

**INTEGRATED PERSONNEL PAYROLL AND  
INFORMATION SYSTEM (IPPIS) ADOPTION AND  
PAYROLL SYSTEM IN NIGERIA**

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**BEING A RESEARCH REPORT SUBMITTED TO THE  
DEPARTMENT OF ACCOUNTING IN PARTIAL  
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD  
OF BACHELORS OF SCIENCE (B.SC) DEGREE IN  
ACCOUNTING**

**JULY, 2021.  
DECLARATION**

I **Ezeokonkwo Chukwuebuka Prince** do hereby declare that the project is entirely my own work and composition. All reference made to work of other persons were duly acknowledged.

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**Ezeokonkwo Chukwuebuka Prince**

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**Date**

## CERTIFICATION

We the undersigned certified that Ezeokonkwo Chukwuebuka Prince carried out this work in partial fulfillment of the requirement for the award of Bachelor of Science Degree (B.Sc.) in Accounting.

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**Date**

## **DEDICATION**

I dedicate this project work to Almighty God who saw me through this program and preserved all that concerns me.

## **ACKNOWLEDGEMENT**

I wish to express my profound gratitude to Almighty God for His mercy and protection throughout my study period. I am also grateful to my supervisor Prof E.O. Eiya for the fatherly role he played throughout my project supervision, I want to say thank you Sir for being there for me.

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## ABSTRACT

The main objective of this study is to examine the impact of IPPIS adoption on the payroll system in Nigerian civil service. The specific objectives are to; ascertain the number of staffs of MDA of the federal government that has enrolled in IPPIS; to ascertain the impact of IPPIS adoption on ghost workers syndrome in Nigerian civil service and to ascertain the effect of IPPIS adoption on gathering of information for personnel cost planning and budgeting in Nigerian civil service.

Data were collected through primary and secondary sources. The survey data were obtained from 100 respondents using a designed questionnaire. Chi square ( $X^2$ ) was used to compare the frequency data and to calculate the potential risk factors. From the study we found that 559 MDAs have been enrolled on the IPPIS platform as of January 2021 which comprises 368,351 public servants. IPPIS adoption has a positive relationship with the gathering of information for personnel cost, planning and budgeting and the reduction of ghost workers syndrome in Nigeria civil service. This study concludes that IPPIS has greatly succeeded in minimizing the leakages and wastages, and as well succeeded in minimizing payroll fraud in the Nigerian Federal Civil Service, thus enhancing service delivery. It is recommended that government should embark on monthly payroll and personnel audit/review to ensure authentic and accurate data required for reliable payroll process. Payroll presentation for all civil servants should be centralized and individual staff records should be centrally and safely kept with relevant accounting packages.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

There have been lapses in civil service due to prolong military rule before the democratic governance which started in 1999, the crucial challenges the administration encountered, had to do with the civil service reform and restructuring of corrupt practices in the public management, which had caused deterioration of governance in Nigeria. The administration identified some aspects of crisis as indifference to the norms guiding the code of conduct of public officials in combating corruption and also formulated reforms that can improve the public service efficiency and effectiveness these include civil service reform, pay reform, integrated payroll and personnel information system, public expenditure management reform, SERVICOM and service delivery, monetisation of fringe benefits, pension reform and statistical system reform and strengthen national governments through the education of local officials (Olaopa, 2008).

In October 2006, the federal government conceived the Integrated Personnel and Payroll Information System (IPPIS) to provide a reliable and comprehensive database for the public service to address ghost worker, to facilitate human resource planning, eliminate manual record and payroll fraud,

to facilitate easy storage, update and retrieve personnel records for administrative and pension processes, and facilitate convenient staff salary administration payment with minimal waste and leakage (Public Service Institute of Nigeria, 2011).

The former Nigerian minister of finance in February, 2011 revealed that the pilot implementation of the integrated personnel and payroll information system (IPPIS) in sixteen ministries, departments and agencies (MDAs) saved the nation over N12 billion between 2007 and 2010. This pilot implementation was necessitated considering the fact that government wage bill had constituted a huge chunk of recurrent expenditure at 58 percent of the annual budget (Idris *et al.*, 2015). More so, Dr. Ngozi Okonjo Iweala the Minister of Finance observed in 2014 that as part of measure aimed at cushioning the effect of drilling oil revenue accruing to the government resulting to 30 percent fall in the price of oil in international market, the government saved 160 billion naira by weeding out 60,000 ghost workers from the payroll. This is also excluding the 46,821 ghost workers identified in 215 ministries, department and agencies in 2013 (Idris *et al.*, 2015). Hence, the consistent staff screening in government ministries, departments, agencies both at the federal, states and local governments is the manifestation of the level of ghost workers syndrome in the public service. The Nigerian unemployment rate increased to 23.9 percent in 2011 from 21.0 percent in 2010, and averaged 14.6 from 2006. And in 2014, 80

percent of Nigerians were unemployed. More so, this affects the socio-economic fortunes of the citizens and the rate of corruption is obviously the causes of this trend compare to other nations such as China with 4.1 percent rate of unemployment, united kingdom with 5.5 percent unemployment rate and united states of America with 5.5 percent unemployment rate yet with low level of corruption (National Bureau of Statistics, 2015). For example the staff audit exercise conducted in federal capital territory in 2013 revealed that out of 26,017 on the payroll, 6000 were fictitious. Hence, the audit exercise further exposed the extent of monumental corruption, theft and financial irregularities that could be agreed if the electronic payroll system is fully implemented in the public service. Despite the provision of the financial regulations of 2009 part 1, which stipulates that all public servants shall have their salaries and allowances paid through a named banks on completion of Treasurer form , it is obvious that such provision is handicapped to empower the organizations to carry out a centralized payroll system (Idris *et al.*, 2015).

Though, Letswla and Egwemi (2013) noted that corruption did not begin today but ancient civilizations and traces of widespread illegality and corruption. Anwar (2006) sees local government created by federal government to draw administration closer to the people. The functions of local government fall under the efficiency service drive to remove the administrative bottleneck and bureaucratic complicities aimed at promoting governance, efficiency and

service delivery (Iseol-Orunkanmi, 2014). According to Idris *et al.* (2015), achieving this requires managing resourceful personnel through adequate reward system but ghost workers syndrome in recent time have threatened this objective hence the application of integrated personnel payroll and information system with the expository evidence being show cased of its efficiency in curbing ghost workers syndrome will serve as an antidote to addressing this negative trend. It is against this backdrop that this research is being carried out.

## **1.2 Statement of the Problem**

One of the biggest problems associated with the manual Payroll System was that government did not know the size of its workforce. Thus, some mischievous workers were collecting salaries from multiple pay points, for fictitious employees and of course workers collecting salaries when they are employed somewhere or not working with government. Therefore, the exact number of Personnel in MDAs being paid by in the Nigerian Federal Government cannot be easily ascertained due to non-availability of required and necessary information. Consequently, it has become difficult for government to have an accurate wage data for planning and budgeting purpose. The IPPIS project seeks to resolve this and also reduce the Federal Government expenditure on personnel cost. This is the thrust of this research

## **1.3 Research Questions**

1. How many staff of MDA of the federal government has enrolled in IPPIS?

2. What are the impact of IPPIS adoption on ghost workers syndrome in Nigerian civil service?
3. Is there any effect of IPPIS adoption on gathering of information for personnel cost planning and budgeting in Nigerian civil service?
4. What are the challenges facing the implementation of IPPIS in the Nigerian civil service?

#### **1.4 Objective of the Study**

The specific objectives of this research are to;

1. ascertain the number of staff of MDA of the federal government that has enrolled in IPPIS.
2. ascertain the impact of IPPIS adoption on ghost workers syndrome in Nigerian civil service.
3. ascertain the effect of IPPIS adoption on gathering of information for personnel cost planning and budgeting in Nigerian civil service.
4. analyse the challenges facing the implementation of IPPIS in the Nigerian civil service.

#### **1.5 Research Hypothesis**

Ho1: There is no staff of MDA of federal government enrolled into IPPIS.

Ho2: There is no significant impact of IPPIS adoption on ghost workers syndrome in Nigerian civil service.

Ho3: There is no significant effect of IPPIS adoption on gathering of information for personnel cost planning and budgeting in Nigerian civil service?

Ho4: There is no significant relationship between challenges of IPPIS and its implementation in the Nigerian civil service.

