THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

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THIS WEEK

Governance Is Not Red Tape. It’s Value Protection.

KEY TAKEAWAY

As financing tightens and enforcement sharpens, lenders and investors reward businesses that can show clean controls and reconciled records. Governance is what lets you borrow more cheaply and raise capital more easily than your competitors.

INSIDE THIS ISSUE

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01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. Tighter enforcement and scarcer, costlier capital are raising the bar on governance.

Why it matters. Weak controls now translate directly into losses, higher financing costs and lost confidence.

What to do today. Map who initiates, approves and records each key transaction — and separate those roles.

Biggest mistake. Assuming fraud "won't happen here"; most fraud is enabled by weak process, not bad people.

02 EDITOR'S NOTE

Welcome to this week's Outlier Brief. Governance is often treated as a compliance chore. This week we make the opposite case: sound controls are among the most valuable assets a business owns, and among the cheapest.

As lenders and investors look harder at how businesses are run, the firms that can demonstrate discipline will find capital cheaper and easier to secure. Our aim is to help you build that discipline before you need to prove it.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

- **The macro backdrop is improving — but governance still pays.** Inflation eased to 15.43% in July and reserves reached a 17-year high, yet lenders and investors increasingly price how well a business is run.
- **Governance is a value-protection system, not paperwork.** Good controls prevent the losses and disputes that slow a business far more than any process does.
- **Segregation of duties prevents most internal fraud.** No one person should initiate, approve and record the same transaction.
- **Reconciliations are your earliest warning system.** Regular, independent reconciliation catches errors and deters fraud before they compound.

04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (week of 17–22 August 2026).

INFLATION **15.43%** ▼ eased in July	POLICY RATE (MPR) **26.5%** ▬ held · MPC in Sept	NAIRA / US$ (OFFICIAL) **₦1,347** ▲ firming · 4-mth high
NAIRA / US$ (PARALLEL) **₦1,405** ▬ gap ~₦58	PETROL (PMS) **₦1,250** ▬ easing slows · crude up	BRENT CRUDE **$94** ▲ rising · Mideast risk
EXTERNAL RESERVES	TRADE BALANCE	FDI

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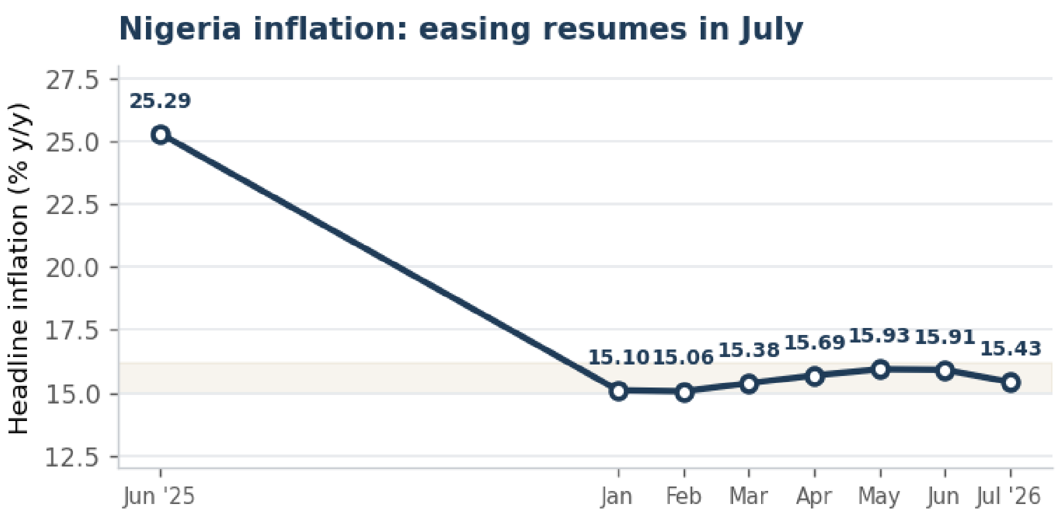
$52.3bn	₦7.55tn	$135m
▲ 17-year high	▲ surplus · Q1 2026	▬ Q1 2026 · 1.3% of inflows



