



جامعة الحكمة، إلورن، نيجيريا
AL-HIKMAH UNIVERSITY
LAW JOURNAL





جامعة الحكمة، إلورن، نيجيريا
AL-HIKMAH UNIVERSITY
LAW JOURNAL

|| Vol. 5 No1, 2024

© 2024

ISSN: 2476-8510

Published by:

Faculty of Law

Al-Hikmah University, Ilorin

Printed@Artlord Print/Publishing Production

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Enhancing Corporate Governance Through the Financial Reporting Council of Nigeria: A Comprehensive Analysis of FRCN'S Role and Impact Under the FRCN (Amendment) Act 2023

By:

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Abstract

This paper presents an in-depth examination of the Financial Reporting Council of Nigeria's (FRCN) role in advancing corporate governance, with a particular focus on the implications of the recent revisions introduced by the FRCN(Amendment)Act, 2023. The analysis delves into the progression of the FRCN's functions, emphasizing its regulatory, supervisory, and enforcement duties. The study investigates how these legislative updates are designed to fortify corporate governance structures, enhance transparency, and promote adherence among Nigerian companies. Through a review of recent legislative efforts, the paper assesses the possible FRCN's success in tackling governance issues, thereby elevating financial reporting standards, and building investor trust. The results indicate that the amendments to the FRCN Act represent a pivotal advancement in the modernization of corporate governance in Nigeria, providing valuable perspectives on its potential effects on the corporate sector.

Keywords: *Corporate Governance, FRCN (Amendment) Act 2023, Regulatory Framework, Financial Reporting, Compliance, Corporate Regulation, Governance Enhancements, Investor Confidence.*

1.0 Introduction

More attention is currently being paid to corporate governance practice both in the developed and developing countries due to growing acknowledgment of the fact that a company's corporate governance practice has effect not only on its economic performance but also ability to access long-term, low-cost investment capital. The failures in recent times in large companies have garnered notice of investors, boards, companies, regulators and indeed governments to the danger presented to the integrity of

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financial market.¹

Historically, deep concern for corporate governance emerged from the challenges of managing the divergent interests of owners of businesses (shareholders or principals) and that of manager of business (agents). Put succinctly, it is the displacement of owners of business from control and the vesting of the business on the Board of Directors who are required to ensure day to day administration of the company. Also, as the number of shareholders in a company increases, it is obviously impossible for all to be involved in the management and control of the company's affairs and so a separation commonly develops between those who collectively own the company and those who manage it.²

It has been argued that good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. Establishing a robust corporate governance framework, both at the individual company level and across the broader economic landscape, fosters the essential confidence required for the optimal operation of a market economy. This, in turn, reduces capital costs and incentivizes firms to utilize resources more effectively, thereby supporting economic growth.³

Corporate governance is a complex and multifaceted concept,⁴ which can be examined from at least two distinct perspectives. The narrow perspective focuses on the internal mechanisms and structures through which a corporate entity or enterprise receives its fundamental orientation and direction. This view emphasizes shareholder protection, management oversight, and principal-agent issues central to economic theory. Conversely, the broader perspective positions corporate governance as integral to the

¹ Ajogwu, Fabian, *Corporate Governance in Nigeria: Law & Practice* (Lagos: Center for Commercial Law Development, 2007), 1.

² Chris Wigwe, *Introduction to Company Law & Practice* (Accra-Ghana: Mountcrest University Press, 2016) 226.

³ See the Preamble to the OECD Principles of Corporate Governance, 2004, 11.

