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Haitian recovery needs accountants

ACCOUNTANTS HAVE A BIG ROLE TO PLAY IN REBUILDING HAITI IN THE AFTERMATH OF JANUARY'S EARTHQUAKE. **KEITH NUTHALL** REPORTS

On January 12, Haitian accountant Kenny Laforest, 32, was having a normal day in Port-au-Prince. He had just started driving home having left his office when the earthquake that devastated his country struck.

Speaking to *Accountancy Age* from the Haitian capital, he recalled: "I had just finished working. I was driving in the street to go to my house. It was terrible. I thought it was a bomb."

"It was the first time I had seen something like that: there was a lot of noise and afterwards there was [clouds of] dirt, so I could not see anything. I thought to myself, 'I know what's happening: in this country, there might be another political problem'. Those were my thoughts."

"I stayed calm and then I realised it was an earthquake. The buildings [near me] had fallen down. The noise I had heard was the noise of buildings falling down, but I couldn't see anything."

"People were crying; people were yelling out."

His office had not collapsed, however, but he did suffer

tragedy that day. His assistant had driven home 20 minutes earlier, and her house collapsed in the quake, killing her.

Other Haitian accountants died too of course. Among the highest profile victims – already reported in *Accountancy Age* – was the director general of the Direction Générale de Impôts (DGI) Jean Frantz Richard.

There were others. L'Ordre des Comptables Professionnels Agréés d'Haïti (OCPAH) member and accountant Chantale Landrin Rosarion died in a building collapse.

Many accountants' offices, especially those in the centre of Port-au-Prince, collapsed or were damaged.

"Yes, some accountants are dead," recalled Laforest, a certified public accountant, who has been working with the World Bank as it helps the Haitian government restore its financial controls.

He said some of his surviving colleagues have since "left the country – they are in the US or Canada."

Some left to protect their families from the chaos that

followed the disaster.

"They have children; they have moved their families to take care of them," he explained. "The situation has been difficult. Even if they have a good job, there was no infrastructure; no good conditions for health..."



KENNY LAFOREST

Now, however, Laforest said the country's accounting and financial systems are recovering. At first, it was a disaster. "During the first 15 days following the earthquake, communications did not work. No one could talk on the phone after the earthquake. For the banks, it was very difficult. Nobody could get to the

banks – no one had cash."

But now, he said, "the situation is getting better." The central bank (the Banque de la République d'Haïti) is operating effectively. And the finance ministry's financial controls and systems are now being restored after its headquarters were

on the internet. But bills, receipts and other paper records vital for making tax returns had been lost where offices collapsed.

Looking ahead, accountancy will loom large in Haiti as the international community spends a pledged \$5.3bn

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HAITIAN ACCOUNTANT KENNY LAFOREST

destroyed. The World Bank has helped this critical process, placing accounting experts with the ministry.

As for the private sector, Laforest said many companies' financial systems had survived thanks to accounting software packages, whose data had been uploaded to cloud computing remote data dumps

(£3.7bn) to fund the initial phase of Haiti's reconstruction over the next 18 months, including a contribution of \$479m (£333m) by the World Bank. Its president Robert Zoellick has told a donor conference at the United Nations headquarters in New York that the bank would serve as fiscal

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agent for a multi-donor trust fund handling the money.

This, bank officials said, would “ensure strong fiduciary control and accounting assurance that the funds will reach their intended destiny”.

Zoellick added: “This is not just about how much money is raised, but it’s about delivering real results on the ground for the Haitian people, through good governance and effective cooperation by donors.”

Non-governmental organisations and aid agencies – many now working inside Haiti – know only too well the importance of financial controls for their work. With many local accountants leaving Haiti or being harmed or killed in the disaster, it has not been possible to rely on the remaining quality local accountants, such as Laforest. As a result, some NGOs have been flying in foreign accountants, preferably those with experience of working in emergency situations.

Christopher Fyfe, 43, a CIPFA-qualified divisional financial controller at the University of Oxford, is one such professional. He was appointed a Haiti emergency finance manager with children’s charity Woking-based Plan International, working out of the capital Port-au-Prince and the southern city of Jacmel.