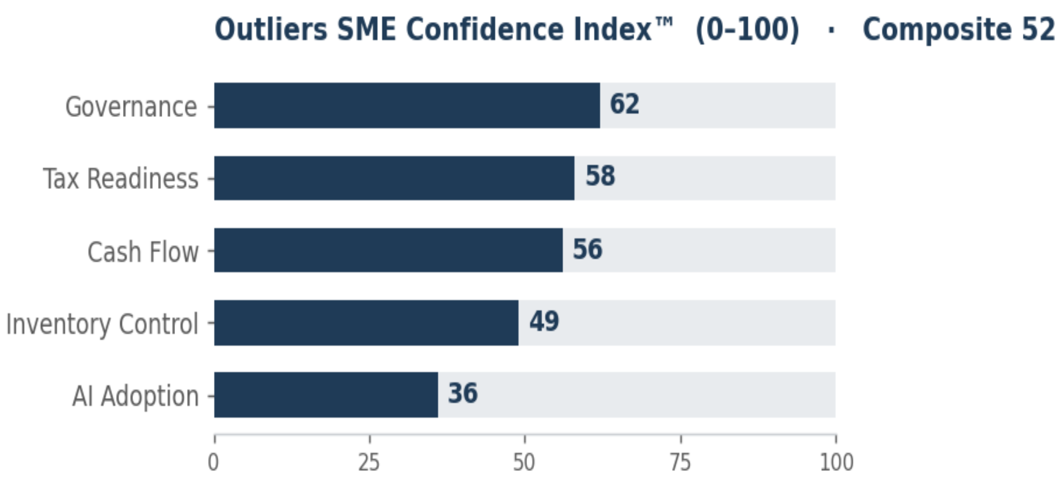
Actual NBS readings. Headline inflation eased to 15.43% in July, though food inflation rose to 20.31%.

05 THE NUMBERS BEHIND THE NEWS

> **THE COST OF WEAK CONTROL**
>
> Studies of occupational fraud suggest organisations lose around 5% of revenue to fraud each year. For a ₦2 billion business, that is roughly ₦100 million — usually invisible until controls are finally tested.
>
> The lesson: the cost of prevention — a few well-designed controls and disciplined reconciliations — is a fraction of the cost of a single undetected scheme. Governance is cheaper than its absence.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.



How to read the index: The Composite Index is the average of the five dimensions shown above. The underlying average is 52.2, rounded to 52.

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Governance recorded the strongest score at 62. However, the overall Composite Index stood at 52 because it reflects the average performance across all five dimensions — Governance, Tax Readiness, Cash Flow, Inventory Control and AI Adoption. Lower scores in Inventory Control and AI Adoption moderated the overall result.

> **WHAT CHANGED THIS WEEK**
> Governance strengthened to 62 as boards increased their attention to internal controls. When combined with Tax Readiness, Cash Flow, Inventory Control and AI Adoption, the five dimensions produced an overall Composite Index of 52. Cash Flow eased slightly under continued interest-rate pressure, while AI Adoption improved marginally but remained the weakest dimension.

07 FEATURE: GOVERNANCE THAT PROTECTS VALUE

Governance is often discussed as a compliance obligation. In practice it is a value-protection system. Sound internal controls do not slow a business down; they prevent the losses, disputes and reputational damage that slow it down far more.

The timing matters. As enforcement tightens under the new tax regime and financing costs stay high, lenders and investors scrutinise governance more closely. A business that can demonstrate clear controls, clean records and disciplined approvals borrows more cheaply and raises capital more easily than one that cannot.