⁴ Nkiru-Nzegwu Danjuma, 'The Role of the Company Secretary in Corporate Management' *The Gravitas Review of Business and Property Law*. 2GRB PLC, 2009 No. 5) 237.

functioning of both market economies and democratic societies. This viewpoint draws on examples from the privatization movements that have influenced developing countries since the 1980s and the transition economies of post-communist states in the 1990s. Key issues in this broader view include institutional development, legal frameworks, capacity building, and the rule of law, all of which are central to understanding corporate governance.⁵

The main legal framework for regulation of companies generally in Nigeria is the CAMA 2020,⁶ while more specific legislations include Investment and Securities Act 2007, the FRCN (Amendment) Act 2023, among others.⁷ There is also a uniform code⁸ issued by the Financial Reporting Council of Nigeria (FRCN) in 2018,⁹ which aim is to resolve the challenges of applying the preceding multiple Codes¹⁰ by providing a set of corporate governance standards applicable to both private and public companies (whether listed or not). While applying the Code, each sector is permitted to make guidelines in line with and peculiar to its mode of operation.

For effective regulation, compliance and enforcement of corporate governance principles, the aforementioned laws and code, among others established the following institutions; namely, the Corporate Affairs Commission (CAC) which is responsible for the

⁵ T Ademola Oyejide and Adedoyin Soyinbo, Corporate Governance in Nigeria A paper presented at the conference on Corporate Governance, Accra, Ghana, 29- 30 Jan, 2001, 237., <<http://www.nigerianlawguru.com/articles>>. accessed 22 December 2023.

⁶ Hereinafter referred to CAMA 2020. It repealed CAMA 2004, Cap C20, Laws of Federation of Nigeria (LFN), 2004.

⁷ Prior to this amendment, the Financial Reporting Council of Nigeria Act 2011 (No 6) was the legislation in force, but the Act witnessed a change when about twenty-four (24) of its section were recently amended, thus paving way for the current FRCN (Amendment) Act 2023.

⁸ Hereinafter referred to as NCCG 2018.

⁹ Pursuant to sections 50 and 52 of the FRCN (Amendment) Act 2023. Hereinafter referred to as the Council.

¹⁰ There were various sectorial Codes applicable to only the affected regulated industries prior to the introduction of the Nigerian Code of Corporate Governance 2018, such as the SEC Code (2003) for public companies, the CBN Code (2014) for banks and discount houses, PENCOM Code (2008) for licensed pension fund operators, the NAICOM Code (2009) for the insurance industry.

supervision, formation and winding up of Companies in Nigeria.¹¹ The Securities and Exchange Commission (SEC) charged with the responsibility of regulating the capital market, securities investment and mergers and acquisitions. Also, more recently is the establishment of the Financial Reporting Council of Nigeria of Nigeria (FRCN) charged with responsibility for, among other things, developing and publishing accounting and financial reporting standards to be observed in the preparations of financial statement for public sector entities in Nigeria and associated issues.

The article aims to provide a comprehensive analysis of the Council's role and impact in enhancing corporate governance, centering on the implications of the FRCN Act (Amendment) 2023. The objectives are to examine the development of the FRCN's mandate, assess the effects of the 2023 amendments, assess the efficiency of FRCN's regulatory and oversight mechanisms and examine their impact on financial reporting and transparency. Additionally, the article aims to identify challenges and opportunities arising from these reforms and provide recommendations for further enhancing governance standards in Nigeria.

2.0 Historical Development/Establishment and Evolution of FRCN

The imperative of accounting profession in the protection of investors' interests makes it a matter of public concern. The very need for public trust and the sustainability of such trust became apparent with the steps taken during and after scandal which recently bewildered the profession.¹²

The spate of financial scandals coupled with the global financial crisis wherein the accountant and accounting practice were indicted triggered the response of the global accounting community by substantially raising the levels of ethical and reporting conduct. Thus, leading to national corporate governance initiatives and legislations designed to

¹¹ S. 1 (1) & 8 (1) (a), CAMA 2020.