### **1.6 Significant of the Study**

This study would be a useful instrument to civil service commission as it will expose the relevance of IPPIS in addressing the problem of IPPIS adoption on gathering of information for personnel cost planning and budgeting and elimination of ghost workers in Nigerian civil service . More so, the findings and recommendation of this research will be of utmost importance to policy makers, government and private employees, development partners and potential researchers especially as it relates to addressing corruption in Nigeria, creating virile economy through improved and a well-motivated workforce and strategic employment generation.

### **1.7 Scope and Limitation of Study**

This study examines the impact of IPPIS adoption on payroll system in Nigerian civil service and the challenges facing its implementation. The study shall focus on Edo state civil service commission.

### **1.8 Definition of Terms**

There is need for us to have a clear understanding of some of the key words and terms that will be used in the course of this study.

i) **Payroll:** Payroll is the sum of all financial records of Salaries for an employee, wages, bonuses and deductions. In accounting, payroll refers to the amount paid to employees for services they provided during a certain period of time.

ii) **Personnel:** Personnel simply defined according to the Oxford dictionary is staff; persons employed in any work, especially public undertakings and the armed forces.

iii) **Biometric Data:** biometric data is simply Fingerprints and passports photographs captured during enrolment process.

## **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Meaning of IPPIS**

The Integrated Payroll and Personnel Information System (IPPIS) is information Communications Technology (ICT) based computerized Human Resource and accounting Management Information System project initiated by the Federal Government of Nigeria (FGN) to improve the effectiveness and efficiency of payroll administration for its Ministries, Departments and Agencies (Kaoje *et al.*, 2020). IPPIS provides a platform for computer application in government payroll management as it calculates each employees monthly basic pay, bonuses, arrears, national housing fund and pension contributions.

#### **2.1.1 The Origin of the Integrated Personnel and Payroll Information System (IPPIS)**

IPPIS is a product of the government initiated to turn around the dwindling performance of the public and civil service. In 1999, after the Nigeria's return to democratic rule, the Federal Government carried out a Public Service Reform (PSR) study and the result was the development of the National Strategy for Public Service Reform (NSPSR) in 2003 (Effiong *et al.*, 2017).

IPPIS was conceptualized in October 2006 by the Federal Government as one of its reform programs, to improve the effectiveness and efficiency in the storage

of personnel records and administration of monthly payroll in such a way to enhance confidence in staff emolument costs and budgeting (Kaoje *et al.*, 2020). It was also envisaged that the System will be implemented according to best practices obtainable in other parts of the world where Information Communication Technology (ICT) is used to improve management reporting. The Pilot Phase implementation financed by the World Bank commenced in February 2006 at the Bureau of Public Service Reforms (BPSR) upon the approval of the Federal Executive Council (FEC). While the project went live in April 2007 with seven (7) Pilot MDAs, its management was transferred to the Office of the Accountant General of the Federation (OAGF) in October 2008. The Pilot MDAs in which IPPIS was officially tested on are: Federal Ministry of Education; Federal Ministry of Transportation (Works arm); Federal Ministry of Finance; Budget Office of the Federation; Federal Ministry of Information; Ministry of Foreign Affairs; and National Planning Commission. Prior to their registration, the nominal rolls of the Seven Pilot MDAs submitted indicated 55,000 staff, hence World Bank paid for fifty-five thousand (55,000) licenses. However, after their enrolment into the Scheme, it was discovered that their total staff strength was 32,000, therefore additional eleven (11) MDAs were brought on board in July 2009 to optimize the 55,000 licenses purchased. The MDAs are: Federal Ministry of Transport; Federal Ministry of Health; Federal Ministry of Agriculture and Water Resources; Federal Ministry of Aviation; Federal Ministry of Petroleum Resources; Federal Civil Service Commission;

Federal Ministry of Works (Housing & Urban Development); Federal Ministry of Information (Communication); Office of the Accountant-General of the Federation; Office of the Head of Civil Service of the Federation; Office of the Secretary to the Government of the Federation. Having seen the benefits of the Scheme especially in the area of savings to the Government, the Federal Executive Council in its meeting on Wednesday 1st December, 2010 approved the enrolment of all MDAs that draw their Personnel Cost from the Consolidated Revenue Fund (CRF) into the Integrated Payroll and Personnel Information System (IPPIS) (Kaoje *et al.*, 2020).. The Phase II Service-wide implementation commenced under the platform of new Software called Oracle Application in September 2011 in batches and is being financed by the Federal Government of Nigeria. As at April 2018, 490 MDAs (including the Nigeria Police and Other Paramilitary Agencies) have been enrolled into IPPIS with total staff strength of over 700,000 employees (Kaoje *et al.*, 2020).

### **2.1.2 Challenges of IPPIS Implementation**

As noted by Mauldin and Ruchala in Kaoje *et al.* (2020), obvious challenges marred the effectiveness of IPPIS Implementation till date. However, some of these challenges were either as a result of the nation under development in terms of technological infrastructure and expertise or simply the unwillingness of the authority to fully carry out the implementation (Kaoje *et al.*, 2020). Some of the challenges enumerated by Ibrahim *et al.* (2017) and Kaoje *et al.* (2020)

are: Lack of sufficient skills transfer to government personnel which prolong consultants stay on the project, poor state of supporting infrastructure such as low internet penetration, technological barrier, problem associated with transfer of pay point due to the posting of employees from IPPIS MDA to non- IPPIS MDA, resistance from stakeholders which have prolonged implementation, etc. In addition, this paper posits that government lack of will and commitment to the accelerated implementation of this project is a major challenge.

## **2.2 The Nigeria Civil Service**

The Nigerian Civil Service has its origins in organizations established by the British in colonial times. Nigeria gained full independence in October 1960 under a constitution that provided for a parliamentary government and a substantial measure of self-government for the country's three regions. Since then, various panels have studied and made recommendations for reforming of the Civil Service, including the Margan Commission of 1963, the Adebo Commission of 1971 and the Udoji Commission of 1972-74 (Kaoje *et al.*, 2020). A major change occurred with the adoption in 1979 of a constitution modelled on that of the United States. The Dotun Philips Panel of 1985 attempted to reform to the Civil Service. The 1988 Civil Service Reorganization Decree promulgated by General Ibrahim Babangida had a major impact on the structure and efficiency of the Civil Service. The later report of the Ayida Panel made recommendations to reverse some of the past innovations and to return to the

more efficient Civil Service of earlier years. (Office of the Head of Service of the Federation, 2019) The Civil Service has been undergoing gradual and systematic reforms and restructuring since May 29, 1999 after decades of military rule. However, the civil service is still considered stagnant and inefficient, and the attempts made in the past by panels have had little effect (Murana *et al.*, 2015).

Adegbite in Kaoje *et al.* (2020) posits that Civil service is commonly used as the synonym of the Government machinery; this is so in Britain and most commonwealth countries of Sub-Saharan Africa. In British, civil service is used to refer to the body of permanent officials appointed to assist the decision makers (Kaoje *et al.*, 2020). According to the 1999 constitution, section 318 (1) civil service refers to service of the federation (state) in a civil capacity, staff of the office of the President, (Governor), the Vice President, (Deputy Governor), a ministry or department of the federation (state), assigned with the responsibility for any business of the government of the federation (state), (Kaoje *et al.*, 2020). Therefore, civil service in Nigeria comprises workers in the various ministries or departments apart from those who hold political appointments.

### **2.2.1 Public Service Reforms in Nigeria**

In any system or organisation where things are working out fine, infrastructures are current and up-to date, workers are not only hardworking but also sincere,

and there may not be need for any change,(i.e. change for good). Reform is a process of effecting change in order to make things better and reform does not apply to all manners of change. In order to be described as reform, an intervention must be planned and systematic and must produce a fundamental change involving innovation, modernisation and attitudinal reorientation in terms of value and service delivery (Agboola, 2016).

The federal government said the enrolment of all ministries, department, and agencies service workers into technology-based Integrated Personnel and Payroll Information System (IPPIS) has commenced. The Accountant General of the Federation, Ahmed Idris, said the enrolment would help address critical issues bedevilling the system. In Nigerian public service, there are some glaring inadequacies that reform has been formulated to address the ghost workers syndrome, falsification of certificates and to reduce an employee working in different places. These are among others that shown poor record management system, accounting for preponderance of ghost workers, weak accountability, in flawed and non-transparent procurement system, accounting, audit and budget procedures, ageing workforce, erosion of public service value, poor succession planning, and weak/inappropriate organizational structures (Olaopa, 2018).