The control basics that matter most

- **Segregation of duties.** No single person should initiate, approve and record the same transaction. This one principle prevents a large share of internal fraud.
- **Approval thresholds.** Define who can authorise what, and enforce it. Undocumented or informal approvals are where value quietly leaks.
- **Reconciliations.** Regular, independent reconciliation of bank and control accounts is the earliest warning system a business has.
- **Access and authority.** Review who can move money, change master data or issue credit notes. Dormant or excessive access is a standing risk.

Most fraud is enabled by weak process, not by criminal genius — which is precisely why process is where prevention pays off. Reluctance to take leave, resistance to oversight, round-sum payments and rising exceptions all warrant attention.

> **WHAT THIS MEANS FOR YOUR BUSINESS**
> If any single person in your finance function can initiate, approve and record a payment, you have a control gap that no amount of trust can close. Separate those duties this month; it is the highest-return governance change most businesses can make, and it costs almost nothing.

08 THE CONTROL CYCLE

The simplest, strongest control is to ensure that no one person owns a transaction end to end. Initiation, approval, recording and reconciliation should sit with different people — so that error and fraud require collusion, not just opportunity.

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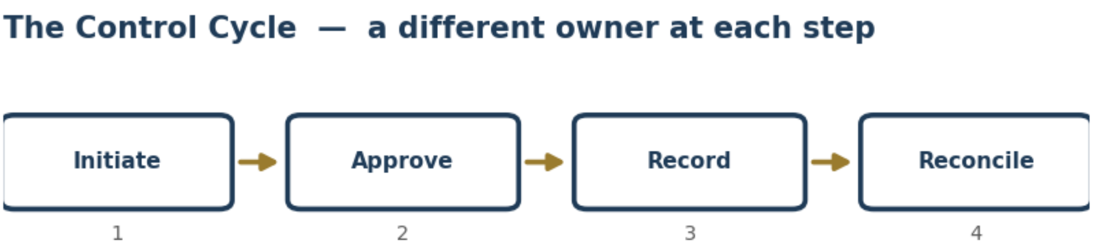

Four steps, four owners: the separation itself is the control.

09 OUTLIERS INTELLIGENCE™

ONE INSIGHT · ONE DECISION

The most effective fraud control most businesses own is one already on the org chart: separation of duties. It requires no software and no budget — only the discipline to ensure the person who approves a payment is not the person who records it.

The decision this week is to find one process where a single person spans initiation, approval and recording — and split it.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	**15.43%**	Impacts pricing power and real purchasing power
Policy rate (MPR)	**26.5%**	Sets the cost of borrowing and financing gaps
Naira / US$ (official)	**~₦1,347**	Drives the cost of imports and foreign obligations
Naira / US$ (parallel)	**~₦1,405**	Signals retail FX pressure and demand
Petrol (PMS), pump	**~₦1,210–1,275**	Feeds logistics, energy and distribution costs
Brent crude, per barrel	**~$94**	Drives oil revenue, FX earnings and energy costs
External reserves	**~$52.3bn**	Signals currency stability (~11 months cover)
Trade balance (Q1 2026)	**₦7.55tn**	A trade surplus — exports well above imports
FDI (Q1 2026)	**$135.1m**	Direct investment — a small share of capital inflows

11 WHAT WE'RE SEEING

Across the Nigerian market this month, governance patterns are visible among small and mid-sized businesses — shared at market level, without reference to any individual client:

- Payments approved informally, with little documented authority.
- Single-person finance functions where duties cannot be separated.
- Dormant system access left open long after roles have changed.
- Bank reconciliations performed late, or by the person who posts the entries.
- Boards asking, for the first time, to see a controls self-assessment.

12 FINANCE SCHOOL

LESSON 3 OF AN ONGOING SERIES

Working capital is the fuel tank of the business.