There he was creating controls to enable money to be moved safely from Plan’s main country office in the capital to the charity’s emergency offices in Jacmel and Croix des Bouquets (north-east of Port-

au-Prince).

In his daily blog filed from Haiti during his posting, he said: “This is necessary and painstaking because, without proper controls, the money that you and your friends and your government have given might as well be left in a big

‘Controls are needed and costly to implement. Any charity tells you that all your money goes directly to the needy... they are either probably lying or being incredibly irresponsible’

CHRISTOPHER FYFE, PLAN INTERNATIONAL

bucket in the middle of the market with a sign saying ‘biggest at the front, smallest at the back.’”

Fyfe worked hard to create systems enabling the detection of outright theft and procurement fraud. He explained: “Controls are needed and costly to implement. Any charity tells you that all your money goes directly to the

needy... they are either probably lying or being incredibly irresponsible.

“So celebrate the charities that employ HR specialists, internal auditors and the monitoring and evaluation teams that check if the project is working so that they learn from

and what is slowing us down.”

Fyfe explained: “We can find good people with degrees from Haitian universities, who understand the fundamentals of accounting, but they have not had years of experience. So you get the policeman effect: they become very cautious.



CHRISTOPHER FYFE

Far better to have separate and clear responsibilities – for negotiating a deal, checking budgets and signing cheques. This creates more efficiency and transparency, said Fyfe.

The former Oxfam head of international finance added that donations should be spent carefully and certainly not in haste. “The amount of money donated to Haiti since the earthquake has been astonishing. It will take a long time to spend it, particularly if it is to be done properly. If anyone is looking for the ‘donations sitting in charities bank accounts after one year/two years/five years’ story I hope they find it,” he wrote in his blog.

He was put in touch with Plan by Oxford-based accounting charity Mango. Its recruitment director, Lucy Markby, said: “We’re looking for professional qualifications and previous international development and emergency situation experience – particularly in crisis situations.”

They are not sure what to do, so they put in more controls. “Newly qualified accountants can’t always make judgments – but they know how to apply the rules.”

This is particularly the case in Haiti with its high levels of corruption. In such instances, “people are afraid to take risks and fear that if it goes wrong, they might get blamed”.

She said non-governmental organisations (NGOs) find it difficult to secure the necessary language skills alongside required professional skills. With the Haiti disaster, the lack of professionals with adequate French language skills has been cruelly exposed, she said – the island country’s elite speak French; with the vast majority speaking Haitian Creole, which is barely intelligible to many French speakers anyway.

Mango sources financial (and especially accounting) professionals with these skills and send them to the aid agencies and NGOs which need them. The Oxford-based charity also trains developing country professionals (it has run accounting courses in Haiti) and also offers easily accessible training and good practice information, including online resources.

their mistakes. That is the vital framework that is needed to make a long-term difference...”

Speaking to Accountancy Age, he said: “It’s about getting the balance right between rigour and flexibility.”

He found existing financial controllers in Haiti to be very cautious. “It’s important to say what’s really important here; what controls are necessary

HAITIAN ACCOUNTING

Haiti is not an easy place for accountants to practice their profession. Last year (even before the earthquake shattered the country’s civil society) it was ranked 168th out of 180 countries on the Transparency International Corruption Perceptions Index. The l’Ordre des Comptables Professionnels Agréés d’Haïti (OCPAH) was established in 1981, alongside a national accountants council and an accounting training council. Only the order survives today.

Haitian accountants must be graduates from a university in the country, with a degree in administration and a specialism in accountancy. Then they must work for five years before they gain the right to sign financial statements and become a certified public accountant (CPS). And before that happens, they must take an eight week course staged by OCPAH and pass its professional examination. This can be taken either immediately upon starting work or after an accountant has been a ‘stagiaire’ for five years. It’s worth taking the trouble, said Kenny Laforest, from his office in Haiti. “If you have the title, it’s easier to get a job.”



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