The Integrated Personnel and Payroll Information System (IPPIS) is one of the Federal Government Reforms Initiative conceived to transform the Nigerian Public Service and make it more efficient and effective in service delivery. The

IPPIS initiative is aimed at improving the public financial management and providing a centralised payroll system in the country. IPPIS is designed to enroll into platform, all federal government ministries, departments and agencies, that draw personnel cost fund from consolidated revenue fund. The AGF said when fully functional, the system will help solve the challenges for lack of efficiency lack of central control, lack of central management and lack of reedition of figures. Besides, he said, the elimination of replacement of personnel costs in the country (Aganga, 2017).

The huge amount of ghost workers in the previous years is alarming and berating but IPPIS is only objective for pragmatic solution of ghost workers from the payroll system. For example, the federal government has recovered 23, 846 non-existent employees from its payroll said by Festus Akanbi, a special adviser to Finance Minister, Kemi Adeosun, consequently, the salary bill for February 2016 has reduced by 2.293 billion naira (10.5 million euros and to \$11.5 million) when compared to December 2015 when the BVN audit process commenced. He explained further that the ministry announced that it would undertake periodic checks and utilize computer-assisted audit techniques; the ministry was working with the financial crimes agency and the National Pension Commission to identify irregularities and the aim was to recover salaries and pension contributions related to the ghost workers in the service (Agboola, 2018).

Okonjo-Iweala (2011) agreed that the objectives of the IPPIS policy amongst others are to centralise payment of worker salaries, which stated as a means of facilitating convenient staff remuneration payment with minimal wastage, also to facilitate easy storage, updating and retrieval of personnel record for administrative and pension processing, it also enhance manpower planning and budgeting, it also ascertains actual personnel emoluments of the federal government employees.

She explained further that IPPIS has actually reduced corruption by virtually eliminating ghost-worker syndrome where applied, thereby reducing the cost of governance, since the inception of the policy in 2007 to December 2014, it saved government #185 billion representing the difference between the money that government would have released to MDAs based on their estimated nominal roll submissions and the amount actually paid through the IPPIS platform. A breakdown of this show that #416 million was saved in its first month of operation and at the end of three years #2 billion was realized. IPPIS has successfully enrolled 237,917 members of staff and wedded out 60,450 ghost workers. Furthermore, it reduced the red-tape involved in manual payroll in salary administration (Okonjo-Iweala, 2011).

### **2.2.2: IPPIS As Reform Strategy in Nigerian Federal Civil Service**

The Integrated Payroll and Personnel Information System (IPPIS) is a computerized biometric platform intended to provide a reliable and

comprehensive database of employees in the public service to facilitate manpower planning, and eliminate headcount and payroll fraud (El-Rufai, 2007). The Nigerian IPPIS project which started as a world bank-assisted programme under the Economic Reform and Governance Project (ERGP) was instituted to provide a reliable and comprehensive database for the public service, facilitate manpower planning; eliminate manual record and payroll fraud; facilitate easy storage, update and retrieval of personnel records for administrative and pension processes; and facilitate staff remuneration payment with minimal leakages and wastages (BPSR, 2019).

The IPPIS is one of the federal government reform programmes conceptualized as a central payment process for all civil servants on the payroll of the federal government, using the World Bank facility to finance the pilot phase. It was fully implemented consequent upon the approval of the Federal Executive Council in February 2006. The scheme was designed to improve the effectiveness and efficiency in the storage of personnel records and administration of monthly payroll in such a way to enhance confidence in staff emolument costs and budgeting (OAGF, 2017).

The project implementation commenced at the Bureau of Public Service Reforms before its management was transferred to the Office of Accountant-General of the Federation (OAGF) in October, 2008. The project indeed went live in April 2007, with seven pilot MDAs and later extended to additional eleven in 2009 to optimize the 55,000 licences (OAGF, 2017).

The IPPIS was approved by the Federal Executive Council (FEC) in February 2006, and implemented in phases. The first phase covering five MDAs and two central management organizations of the public service took off in April 2007 saving ₦416 million from the payroll of the agencies in its first month (El-Rufai, 2017).

It is however imperative to note that there exists a number of central personnel and technical support agencies that exercise oversight functions over the operations of personnel and payroll in the public service. These include: the Office of the Head of Service of the Federation, Office of Auditor-General of the Federation, Office of Accountant – General of the Federation, Federation of Civil Service Commission, and the Nigeria Information, Technology and Development Agency (El-Rufai, 2017).

Lamenting further on the ghost workers menace in the Federal Service, Aganga maintained that about 43,000 names on the payroll of some federal parastatals were not of existing human beings and this situation raised a said point in the waste that have plagued the Nigerian system. In expression of abysmal dismay, Aganga said successive governments have discovered ghost workers and expressed confidence in whatever steps they had taken that the matter had been nipped in the bud. Yet each new government discovers fresh ones. This is one of the reasons why critics say the federal civil service is bloated, and it also explains why federal government's recurrent expenditure is scandalously higher than its capital expenditure (The Greedy Ghosts, 2019).

Aganga (2019) further maintained that through the phantom workers, the Federal government was losing ₦12billion annually. The ghost workers formed part of the employees on the nominal payroll of the Federal Government. He lauded that the personnel cost of government had risen steadily every year. For instance, between 2009 and 2010, the personnel cost rose from ₦ 850 billion to ₦ 1.3 trillion, and this represented more than 50 percent of recurrent expenditure of government (The Greedy Ghosts, 2019).

Interestingly, the problem of ghost workers is not limited to the federal government alone. Akinya, who was the Registrar and Chief Executive Officer, Institute of Supervision and Leadership, said that about 40 percent of salaries and wages paid by the private and public sectors in the country are paid to non-existing staff annually (The Greedy Ghosts, 2019).

The ugly menace is recorded even at the state level of government. It was noted that in early 2010, the Niger State Government discovered 2,300 ghost workers in its payroll, after it introduced the biometric data exercise. According to Ibrahim Matene, the Head of service in the state, his office was still working hard to verify the identity of another 4,700 names said to be missing from the list compiled by the MDAs in the state. In the same vein, Kebbi state had pulled out the names of 6,000 ghost workers in 2009, and through this arrangement, government had saved over ₦ 200million.

Similarly, in the same year 2009, Ondo State Government said it was losing ₦ 10 million to ghost workers every month. The same menace was

experienced by Ekiti State government, where the Executive Council had decided to also computerize the public payroll system. The state Commissioner for Information, Mr. Fola Adewusi said the exercise would assist the state to determine its actual workforce, and lamented that government was concerned that people were retiring and leaving the service, but the amount of salaries paid to workers was not reducing (The Greedy Ghosts, 2019).

While other states were crying woe of ghost workers menace, Governor Adams Oshiomhole of Edo State was celebrating his victory over ghost workers and ghost pensioners in the state. According to Oshiomhole at the Edo State Technology Day in Benin, “with the automation of our staff and pension payroll, the administration has discovered the nature and scale of abuses entrenched in the management of the staff and pension payrolls. The Edo State administration has largely eliminated the leakages, while it has made substantial financial savings” (The Greedy Ghosts, 2019).

According to Bright Okogu, the Director-General (Budget Office of the Federation), the war against ghost workers in the Federal Service was a committed one engaged by the Federal Government. Okogu said that the electronic data capturing system is part of the present administrations strategy to stop wastages, particularly through leakages in the system as a result of significant losses in salaries and pension payments to ghost workers and retired employees in the Federal Civil Service. He further maintained that the implementation of the IPPIS in the country had as at December, 2010 helped

reduced the number of ghost workers on government payroll by over 7,000 (IPPIS, 2019).

Apart from helping government update its data and records for proper planning, the e-payment policy had been widely acknowledged as a positive step to stem corruption, reduce administrative hostage taking, associated with payment to individuals and contractors, as well as facilitate a more transparent payment system that allows for effective monitoring. (IPPIS, 2019).

Since the implementation of the IPPIS project, the successes recorded by the scheme include:

- Streamlining of payroll and personnel process;
- Personnel budget was then based on actual and not on the usual estimates;
- Prompt deduction and remittance of funds to all third parties (funds such as, the Pension Fund Administration, National Health Insurance Scheme, etc);
- Saving of funds made from the ghost workers syndrome in the Nigerian public service, for example, the federal government made a savings of ₦4.4 billion in the 2007/2008 fiscal year under the IPPIS project. This amount represented the difference between the budgeted personnel cost estimate by seven MDAs and the actual paid as personnel costs between the period under reference (BPSR 2019).