¹² W.E. Herbert, et al, Financial Reporting Council of Nigeria and the Future of Accounting Profession in Nigeria' [2016], Vol 5(3); 146-157 *International Journal of Finance and Accounting*, p.148 < <http://www.article.sapub.org> > accessed 20 November, 2023.

evolve efficient professional accounting practice. The Nigerian response to the above saga informed the contextual genesis of the establishment of the Council.¹³

Consequently, the establishment of the Council marked the era of voluntary self-regulation of professional accountancy bodies, alongside the introduction of structured, compulsory oversight by the Council. This level of authority granted to the Council represents a novel development in the history of regulating professional bodies in Nigeria.¹⁴

3.0 Legal and Regulatory Frameworks of the Council

The first enactment which established the Council was Section 1(1) of the FRCN Act 2011.¹⁵ It repealed the Nigerian Accounting Standard Board Act 2003,¹⁶ entrusted the Council with the duty of, among other responsibilities, formulating and disseminating accounting and financial reporting standards to be adhered to in the preparation of financial statements for public entities in Nigeria, as well as addressing related issues.¹⁷

More recently, the FRCN Act 2011 was repealed, thus, paving way for the FRCN (Amendment) Act, 2023¹⁸ which aims among others things to streamline Governing Board's membership and enhance the Council's capacity to effectively oversee financial reporting and corporate governance practices in Nigeria.

4.0 Objectives of the Council

The Act clearly defines the objectives of the Council, which are to protect the interests of investors and stakeholders, provide direction in matters of financial disclosure and corporate oversight to specified bodies, promote good corporate governance practices across Nigeria's public and private sectors, maintain the precision and dependability of

¹³ *ibid*, 146.

¹⁴ *ibid*, 153.

¹⁵ Act No. 6

¹⁶ No. 22

¹⁷ Preamble to the FRCN Act, 2011.

¹⁸ Act No. 42

financial statements and corporate reporting in accordance with existing laws and regulations, and harmonize the activities of relevant professional and regulatory bodies concerning corporate oversight and financial accountability.¹⁹

In achieving its objectives enlisted in section 11, the Act establishes and focuses more on the Council's functions, that being the purpose for which it was established. It also makes further provisions for the Council's powers, functions, among others. This substantiated the claim that the FRCN Act is intended to advance high standards of corporate governance.

The Council, functioning as a corporate entity, much like other key regulatory organizations such as the CAC²⁰ and SEC²¹ with perpetual succession and a common seal and as well as clothed with every rights and privileges associated with corporate personality.²² The Act also provides for a Board saddled with the overall control of the council. The appointment of the Chairman is to be done by the President upon recommendation of the Minister, while the remaining members are to be suggested to the Minister by their various professional or statutory bodies, for onward appointment by the President.²³

Other members of the Board consist of one representative each of the Association of National Accountants of Nigeria (ANAN), Institute of Chartered Accountants of Nigeria (ICAN), office of the Auditor General of the Federation; Chartered Institute of Stockbrokers (CIS), Chartered Institute of Taxation of Nigeria (CITN); Ministry charged

¹⁹ FRCN (Amendment) Act, 2023, s. 11 (a-e).

²⁰ The Corporate Affairs Commission (CAC) was established under Section 1 of the Companies and Allied Matters Act 2020 (CAMA 2020) as an apex of the regulatory bodies for companies in Nigeria as a body corporate with full legal capacity just like other incorporated companies.

²¹ The Securities and Exchange Commission was established under section 1 of the Investment and Securities Act, 2007 (ISA 2007) as the apex regulatory authority for the Nigerian capital market as well as regulation of the market to ensure the protection of investors, among others responsibilities. See the pre-amble of ISA 2007.

²² (n 19) s. 1(2)(3).

²³ *ibid*, s. 3(1).

with the responsibility of supervising the activities of the Council, Ministry charged with the responsibility for finance; Nigerian Accounting Association; Nigerian Institution of Estate Surveyors and Valuers; Institute of Directors of Nigeria, office of the Accountant General of the Federation, and the executive Secretary of the Council.²⁴

A comparative analysis of the Council's Board composition vis-à-vis CAC and SEC revealed that it is more encompassing in terms of membership in that it ensures the inclusion of all the relevant and appropriate authorities. It is crucial to note that the Act establishing the Council does not give room for the appointment of the Board's Chairman who is not a Professional Accountant. This again puts the Council on a strong footing, unlike what is obtainable with SEC.

