- Edelman Intelligence is a global research and analytics consultancy
- BDSP Ecosystem and Institutional Assessment Surveys conducted by Promoting Enterprise Development (PED) on behalf of BEDCO.

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# WORKERS BURNOUT

Two issues have come to the fore in terms of staff experiencing burnout – bosses who work too many hours, and conflicts in terms of duties performed. This can result in burnout and high healthcare costs. Generally managers who work long hours encourage their staff to work similar hours. This encouragement springs from either employees following their manager's example or exhortations by the manager to also work long periods.

Experts say that a balanced lifestyle between work and leisure is necessary to keep the workforce mentally sharp and they question the benefit of excessive work hours. As one has put it, "Darwin only worked four hours a day and he radically changed human thinking." It is important that you satisfy yourself that your executives are not pushing their staff into an unnecessary workload.

## Work-work conflicts

Surveys show that another area of unhappiness is that staff face conflicting duties when performing their work. It is natural that people want to be as proficient as possible in their jobs, but they often find this almost impossible to achieve. As an example, take the roles a physician is expected to fulfill:

- Diagnose and treat patients
- Research in his/her chosen field
- Mentor learner physicians
- Travel to and attend conferences

Attend to all the administration required including staff appraisals, budgets, sit in on committee meetings – the list goes on. Yet when one looks at how the physician is evaluated, it is usually on the most prestigious function, that is, the research undertaken. Thus, the physician ends up in the



position of failing to meet some requirements which leads to frustration. It can also potentially lead to lower productivity as it may encourage staff, like the physician, to get political in pleasing their superiors.

## What can you do about these conflicts?

Researchers have made some key recommendations to address these work-work conflicts, beginning with defining what outcomes the business requires. This will result in:

- Ensuring staff have an appropriate job description based on fulfilling the key aspects of their job requirements.
- Making sure there is clarity and transparency as to what is expected of staff, and what goals they are expected to reach.
- Aligning their salaries and bonuses to these defined outcomes.

Work-work conflicts can easily arise in the workplace, so take action to minimise these conflicts in your business.

Source: <https://auditing-accounting-tax-trusts-recruitment.co.za/blog/workers-burnout/>



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