While tracing the challenges facing the country's economy, the chairman, House of Rep. Committee on Finance, John Owan-Enoh identified ineffective

payroll management system as a clog in the wheel of progress. He regretted that lack of automated payroll in the past paved way for huge wastage of public funds through ghost workers; and that with the introduction of IPPIS, there was high hopes for prudent and efficient fiscal management. Owan-Enoh however cautioned that the effectiveness of the IPPIS will be measured by how much the government has been able to save through the AGF initiative (IPPIS, 2019).

Emphasizing the benefits of IPPIS project to the Federal civil service, the then Finance minister, Olusengun Aganga (2017) said the reform programme was instituted to block leakages, ensure discipline and transparency in public financial management, particularly as it affects personnel costs. The impact of the successful implementation of IPPIS project was anticipated to be far-reaching, while the benefits of IPPIS would be patently clear: It was a vital tool in the package of reforms, aimed at helping the country achieve economic growth and development (Aganga, 2018).

The IPPIS system when fully operational was expected to sanitize government parastatals that were infested with the menace of ghost workers. Although the social problem was not limited to the central public sector of the Nigerian economy alone; available records have indicated that there were about 6,000 ghost workers in the Federal Capital Territory, and four in Aso Rock. Raising the alarm, the Minister of the Federal Capital Territory, Nasir El-Rufai said that ghost workers on the public service were increasing at geometrical progression (SystemSpecs, 2018).

While signing a world Bank sponsored \$54.9million (₦622million), contract agreement between the Federal Government of Nigeria through the Bureau of Public Service Reforms (BPSR) with the SystemSpecs Consortium for the provision of an Integrated Personnel and Payroll Information System (IPPIS) for the public sector, El-Rufai noted that ghost workers operating in government agencies would no longer outwit the long arm of the law with the introduction of the new technology. According to him, the software would ensure that database details of every worker including the fingerprint would be captured, and that by this approach, government was confident that the country would have a better public service that would be more focused (El-Rufai, 2011). El-Rufai however expressed dismay that there were 26,017 employees in the nominal payroll when he came into office but after staff auditing, the number came down to 19,000, indicating that about 7,000 out of employees accepted on assumption of duty were ghost workers (SystemSpecs, 2018).

The goal of IPPIS is to procure and implement a system that would improve effectiveness and efficiency in government transactions; enhancing confidence in payroll costs and budgeting, and also greatly improve management reporting and information; and the system would ensure that data gathered and migrated to the new system were accurate and valid (Proshare, 2018).

The Punch Newspaper (2011) reported that in March 2001, Nigeria lost ₦6.4 billion to ghost workers and this was due to emoluments paid to about

5,000 fictitious names on the Federal government payroll. In 2010, it was also revealed that the Nigeria police force had on its payroll, about 107,000 ghost workers, according to World Bank Report in 2001, quoted in the same editorial (Punch, 2019). The report showed that this category of staff were those who had more than one job in the public sector, staff who enjoyed levels of pay or allowances greater than their entitlement; staff who were on temporary absence and yet continue to draw salary; and staff who had been either transferred or retired (The Punch Newspaper, 2019).

Furthermore, in February 2011, it was reported that the Federal Government discovered 37,000 ghost pensioners. Also, according to the report of Senate Ad-hoc Committee on the administration of pensions in the country, between 2005 and 2011, a total of ₦1.025trillion was received by all pension offices, but only ₦751.444billion was spent within the period, leaving a balance of ₦273.556billion. According to Senator Kabiru Gaya, Co-Chairman of the Senate Ad-hoc Committee, about N1.76billion earmarked for the settlement of the families of dead pensioners was diverted by the Office of the Head of Service to recurrent expenditure. The report indicted the members of the Pension Task Team of fraud, embezzlement, misappropriation, misapplication, illegal virement, contract splitting, and award of contracts without appropriations, and outright stealing of pension funds (Uhara, 2018).

The Federal Permanent Secretaries at their recent retreat in Calabar, lauded the IPPIS project, emphasizing that it will be of immense benefit to both

the government and the public servants. They urged the federal government to ensure its conclusion and sustainability by providing servants who will run the installed system after its eventual completion (The Nation, 2019).

Giving progress report on IPPIS project in Abuja at the Ministerial platform to commemorate the 2012 Democracy day and one year anniversary of President Goodluck Jonathan's administration, the Minister of Finance, Ngozi Okonjo-Iweala said that ₦14.2 billion was saved on personnel cost. As at April 2012, about 94,299 public workers were captured on IPPIS in 75 MDAs (Okonjo-Iweala, 2018).

On the contrary, the implementation of the IPPIS project was resisted by the Federal Universities. The unions of the Federal Universities resisted the introduction of the IPPIS in the institutions of higher learning. Whilst an audit report reveals that the Federal Government spends ₦184.4billion annually to support the Federal Universities in Nigeria, ₦167.4billion was spent on personnel costs alone, and the remaining ₦17billion only was left for capital projects (Agoha, 2018). This is not a healthy economic environment as the capital vote was by convention supposed to be higher than the personnel cost. The situation rather suggests that something was wrong with the payroll system in existence that needed to be addressed.

In addition, the Director-General of the Bureau of Public Service Reforms (BPSR), Abah (2017) announced that IPPIS as a tool of the anti-corruption effort of the Federal Government had saved the country ₦160billion

since 2011. He reiterated at the commemoration of the International Anti-corruption Day in Abuja, that the improvement in the ratings of Nigeria in the Transparency International corruption index was an indication that the country's fight against corruption was on course. The minister of Finance, Okonjo-Iweala (2018) speaking on the spate of IPPIS maintained that a total of about 46,821 ghost workers had been identified; and that it was also discovered that out of about 10,000 workers employed by the Federal Ministry of Works, 5,167(52%) were ghost workers. She reiterated that some 71,000 fake pensioners had been removed from the pension payroll of the Federal Government.

States also had their own share of ghost workers. Kaduna state reported 9,000 ghost workers on its payroll in 2012; Oyo State 7,000; Abia State 1,727; and Kebbi State, 2,800. Some staff on salary G.L 08 were receiving salaries meant for Grade level 16 officers; others with primary school certificates were retired on Grade Level 14 (Okonjo-Iweala, 2018).

Furthermore, commenting on the spate of implementation of IPPIS, the minister said that time was overdue for the whole MDAs in the Federal Service to have enrolled with IPPIS. She further maintained that the phenomenon of ghost workers had persisted owing to the lackadaisical attitude to the IPPIS. The minister further posited that accounting officers and their approving authorities in the MDAs must be held responsible for the ghost workers on their payroll, and that the ghost workers menace had cost the nation a staggering sum of ₦118billion. This situation compelled President Goodluck Jonathan to direct

that all the Federal government Agencies which were funded through the budgetary provisions should enroll on the IPPIS on or before December 31, 2013 (Aji, 2018). The hanging question was that, what sanction has the Federal Government inflicted on the erring MDAs for non-compliance with the executive directives since inception of IPPIS. In order to ensure wholesome implementation of IPPIS in all MDAs, a statute compelling IPPIS implementation must be put in place with its attendant sanctions for non-compliance. This enforcement measure would ensure wholesome compliance to IPPIS implementation in all MDAs in the Nigerian Federal Civil Service.

### **2.3 IPPIS and E-Payment System**

A simple basic definition of payment is exchange of monetary value for the receipt of goods or services. Kaoje *et al.* (2020), defined e-payment as one in which monetary value is transferred electronically or digitally between two entities as compensation or consideration for the receipt of goods or services. The e-Payment system simply put is the electronic system of payment. Despite the provisions of the Financial Regulations, Part 1, (1503) (i) which stipulates that all public servants shall have their salaries and allowances paid through named banks on completion of Treasury Form, which encourages e-payment transaction, it is obvious that such provision is handicapped to empower the organizations to carry out a centralized payroll system (Effiong *et al.*, 2017; Ibrahim *et al.*, 2017). To address this challenge, Nigeria government through

the CBN has issued policy directive on e-payment. The government has provided regulations and gone as far as providing the necessary infrastructure whenever it is lacking. Guidelines were issued to banks and other individuals to innovate and support electronic payment system (Ibrahim *et al.*, 2017). Some of the Information and Computer Technological-based banking services available in the country include the personal computer banking, telephone banking, internet, electronic card (credit card), the Automated Teller Machine (ATM), among others. Adoption of IPPIS by the Federal Government further demonstrates the government resolves to promote e-payment in Nigeria (Ibrahim *et al.*, 2017).