5.0 Roles of FRCN in Promoting Corporate Governance

The Council is burdened with many responsibilities. Its role in promoting good governance becomes clearer when examining its extensive functions. A closer look at these functions reveals that the Council is strategically responsible for ensuring adherence to good corporate practices. Notable functions supporting this assertion, as outlined in Section 8(1), are as follows:

- (a) Develop and publish accounting and financial reporting standards to be observed in the preparation of financial statement of public interest entities;
- (b) Review, promote and enforce compliance with the accounting and financial reporting standards adopted by the council;
- (c) Receive notices of non-compliance with approved standards from preparers, users, other third parties or auditors of financial statements ;
- (d) Monitor compliance with the reporting requirements specified in the adopted code of corporate governance; Monitor and promote education, research and training in the fields of accounting, auditing, financial reporting and corporate governance;

²⁴ Ibid, s 2(2)(d)(i-xi) & (c).

- (e) establish such systems, schemes or engage in any relevant activity, Either alone or in conjunction with any other organization or agency, whether local or international, for the discharge of its functions’;

The Council in compliance with sections 11(C) and 51(C) of its enabling Act unveiled the Nigerian Code of Corporate Governance 2018,²⁵ on 15th January, 2019. The NCCG 2018 by a way of improvement on the existing codes covers both public and private companies in its application and also adopted “Apply and Explain” principle. The NCCG 2018 notes the existence of corporate governance codes managed by various sectoral regulators, including:

- i. Code of Corporate Governance for the *Telecommunication Industry 2016*, issued by the Nigerian Communications Commission (replacing the 2014 Code);
- ii. Code of Corporate Governance for *Banks and Discount Houses in Nigeria 2014* issued by the Central Bank of Nigeria (replacing the 2006 Code);
- iii. Code of Corporate Governance for *Public Companies in Nigeria 2011* issued by the Securities and Exchange Commission (replacing the 2003 Code);
- iv. Code of Good Corporate Governance for *Insurance Industry in Nigeria 2009* issued by the National Insurance Commission; and
- v. Code of Corporate Governance for *Licensed Pension Fund Operators 2008* issued by the National Pension Commission.²⁶

In order for the NCCG 2018 to achieve its aims, the FRCN is mandated to supervise the Code's application and is empowered to issue guidelines to facilitate its implementation through the sectoral regulators and registered exchanges empowered to impose appropriate sanctions based on the specific deviation noted and the company in question.²⁷

²⁵ hereinafter referred to as NCCG 2018.

²⁶ *ibid*, iv.

²⁷ *ibid*, para D, P. V.

The code by adopting an 'Apply and Explain' approach,²⁸ means that the companies are at liberty to adopt principles favourable for their operations regardless of the nature, sizes and types of operations.²⁹ The code consists of 7 divisions and twenty-eight (28) principles,³⁰ and places importance on the following areas, viz, Board of Directors and board officers, assurance relationship with shareholders, and business practices, ethics sustainability; and transparency, etc.³¹

According to Bello, the provisions in the NCCG 2018 coupled with the provisions on company's management in CAMA 2020 almost cover all the main provisions in the Organization for Economic Cooperation and Development (OECD) Corporate Code of Best practice.³²

6.0 Key Policies and Guidelines Introduced by the FRCN Act (Amendment) 2023:

- i. **Professional Accounting Experience as a Qualification for Board Chairman:** To ensure the board's highest performance, the Chairman of the Board must be a professional accountant with cognate experience of at least 10 years.³³ This is an improvement on the code repealed Act which only pegged the qualification of the Chairman to a person with considerable professional experience in accounting practices.
- ii. **Re-composition of the Board Membership:** The newly amended Act specifies changes to the Board membership by reducing the representation of some entities, such as the ANAN and CITN to a single membership, while completely removing some key agencies, which from the writer's viewpoint are crucial to effective

²⁸ Monica, Amujo-Akomolafe, 'legal Framework for Corporate Governance in Nigeria: An Appraisal of the 2018 Code of Corporate Governance' [2018] Vol 2, No 1: *ABUAD Private and Business Law Journal (APBLJ)*, 41-63, 54.