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> Working capital — receivables plus inventory, less payables — is the money tied up in simply running day to day. Too little, and the business stalls mid-operation; too much, and cash sits idle earning nothing while financing costs accrue.
>
> The skill is calibration: enough to operate smoothly, no more than necessary. Watch the three components together, because a fall in one often hides a rise in another. Next lesson: budgeting — turning intention into a plan.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 3 OF AN ONGOING SERIES

AI for anomaly detection and controls

AI's third role in finance is watching for the unusual. Analytics tools can scan every transaction — not just a sample — to flag duplicate payments, round-sum anomalies, out-of-pattern vendors and access that does not fit a role, surfacing exceptions a human reviewer would never have time to find.

This strengthens controls but does not replace them. The tool raises the flag; a qualified person still judges what it means. And confidential data belongs only in secure, business-grade systems, never in public tools.

> TOOL OF THE WEEK
>
> ### Approval-Workflow & Controls Tools
>
> **Examples.** Built-in approval workflows in cloud accounting and ERP systems, plus dedicated controls and audit tools.
>
> **What it does.** Enforces who can approve what, records an audit trail automatically, and blocks transactions that skip a step.
>
> **Who should use it.** Any business relying on informal or verbal approvals for payments and purchases.
>
> **Common mistake.** Configuring the workflow, then granting override rights so widely that the control is meaningless.
>
> **Cost consideration.** Often already included in your accounting or ERP subscription — the cost is the discipline to switch it on and enforce it.
>
> **Business benefit.** Fewer errors, a clean audit trail, and controls you can evidence to lenders and regulators.

14 PRACTICAL TOOLKIT — INTERNAL CONTROLS CHECKLIST

Work through these this week. Each item closed is a risk removed.

- ☐ Map who initiates, approves and records each key transaction.
- ☐ Identify at least two duties that are not adequately separated.
- ☐ Review who can move money or change master data.
- ☐ Reconcile bank and control accounts independently of the person who posts them.
- ☐ Check payments and vendor data for common fraud red flags.
- ☐ Confirm approval thresholds are documented and enforced.

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☐ Review and remove dormant or excessive system access.

15 COMPLIANCE WATCH

- **This month.** With August VAT and PAYE due in September, reconcile control accounts now so the filings are clean.
- **Directors' duties.** Under CAMA 2020, directors carry statutory duties of care — sound records are part of meeting them.
- **Records.** Ensure statutory records and registers are complete and retrievable, not merely filed away.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

A growing services firm discovered a pattern of small, round-sum payments to an unfamiliar vendor — approved and recorded by the same staff member, with no independent check.

By separating approval from recording, introducing monthly independent reconciliations and reviewing vendor master data, it closed the gap and recovered oversight. No dramatic fraud had occurred — but the door had been open, and the fix cost nothing but discipline.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

Every business should run a one-page internal-controls self-assessment each quarter — listing key processes, who performs each step, and where duties are not separated. Fixing even two or three gaps materially reduces risk and signals to every stakeholder that the business is well run.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. Can any single person in your business initiate, approve and record a payment on their own?

Boardroom question. Which control, if it failed tomorrow, would cause the most damage — and when did you last test it?

19 THE OUTLIERS PERSPECTIVE

Governance is quiet by nature: its return is the crisis that never happens, the fraud that is never possible, and the lender who says yes. That invisibility is why it is so easily neglected — and why neglect is so costly.

Treat controls not as a constraint on the business but as the infrastructure of trust it runs on. Businesses that build them early rarely regret it; those that skip them usually learn why the hard way.

20 CLOSING INSIGHT

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Businesses rarely fail because they lack effort. More often, they fail because value leaked away through gaps no one was watching. Strong governance is simply the decision to watch — and it is the cheapest insurance a business can buy.

> **YOUR MOVE THIS WEEK**
>
> Complete the Outliers Controls Self-Assessment this week to find your gaps before anyone else does — or book a 30-minute governance review. outlierspro.com · Lagos | Abuja.
>
> Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.

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