#### **2.4 NUMERICAL STRENGTH OF NIGERIA MDA STAFF ENROLLED IN IPPIS**

According to Punch report (2019), the Federal Government says it has so far enrolled 368,351 public servants on the Integrated Payroll and Personnel Information System as mentioned by the Acting Head of Civil Service of the Federation, Dr Folashade Yemi-Esan, when she appeared before the House Committee on Public Service Matters to defend her office's 2020 budget proposal. In a separate report, the Nigerian minister of finance, budget and national planning, Mrs Zainab Ahmed disclosed that over 90,000 of member of the Academic Staff Union of Universities have enrolled into IPPIS (Vanguard, 2020). As of January 2021, 559 MDAs' had been enrolled on the IPPIS platform (F.Y. Esan, Head of civil service of the federation).

The Federal Government for long period had no accurate and reliable data on personnel in the Federal civil service and led to inaccurate budgeting for

recurrent expenditures and other limitations. Federal Government in their bid to reduce and possibly eliminate these problems emanating from inaccurate budgeting introduced the Integrated Personnel and Payroll Information System (IPPIS) which are been implemented in phases. Nigeria In 1999, returned to democratic rule, resulting in government embarking on Public Service Reform (PSR) which resulted in the development of the National Strategy for Public Service. The public service reform was to be carried out in four cardinal programmes described as four pillars of NSPSR ( National Strategy for Public Service Reform). Out of the four pillars three was aimed at implementing a public financial management reform to achieve strategic, efficient and effective mobilization, allocation and use of public resources, fiscal discipline, transparency, integrity and accountability through timely reporting. Chiejina (2019) further stated that to achieve this pillar, the Government Integrated Financial Management Information System (GIFFMIS) and the Integrated Personnel and Payroll Information System (IPPIS) were created. They are digital-based programmes aimed at Public Financial Management (PFM) and the Human Resource and Payroll issues at the federal level.

Therefore, IPPIS is a type of identity system management geared towards providing a centralized database in supporting personnel planning and decision making, automated storage of personnel records to aid staff enrolment, and monitoring against budgeting and prevention of wastages and leakages based on factual personnel records and information ([www.oagf.gov.ng/IPPIS](http://www.oagf.gov.ng/IPPIS)).IPPIS is designed to captures facial images, finger-prints of government employees, and stored in a digitalized data-based library which can be accessed with authorization anywhere. IPPIS was a reform initiative conceived to position the public service for improved efficiency and productivity. It was deployed in 2007 with seven pilot Ministries, Departments and Agencies (MDA) and had

been expanded to cover 506 MDAs with total staff strength of 344,625 as at September 2018.

## **2.5 EFFECT OF IPPIS ADOPTION ON GATHERING OF INFORMATION FOR PERSONNEL COST PLANNING AND BUDGETTING IN NIGERIA**

Prior to the adoption of IPPIS in Nigeria, warrant for the monthly salaries of the ministries, departments and agencies ( MDAs’) were issued by the budget office of the federation to the accountant general of the federation. The warrant which must be signed by the minister of finance serves as authority to the accountant general of the federation to disburse monies specified from consolidated revenue fund for the purpose of carrying on the services of government ( Aji, 2013).

During that period payroll accounting was done manually without the aid of computers, accountants invested a lot of time and energy in keeping track of all employees data, files and information, calculating monthly salaries, hourly remunerations, bonuses, benefits and other deductions. All these were done by keeping numerous files filled with track records for each and every employee( Adrian, 2010). Although there are some MDAs’ that made use of computers for accounting records but government still observed gross inadequacies in the payroll and personnel records in public service. Hence, the federal government of Nigeria was concerned on the reformation of the Nigerian public service which one of them is the IPPIS (Okonjo Iweala, 2013).

Presently, the personnel cost of the MDAs’ that have been enrolled into IPPIS are no longer credited into their MDAs’ accounts; instead, their personnel cost are now with the Central Bank of Nigeria (OAGF, 2013). The office of the

accountant general of the federation took over the responsibility of IPPIS since 2008 and for the fact that the personnel costs are now centralized, it is now easier for the OAGF to monitor fund (OAGF, 2013).

The purpose of this reform is to curb fraud in the Nigerian public service. Obaro, (2006) asserted that except the public servant staff records are computerized, the fight against ghost workers will achieve limited result. Aganga (2011) also pointed that the implementation of IPPIS was part of the efforts to reduce recurrent expenditure of the government in particular personnel cost which represent more than 50 percent of recurrent expenditure. IPPIS which is biometric, is a system where the data of every employee of government has to be captured and payment is made directly into their bank account (Obaro, 2006).

According to World Bank (2010), the purpose of IPPIS was to procure and implement and integrate solution that would improve the effectiveness and efficiency in transactional services, enhance the confidence in payroll costs and budgeting and greatly improve management reporting and information.

Dankwambo (2010) stated that the concept of IPPIS is based on Government public sector reform initiatives, a component of Government integrated financial management information system (GIFMIS) and it is meant to focus mainly at ensuring effectiveness and efficiency in storage of personnel records and administration of monthly payroll. He explained that workers on IPPIS now collect salaries on or before 20<sup>th</sup> of each month wherever they are located in the country on time.

According to Okonjo Iweala (2013), IPPIS was part of the reform measures aimed at ensuring transparency and accountability in the management of government resources.

IPPIS enhances efficient personnel cost planning and budgeting as personnel cost will be based on actual verified numbers and not estimates.

Otunla (2013) confirmed that IPPIS has led to the streamlining of personnel process and payroll.

## **2.6 Comparative Studies on Personnel and Payroll Control Reforms:**

We can at this juncture examine comparative experiences of reform systems in other countries of the world.

### **2.6.1 Uganda:**

Uganda has established similar institution akin to IPPIS christened "Integrated Personnel and Payroll System" (IPPS). The IPPS was created by the Public Service Reform Programme under the Ministry of Public Service. The public service reform system in Uganda has been so recognized that a special ministry has been created to man its affairs. The Ugandan IPPS is intended to standardize pay and pension business process; and also to help strengthen accountability and control by improving the management of public service work-force. The Ugandan IPPS is an enterprise-wide integrated, computerized and efficient human resource management information system that would be used by MDAs and Local governments to undertake human resource management activities from recruitment to separation, including payroll and pension processing. The IPPS is designed to make use of modern information and communication technologies to help the government manage the public service human resources more efficiently and effectively (IPPS, 2019).

According to the Asst. Commissioner, Human Resources Management, Gorrette Sendiyona, (2011) the IPPS was to help strengthen accountability and control by improving the management of public service workforce and enhance payroll and pension controls.

The objectives of IPPS include:

1. To meet the government recruitments for strengthened accountability and control by improving the management of the public service workforce and enhancing payroll and pension controls.
2. To improve the quality of human resource information available to decision makers within the public service by implementing modern (world-class) systems that would support the information requirements of government.
3. To drive efficiency and consistency in payroll, human resource processing, reporting and standardize pay and benefits business processes.
4. To reduce duplication, paper flow and manual adjustments.

Sondiyona (2011) maintained that IPPS was being implemented in phases and the first phase that was already ongoing in eleven MDAs. These eleven (11) MDAs include: Ministry of Health; Ministry of Finance, Planning and Economic Development; Ministry of Education and Sports; Ministry of Public Service; Health Service Commission; Education Service Commission; Public Service Commission; Judicial Service Commission; Judiciary; Jinja Local Government; and Lira Local Government.

The first phase (pilot phase) started on 1<sup>st</sup> July, 2010 – 30<sup>th</sup> June 2011, and a rollout implementation (Phase 2-5) started on 1<sup>st</sup> July 2011 – 30<sup>th</sup> June 2015). At the end of these phases, the IPPS would have been implemented across all ministries, departments, agencies and local governments. The payroll system was to manage a civil service workforce of 391,635 employees. The Republic of Uganda had selected free balance to provide Integrated Personnel and Payroll System (IPPS) which is part of the public service Reform Programme (PSRP).