²⁹ *ibid*

³⁰ Para E, Structure of the Code.

³¹ Amujo-Akomolafe (n.28).

³² Shittu .A. Bello, 'Corporate Governance in Nigeria: An Analysis of Nigerian Code of Corporate Governance, 2018' [2021] Vol. 1, No. 1: *AlHikmah Journal of Private & Business Law (AUJBPL)*, 167-179, 168.

³³ (n 19) s.2(2)(a).

companies regulations in Nigeria, notable examples include the Corporate Affairs Commission (CAC), Securities and Exchange Commission (SEC). Other excluded agencies are Federal Inland Revenue Service (FIRS), Federal Ministry of Commerce, National Association of Chambers of Commerce, Industries, Mines and Agriculture, and National Pension Commission.

The New additions to the Board include the Nigerian Institution of Estate Surveyors and Valuers and the Institute of Directors of Nigeria. This restructuring result in a smaller Board compared to its previous composition.

- ii. **Creation of National Repository:** It is now required for the companies to which the Act applies (i.e. Public Interest Entities- PIEs) to submit their General Purpose Financial Statements (GPFS) electronically to a national repository.³⁴ The innovation of centralized electronic financial reporting offers numerous benefits to effective corporate governance. It tends to foster transparency which represents a fundamental tenet of organizational oversight by providing avenue for easy access to information. It also promotes accountability vide standard reporting. More also, having such archive would also reduce incidences of fraud and errors. by minimizing data manipulation, streamlines compliance with simplified reporting processes, among others.

In summary, this innovative section generally enhances corporate governance by boosting transparency, ensuring greater accountability, and increasing the efficiency of regulatory processes.

- iii. **Enhanced Compliance Framework by Expanding and Clarifying Corporate Governance Standards:** With the recent amendment,³⁵ it has remarkably expands the compliance framework by extending the initial focus on the International Federation of Accountants (IFAC) and the International Accounting Standards Board (IASB) to

³⁴ (n 19) s. 2(2)(a).

³⁵ Ibid, s. 8 (1)(h).

accommodate the International Federation of Accounting (IFA), the International Financial Reporting Standards Foundation (IFRS Foundation), and the International Public Sector Accounting Standards Board (IPSASB). This expansion gives room for the system to stay informed with latest international standards and regulations. The new system can easily incorporate new governing bodies as they evolved, thereby paving way for alignment with emerging global trend.

Further still, the updated section improves on the repealed compliance requirement by modifying it to better suit the objectives, goals and defined responsibilities, thereby raising the relevance and accuracy of the standards applied.

- iv. **Improved Compliance and Adaptability in Auditing Standards:** The new revised Section 8(1)(q) introduces significant enhancements by widening the scope of auditing standards compliance. The Act previously centered on ensuring consistency with the International Auditing and Assurance Standards Board (IAASB), but the updated section now includes the International Organisation of Supreme Audit Institutions (INTOSAI) and any other designated bodies. This expansion allows for adherence to a wider range of relevant auditing standards and international guidelines.

Also, the amended version emphasizes alignment with international standards setting bodies related to the Council's mandate, which improves the flexibility and relevance of the auditing standards. This change ensures that the auditing standards remain current with global best practices and are more comprehensively integrated with various authoritative bodies.

- v. **Improved Regulatory Supervision:** The scope of the Directorate of Inspection and Monitoring's responsibilities which was initially tasked with overseeing compliance with auditing, accounting, actuarial, and valuation standards has been broadened through 28(1)(a) to integrate corporate accountability norms in addition to the previously covered areas.

vi. **Stricter Fines for Non-Compliance:** The new framework introduces notable improvements over the previous one concerning penalties for non-compliance and default in payment. Previously, individuals who failed to pay the due amount faced an accumulated penalty of 10% per month, up to ten months, as well as potential prosecution leading to a fine of up to three times the original amount, in addition to the accrued penalties. Additionally, the CEO could be fined up to N500,000 or imprisoned for up to six months if the company was involved. This system has now been jettisoned by extending the penalty period indefinitely until payment is made. This demonstrates the Council's readiness and dedication to enforcement.

Additionally, the scope of sanctions has been widened to include defaults by agents, officers, or personnel involved in financial reporting. The Council is empowered to determine penalties for the CEO, as opposed to the previous system of fixed penalties. The position now is that the Council has elastic power to impose more stringent punishments based on the severity of the offense committed by the individual or company.

v. **Annual Dues for Registered Professionals, Firms, and PIEs Contributing to the FRCN Statutory Fund:** The updated fee structure for annual dues introduces several changes compared to the previous system. Registered professionals now face a minimum annual due of N10,000, an increase from the former N5,000. For publicly quoted companies, the revised structure sets higher fee thresholds according to market value. Companies with a market capitalization of up to N1 billion are now required to pay either 0.10% of their capitalization or N500,000, whichever is higher, compared to the previous cap of N250,000. For companies with market capitalization between N1 billion and N5 billion, the fee is now 0.04% or N2 million, whichever is higher, reflecting no change. However, higher capitalization ranges introduce new bands: companies with market caps between N5 billion and N100 billion pay 0.004% or N3.5 million; those between N100 billion and N250 billion pay 0.004% or N10 million; companies between N250 billion and N500 billion pay 0.003% or N15

million; and those with market caps between N500 billion and N1 trillion pay 0.0025% or N20 million. For market capitalizations over N1 trillion, the fee is set at 0.002% or N25 million. This new structure imposes greater financial obligation on large companies by implementing more specific fee tiers.

Also, for the non-publicly quoted PIEs, the updated structure introduces a percentage-based system as opposed the previous fixed amount. Fees were set at specific levels based on annual turnover under the old systems, ranging from N5,000 for turnovers between N25 million and N50 million to N1million for turnovers exceeding N10 billion. The new structure fees based on annual turnover, with the following rates: 0.02% for turnovers up to N25 million; 0.025% for turnovers between N25 million and N50 million; 0.03% for turnovers between N50 million and N500 million; 0.04% for turnovers between N500 million and N1 billion; 0.045% for turnovers between N1 billion and N10 billion; and 0.05% for turnovers exceeding N10 billion. This adjustment aligns fees more closely with the scale of the entity, allowing for a more flexible and proportional fee structure based on turnover.

Flowing from the above, a simple question that readily comes to mind is: What impact does this have on good corporate governance practices? The answer can be viewed from different angle; firstly, the updated fee structure improves corporate governance by linking contributions to the financial size of entities, ensuring fairness and proportionality. This percentage-based system helps to guarantee a more sustainable funding for the FRCN's statutory fund, taking into account the capabilities of each entity and facilitating enhanced regulatory oversight. Additionally, it promotes transparency and accountability by directly correlating fees with turnover, thus promoting better adherence to reporting standards and equitable cost distribution. Overall, these adjustments align with the FRCN's objective of upholding high standards in governance structure and fiscal reporting through a more equitable and efficient funding approach.

vi. Upward Review of Penalties and Prosecution Regulations for Non-Payment of Dues: Under the repealed law, default on payment of the applicable dues resulted in additional charge of 10% of the amount due for each month of default, applied cumulatively for up to ten months. If the default continued beyond this period, the individual could face prosecution, and upon conviction, be liable for a fine not exceeding three times the amount due, plus any accrued penalties imposed by the Council. In the case of corporations, the CEO could be liable for a fine of up to N500,000 or be confined to prison for a period not exceeding 6 months.