The government of Uganda had made great progress in public service reform through instrumentality of IPPS which has helped move the Ugandan reform agenda forward by streamlining and modernizing civil service management with proven technology (Sendiyona, 2019). Accordingly, the IPPS was to enable government of Uganda benefit the following:

- a) Develop processes that would maximize employee contributions; recruits, develop and train employees with the right skills and competence needed to match the changing demands of the business;
- b) Manage an increasingly diverse workforce with different career aspirations; design, implement, and manage reward and performance review systems to enhance performance of staff;
- c) Carry out human resource management;
- d) Adopt best human resource practices;

- e) Improve transaction processing through real time processing of HR transactions;
- f) Have better system controls and accountability;
- g) Allow for better analysis and take faster decisions;
- h) Provide early alerts to action officers at various stages of the HR processes;
- i) Improve reporting capacity in terms of the number and variety of HR related reports.

The Ugandan ideology of establishing the reform system is closely identical to that of Nigeria. Ugandan government has achieved remarkable results from the various initiatives which have been implemented under the Public Service Reform Programme (PSRP) aimed at improving governance in the public service. The quality of human resource management information system is a key determinant of government effectiveness. The capacity to effectively manage the public service and track accounts for employee costs enables government to achieve its national objectives of modernization; improved transparency; accountability; and service delivery (Sendiyona, 2018). Just like Nigeria, Uganda has started recording much success in the IPPS Reform system.

### **2.6.2 Ghana**

The global winds of reform system in the public service extended to Ghanaian Government in mid 1990s. Under the hitherto traditional manual

personnel and payroll administration, a lot of lapses and weaknesses were noticed, and there was a wide outcry from various quarters for improvement in service delivery. At that time, the quality, completeness, and accessibility of personnel paper records held at the centre and in ministries had declined to the point where key events in civil servants' careers were no longer properly documented by the employing authorities. (Griffin and Akota, 2018).

A public sector employee census conducted in 2003 reported that there was no single location where data was available for all employees paid by the government of Ghana's consolidated fund, nor there was adequate information available in the ministries. Many staff did not have personal files. Incorrect job titles were also common. In most MDAs, personnel issues were managed on a verbal rather than a documented basis. Lists of staff presented from ministry headquarters differed from those prepared locally, indicating a lack of control and the risk of ghost names on the payroll. There were weaknesses in the internal control system; failure to follow administrative procedures; poor record-keeping practices and collusion among civil servants; all contributed to payroll irregularities and fraud (CoEn Consulting Ltd. 2017).

To the credit of the government of Ghana, information about detected payroll irregularities have been available publicly for many years. For example, based on the Auditor-General's report of 1999, it was estimated that for every \$100,000 paid in personnel emolument in 1998, about \$5,000 (5.8%) was unauthorised payment (COEn consulting Ltd, 2017).The government had

acknowledged that the civil service has been weak and ineffective in delivering the nation's programme and development agenda. To rehabilitate the civil service, the Ministry of Public Sector Reform developed an ambitious and wide ranging programme to coordinate reform initiatives. Improved human resources management was seen as a basic condition for reform. The improvements needed include establishing a credible payroll system.

A key component of reform since the mid-1990s had been the Integrated Personnel and Payroll Database (IPPD) system, a centralised computer system intended to manage the payroll and handle personnel information for civil servants, teachers and health workers (Griffin and Akotia, 2018). The original IPPD system was supplied by CGI information system of Paris, France and implemented between 1993 and 1995. The methods used to gather data about civil servants under IPPD went live in a report published in March 1998 (Cain and Thurston, 1998). Data collection exercises had been carried out in 1987, 1988 and 1990 in connection with an exercise to review the pay and grading structure of civil service and control size of public service. The method used was to send out census forms with monthly pay vouchers to the pay points throughout the country, with instructions to pay officers, that the staff members who failed to complete the form would not be paid according to Griffin and Akotia, (2018).

This exercise flushed out some ghost workers, but the data gathered was not sufficiently accurate for personnel management purpose or for maintaining a ghost free payroll. Payroll transactions handled by IPPD system accounts for over 60% of all government expenditure. Government policy was to incorporate all public service organizations into the IPPD system, but it was recognized that fundamental changes were needed to improve financial management and at the same time allow the payrolls of the subverted organizations (military) to be free from direct central government control. Subverted organizations needed to control and validate their own recruitment and promotions while remaining within budgeted establishments. Reform of the pay structure of the civil service had also been necessary to solve a range of issues relating to levels, grades, distortions and inequities in grading and job classifications and provide a common framework across the civil service to enable proper analysis.

Payroll process of the IPPD system was under the control of the Office of the Head of Civil Service (OHCS). The Ministry of Finance and Economic Planning was directly responsible for preparing the annual human resources budget. With the ministry, the Controller and Accountant-General's Department (CAGD) prepares and administers the payroll. Finally, the Auditor-General audits the payroll and salaries before they are paid. A payroll verification exercise conducted in the early 2000 validated 310,502 public sector employees, excluding the military, casual labour and state owned enterprise which was

significantly different from the computerized government payroll of 320,466 employees, indicating a difference of 9,964, as ghost workers. The Auditor-General's report for 2003 shows a total of 391,573 on CAGD's payroll as at 31st December 2003, which is at variance with 400,000 in 2002 that presumably included categories excluded from the validation exercise. It was estimated that the ratio of the wage bill to current revenue is 35%, nearly twice that of Botswana and more than twice of Indonesia and Korea (Griffin and Akotia, 2018).

With no proper audit trail, it proved difficult to prosecute fraudulent cases. There was also lack of capacity to manage the system, with few trained operators and no documentation for procedures with the result that the government was dependent on consultant and third parties to support the system. In contravention to international good practices, the payroll system was managed by the same department (CAGD) that authorized payroll payments (Griffin and Akotia, 2018). There were other limitations, for example, any date could be entered and accepted for a date of birth, either in error or by default. The system would not allow full names to be entered, leading to truncations that resulted in confusion about individual's identity. An employee's status could be recorded as no longer active, but with no corresponding effective data. The system had a cumbersome - looking user interface and had poor generation functionality. The whole system had to be shot down for up to two weeks in

each month for anomaly and error checking using reconciliation reports. While post rigs, transfers and promotions could be entered in IPPD during the short down period, new entrants could not be entered (Griffin and Akotia 2018). Although the intention was to upgrade computer terminals, staff in IPPD Section drew attention to the age of their computer equipment, the slow operating speed and system's proneness to close down in the middle of an action. They noted that a search for an employee by name could take as long as ten minutes to complete on the older equipment. Finally, power outage was also of common place.

However, IPPD was a great improvement over the previous payroll system, because it provided in one place, detailed information about names, grades, salaries, location and area of responsibility of individuals. In any case, the reliability of that information was questionable. Much effort and ingenuity was exercised in keeping the system going and ensuring that the payroll could be run (Cain and Thurston, 2018).

Payroll information from the existing CAGD payroll system was used to populate IPPD. This covered about 292,000 employed in the civil service, Ghana Education Service (GES) and other agencies (Cain and Thurston, 1998). The old manual payroll system was known to contain a large amount of inaccurate data (Griffin and Akotia, 2018).

In 1998, the UK Department of International Development (DFID) began providing support to the government of Ghana to replace the IPPD system with IPPD2. The government provided the hardware including an IBM RS 60,000 computer. Data migration commenced from IPPD1 to the Oracle - based system, called IPPD2, and the test runs began to validate IPPD2 data again. In 2003, wrongful payments of unearned salaries amounted to \$3.25 billion, an increase of \$1.18 billion from 2002. The increase was mainly due to payroll fraud amounting to \$2,75billion detected by the Auditor-General (Griffin and Akotia, 2018). Payroll fraud in 2008 represented about 83% of the total personnel emoluments of the Ministry of Mines and Energy (Griffin and Akotia 2018). However, discussion continued with donors after 2000, and the work of replacing IPPDI with IPPD2 continued with donor support to improve on the noticeable lapses in implementation. The CAGD remained committed to IPPD2, but a new government which came into office in 2001, was more cautious about funding the project.

It was acknowledged that the lack of funding and the delays in procurement greatly affected outstanding work. Meanwhile, problems grew as the existing IPPD1 continued to be used to manage the payroll. Sometime in 2000, the system lost its analysis and reporting capacity. The system hardware was not supported by IBM after 2001. The IPPD1 tapes from the 1990s could no longer be read. This system's inadequate physical capacity led to the loss of

pension records. The entire payroll was housed on one server but there were inadequate contingency plans for system failure. The risk of breakdowns increased, and eventually, the network connecting MDAs to the central server failed (Griffin and Akotia, 2018).

Data had been integrated from IPPD1 to IPPD2 without data cleansing (Auditor – General’s report, 2013). As the Auditor-General noted, this implies that problems inherent in the old data have been carried over into the new system (Sottie, 2018). From 2017, being aware of the inaccuracy of the data, the Accountant-General’s Department began an exercise to verify the authenticity of data transferred to IPPD2. However, despite these efforts, lack of funding for network infrastructure, hardware, workstation and development of the IPPD2 system in MDAs meant that there was no significant progress on the IPPD2 project (Cain and Thurston, 2018).

The preferred approach was to stabilize the existing IPPD1 system, so that IPPD2 could then be deployed in phases, with IPPD1 and IPPD2 running parallel for some time. The phased approach includes:

- i) Phase 1: IPPD2 to go live with the functionalities of IPPD1
- ii) Phase 2: A full HR management system to include HR data collection and cleansing.
- iii) Phase 3: Inclusion of subverted agencies after successful live running of IPPD2 for some time.

- iv) Phase 4: Deployment of IPPD2 to all MDAs and regions not covered by the IPPD1 network.

Preference within the government of Ghana was to continue with IPPD1 rather than consider a less complex and cheaper solution. The Oracle-based IPPD2 offered a greatly enriched human resource management content. When the Audit service was added to IPPD2 in July 2006, there were far fewer complaints because of efforts that had been made to clean up data before running the payroll. The audit service was required to provide the Controller and Accountant-General with specific information about each employee that could be mapped to the IPPD fields. After data was loaded in IPPD2, exceptional reports were generated by the system so that data errors could be corrected.

All other MDAs were required to go through this process when they were migrated to IPPD2 in October 2006. The government's approach in implementing IPPD2 was first to get IPPD2 up and running, and secondly, to ensure that personnel and payroll data was accurate and verified. The change from IPPD1 to IPPD2 coincided with the introduction of a new salary structure for civil servants. This was necessary to remove inconsistencies in grading and job classifications and enable proper analysis of the civil service. All grades were placed on levels within a new Ghana Universal Salary Structure (GUSS). It was eminent that staff in the Ministry of Food and Agriculture suggested that

the records for many of the staff who had retired or had resigned from the ministry were erroneously migrated from IPPD1 to IPPD2. Some existing staff received no salary and had 'zero' pay slips. This may have been because internal checks built into IPPD2 found incorrect or incomplete data and prevented the salary from being paid (Griffin and Akotia 2018).

In summary, there were numerous discrepancies between names, dates of birth and dates of first appointment between the IPPD record and the evidentiary records kept on personnel files. OHCS registry files were found to be either incomplete or missing for individual civil servants. In 2004, the government of Ghana decided to rethink the project. The preferred approach was to stabilize the existing COBOL-based application of IPPD1 system so that IPPD2 could then be deployed in phases. Ultimately, IPPD2 would be integrated with other control systems such as financial management and audit. The system was intended to migrate from existing COBOL-based application (IPPD1) to Oracle HRMS (IPPD2). Functional requirements for IPPD2 were prepared through a consultation process; however, a significant omission was record management functionality (Griffin and Akotia, 2018).

A new scale for donors was agreed upon in May 2006, providing an opportunity to fast track IPPD2 implementation in the Ministry of Health so that IPPD2 would be used to pay health employees in June, 2006. When the Audit service was added to IPPD2 in pension information was derived largely from

the existing CAGD pension system. Personnel information was more of a problem and was collected from a variety of sources. Using personnel files as data of source was rejected at early stage because they were judged to be incomplete or missing, and because they did not cover non-pensionable posts. It was also felt that IPPD implementation would lead to an abolition of establishment files or at least a reduction of records held by the OHCS personnel registry.

The network infrastructure for the IPPD system was already out of data when IPPD was first implemented. It was soon evident that the operating system could not be connected to a large network in a secure way. The source code for application was not available, so programme could not be corrected or updated unless the supplier visited Ghana. Moreover, it was difficult to integrate this kind of software with a modern financial management system. The network cabling was susceptible to heightening strikes. There were no inbuilt controls to prevent overpayment or the duplication of records (Osei, 2018). In July 2006, there were far fewer complaints because of the efforts made to clean up data before running the payroll. All other MDAs were required to go through this process when they were migrated to IPPD2 in October 2006.

The change from IPPD1 to IPPD2 coincided with a new salary structure for civil servants. This was necessary to remove inconsistencies in grading and job classifications and enable proper analysis of the civil service. One of the greatest problems of IPPD2 system was its inability to capture and pay salary

arrears for teachers and the government staff, while migrating from IPPD1 to IPPD2 and also those that had completed their trainings. The problem arose not from the software but from customizing it to suit the Ghanaian situation.

The Controller and Accountant-General's Department (CAGD) then upgraded the national payroll database system to ensure the speedy payment of salaries of civil servants. The department revised the software of the Integrated Personnel and Payroll Database phase 2 (IPPD2) in October 2008 to accommodate the complex salary demands of the country's civil service (Sotie, 2018). According to Sotie, the Controller and Accountant-General revised and upgraded IPPD2 system christened IPPD3, to accommodate the current staff population and still have room for new staff.

However, according to the Chief Director of Ministry of Finance and Economic Planning (MOFEP), Cobbinah in 2008 maintained that the ministry was not going to use the IPPD3 to pay salaries until all outstanding issues were resolved. He wanted the outstanding issues to be addressed before the programme was fully implemented particularly the IPPD2 which was felt should be corrected before the transfer to IPPD3. A quality assurance team, made up of the unions, the MOFEP, and the CAGD was set up to sort out all outstanding issues with the IPPD3 before it would be used to pay salaries of all government employees (Sottie, 2018).

### **2.6.3 Tanzania:**

According to World Bank report (2012), by the late 1980s, Tanzania had experienced a decade of economic decline and deterioration of its public services. Public expenditure had expanded beyond what the government could afford. Civil administration was characterized by underfunding and overstaffing. Civil servants had become demotivated due to decreasing real incomes and political interference in appointments and pay decisions. Establishment and payroll controls had also deteriorated.

A Civil Service Reform Programme (CSRP) aimed at achieving a smaller, affordable, well compensated, efficient and effective civil service was launched in 1991. This initiative was followed by a second phase of reforms, the Public Service Reforms Programme (PSRP) in 2002. The PSRP includes a management information system component that aims at sustaining the establishment and payroll controls already in place and to provide relevant, complete, accurate and timely information to managers and administrators (World Bank, 2012).

The situation was that, the public service wage bill was largely out of control. This situation contributed to the country's fiscal instability and deficits. In response to this situation, Civil Service Reform Programme which was launched in 1991 was however ran from 1993 to 1999. To boost the action, the CSRP was supported by a range of donors, namely: The World Bank, UK

Department of International Development (DFID), the Swedish International Development Corporation Agency (SIDA), the Norwegian Agency for Development Corporation (NORAD), Finland Department for International Development Agency (FINIDA) the US Agency for International Development (USAID), the European Union (EU), the United Nations Development Programme (UNDP) the Swiss Agency for Development Corporation (SDC) and the Netherlands Organization for International Development Cooperation (NOIDC). The overall objective of the CSRP was to achieve a smaller, affordable, well-compensated, efficient and effectively Performing Civil Service.

The programme was implemented in two phases:

- Restoration of the structural preconditions to support fiscal stabilization measures, including removing ghost workers from payroll; retrenching staff where necessary; rationalizing the pay and grading system; and reinstating establishment and payroll controls.
- Institutional improvements, including a redefining the role of government; restructuring for organizational effectiveness and efficiency; outsourcing certain services; decentralizing service delivery and building managerial capacity.

It is also intended to support the modernization of information and communication systems in government office and to improve the quality of information. A new public service act was passed in April 2002. The Act

establishes the component agencies of the public service. The key stakeholders in the government's human resource management and payroll processes include: the Civil Service Department; the Ministry of Finance; employing Ministries, Department, and Agencies (MDAs); parent ministries for common cadres; service commissions; the office of the Controller and Auditor – General; the Councils and the Public Pension Fund.

Successful implementation of the plan will depend on several key changes in the administration of records services, including developing a records centre, analyzing records and information requirements in relation to redesigned personnel and payroll information flows, developing standards for managing personnel files and training registry, and National Archives staff in the management of personnel records (World Bank, 2012).