Under the new regulations, penalties for non-payment are indefinite as long as the default persists. The Council is now empowered to prosecute defaulting parties in addition to collecting the outstanding amounts. Furthermore, individuals may also face sanctions determined by the Council for any defaults by their agents, officers, or personnel involved in financial reporting, in line with the stipulations of the revised Act. Unlike the repealed Act, the Council now has the discretion to set fines (which may exceed N500,000) or impose imprisonment for up to 6 months upon conviction. Additionally, there has been an upward revision of penalties for PIEs, based on their annual turnover, beyond those previously mentioned.

7.0 Limitations and Challenges

It has been viewed that the FRCN (Amendment) Act highlights a stronger emphasis on corporate governance and risk management in financial reporting for PIEs. The significant rise in fines and penalties for non-compliance depicts a firm commitment to enforcing adherence to the law among affected organizations.³⁶ However, the new Act despite being recently introduced is not without some limitations which can pose serious inhibition to the realization of good corporate governance practice. Some of these challenges are itemized as follows.

³⁶ Banwo & Ighodalo, Amendment of FRCN Act: Changes to Financial Reporting and Corporate Governance in Nigeria (17 November 2023) < <https://www.banwo-ighodalo.com/> > accessed 12 July, 2024.

- i **Challenges and burdens of the New Percentage-Based Fee Structure:** It is perceived that the upward adjustment of fees may hinder the effective operation of some entities that are striving to sustain their business activities. As rightly observed, furthermore, the rise in yearly fees for PIEs, in conjunction with obligatory payments to different regulatory bodies, might be interpreted as an additional financial strain on enterprises. This may appear to conflict with the government's pledge to decrease the expenses associated with conducting business in Nigeria.³⁷
- ii **Removal of Membership of Key Regulatory Bodies From Effective Collaborative Governance and Oversight:** It is beyond peradventure that the interconnectedness of Regulatory Bodies is crucial for effective governance and oversight. It is the opinion of this writer that the elimination of the CAC, SEC, and several other entities could pose challenges, given that these organizations have overlapping goals, and their cooperation and collaboration with FRCN is essential for efficient governance and oversight. More also. It would be difficult, if not impossible, for the Council to effectively fulfill part of its statutory duties that require collaboration on systems, schemes, and other relevant activities as stated in section 8 (1)(m).
- iii **Lack of Explicit Repeal of Sectorial Codes in the NCCG 2018:** The NCCG 2018 affirms the existence of sector-specific corporate governance codes, allowing these codes to remain in use alongside the NCCG 2018. This could lead to confusion and complications due to the presence of multiple sets of rules.

8.0 Recommendations

Temporary exclusion of the ailing companies, small businesses, and newly formed entities from the upward adjustment of fees is recommended. This would allow them time to stabilize and establish themselves. Moreover, there should be an option for a

³⁷ *ibid.*

downward review of fees, consistent with the government's pledge to enhance the ease of doing business in Nigeria.

The importance of interconnectedness among regulatory bodies for effective governance and oversight cannot be overstated. The exclusion of certain entities from board membership may have justifications; however, the exclusion of the CAC and SEC seems unwarranted. As these organizations have overlapping objectives, their collaboration and cooperation with the Council are crucial for efficient governance and oversight. It is proposed that collaborative support be prioritized, and an earnest amendment of the relevant section is necessary to allow for the harmonious oversight of CAC and SEC together with the FRCN.

It is suggested that the Act be amended to require industries to follow the NCCG Code as the primary framework and use their specific guidelines only when necessary, rather than maintaining separate codes. This approach would help simplify and unify corporate governance practices.

9.0 Conclusion

Having robust and effective governance frameworks is crucial for economic growth and achieving corporate objectives, including stakeholder involvement in governance and boosting investor confidence. To ensure adherence to various regulations and the uniform code, the Council was established to oversee compliance with governance standards and to enforce actions against violations of shareholders' rights or engagement in unfair practices by companies. Despite the progress made by recent amendments, widespread adoption and compliance with the Code's provisions continue to be a challenge across various sectors.