The Personnel Control and Information Systems (PCIS) project was initiated in 1995 as part of the public sector reform programme. The procurement process for the system began in 1999. Lawson and Oracle database run on window – based client server was selected as the most appropriate system. Weaknesses in control systems for keeping personnel records have made it difficult to audit the payroll because relevant documents were scattered in files in a variety of locations throughout government (World Bank Report, 2012).

When the PCIS project was initiated, an automated payroll system and several stand-alone databases supported different business processes such as

processing the appointment of new employees and managing establishment and retrenchment. These systems were not integrated, and as a result, there was often a duplication of effort in collection of data. Moreover there were inconsistencies in the data and the lack of a master file for each employee made verification difficult. A 1997 report by the International Records Management Trust on Personnel Control and Information System (PCIS) in the government of Tanzania made a number of recommendations concerning improvements to the way personnel records and information could be managed.

According to the World Bank Report (2012), specific achievements under the CSRP include:

- i. Reducing the total number of public service employees by approximately 27% from 335,000 in 1992 to 265,000 in 2002;
- ii. Establishment of effective controls on employment and wage bill. All recruitment and entries into the payroll were controlled. A central personnel database was established, together with a computerized payroll system (Funded by DFID);
- iii. Decompression of the civil service salary structure from a ration of 9 to 1 in 1992 to about 21 to 1;
- iv. Devolving of non-core and executive functions to autonomous agencies, local authorities, communities, non-governmental organizations and the private sector;
- v. Improving leadership management and governance capacity;

vi. Decentralizing, advising structures and reforming local government.

Despite these significant achievements, there were a number of outstanding problems confronting the PCIS which include:

- i. Recruitment and appointment into the public service were based not on competence but on availability of potential workers;
- ii. There were no established criteria for monitoring of vacancies;
- iii. Promotions were based more on longevity of service than on merit;
- iv. Movement of transfer from one job type to another took place indiscriminately;
- v. There were too many employment authorities for different cadres and among various agencies;
- vi. Customer care was not established;
- vii. Weak personnel data and information systems undermined the decision making process;
- viii. There was a lack of transparency in the operations of the kamati za ajita serikahiu (KAMUS), the service commission for operational employees that limited management effectiveness in employment decisions in ministries.

In order to combat these problems, a second phase to reform the Public Service Reform Programme (PSRP) was introduced under the CSRP. This reform programme (phase 2 of PCIS) was launched in 2000, and was to run

until 2011. It aimed at transforming the public service into a service that had the capacity system and culture for client – oriented and continuous improvement of services.

The aims of the next phase of the PCIS project include:

- i. To integrate the legacy payroll system with the PCIS.
- ii. To update the system architecture from client – server to web – server.
- iii. To complete and integrate performance management module into the PCIS.

With the exception of the records of recent retirees or terminations, PCIS records are active in the new system. Since April 2000, the data base has been growing at five percent per month, or by two million rows of data. It now occupies 268 gigabytes of computer space (World Bank Report, 2012).

The PCIS system is rapidly growing in size. The sheer volume of data has slowed data processing, updating and backing – up procedures. There was a danger that the volume would in future overwhelm the system, resulting in a system breakdown and data loss (Word Bank Report, 2012).

To prevent a long-term data archiving solution, the National Archives could be the valuable partner for the civil service department in developing long – term preservation of an access to PCIS records.

## **2.7 IPPIS and Journey so Far**

According to Idris, Adaja and Audu (2015) agreed that unemployment issues was sacrosanct of ghost workers syndrome as previous researches focused on the effects of unemployment but through the civil service reforms of how the implementation of IPPIS system in the ministries, departments and agencies has not been given imminence that is likely to be happen very soon, thus, creating a lacuna that needs to be filled by means of empirical study.

Enakireehi and Temile (2017) agreed that the Integrated Personnel and Payroll System is a good programme no doubt. The whole World is now in the era of technological knowhow and Nigeria cannot afford to be left behind. The Nigerian government regards the implementation of a computerized system as a the most critical component of addressing the huge amount of personnel cost and it will accelerate improvement of human management effectiveness, increase confidence in government payroll cost and expenditure management, improvement in overall management reporting and planning, etc. to an extent that it can be achieved, if adequate care is taken to ensure proper implementation of the programme in Nigeria also it will avoid infractions of regulatory bodies as a result of ghost worker as answer dimension of corruption especially in the Federal Inland Revenue Service (FIRS)

in Lagos State, Nigeria. Letswa and Ekwueme (2013) cited by Enakireehi and Temile (2017) noted that corruption and widespread illegality could be traced to ancient civilisation. The new public management theory has improved the

efficiency and effectiveness of public service have prompted human civilisation to adopt ways of eliminating or reducing widespread corruption and serve the electorate or society for good service delivery and optimum production. The reality and quantity of government payroll administration has vastly improved and it also increasing number of MDAs that are moving away from manual payroll administration and the MDAs has the necessary information for planning their personnel costs. IPPIS has actually reduced corruption by virtually eliminating ghost worker syndrome where applied, thereby reducing the cost of governance. The scheme has, from it launched in 2011 to February 2016 saved the government almost 385.5 billion naira when compared to December 2016 when the BVN audit process commenced (Agboola, 2018).

As earlier noted in the paper, serious challenges marred with the effectiveness of IPPIS implementation, however, some of these challenges facing IPPIS were uploading the check-off dues of the unions and cooperatives, some of the challenges stated by Idris *et al.* (2015), Mede (2016) and Enakirerhi and Temile (2017) were as a results of the nation lack behind in technological infrastructure and expertise in the field or the unwillingness of government to fully carry out the implementation of IPPIS policy, Lack of sufficient trained personnel, poor state of modern technological infrastructures and failure of electricity in the system In addition, this paper opines that government lack of will and solving

problems in practical not in theory, authorities in charge should be committed to the speeding implementation of this policy as a crucial challenge.

The full implementation of IPPIS will ensure the statistics of government bureaucracies are readily available with ongoing exercise, which is part of the cost-saving and anti-corruption agenda of President Muhammadu Buhari's administration, is key to funding the defect in the 2016/2017 budgets. The shortfalls delays and irregular payment of salaries will soon be a thing of the past in federal higher institutions as the federal government hooks them to the IPPIS to ensure prompt and regular payment of their staff. The military, unity schools and federal civil servants are already hooked to and enjoying the benefits of the scheme which ensures that computation and payment of wages, allowances and other emoluments are done centrally in Abuja, instead of locally in the respective institutions (Agboola, 2018).

The integrated personnel payroll and information system and government integrated financial management and information system have been able to underpin enhancing accountability and transparency in the management of government resources. The policy has drastically reduced corruption, government costs on personnel emolument, so the efficiency in transacting government business is also enhanced through IPPIS (Agboola, 2018).

## **2.8 Payroll Fraud**

Payroll fraud is considered as any arrangement by which an employee causes the organization to pay money via false claims (Marasco, 2017). Lomer (2018) argued that payroll fraud involves the stealing of organizations money using the organizations payroll system; and can be carried out by both management and regular employees.

Payroll fraud is a global problem especially in the less developed countries of the world where people see their official position as opportunities to make excess moneys. Those in the payroll section employ all sorts of techniques to ensure that they perpetuate fraud without the notice of their employer. It is a malaise which has adversely affected smooth administration in all the levels of government-federal, state and local government in order to tackle this, both the present and past administrations in Nigeria had introduced several means like Treasury single Account (TSA), Economic and Financial Crime Commission (EFCC), Independent corrupt practices and other related offences (ICPC), Integrated payroll, and personnel information system (IPPIS), Biometric Verification Number (BVN) among others to ensure effective financial management in Nigeria. Though, some of the above strategic are not operational and active at the local government level Payroll fraud according to Faustinus (2013) quoted in Omilusi (2019), is as old as Civil service establishment in Nigeria. Payroll fraud can be seen as means or technicality employed to divert

money unlawfully either for the benefit of the perpetrator or any other person.

Payroll fraud involves the theft of cash from government establishment through the preparations of the establishment's payroll. Some prominent examples of payroll fraud are: Pay cheque diversions, Kickbacks, and Ghost workers. Like other forms of crimes, payroll fraud is a type of crime is prevalent at all levels of government in Nigeria. We have observed, that as a type of corruption, it continues because the society and the environment we live in today support material accomplishment (Babalobi, 2017). This represents attempt to safeguard wealth or power at government expenses by government employees. Payroll fraud thrives because of greed on the part of public officers to divert government funds to personal accounts to make quick money.

Fraudster and other perpetrators see it as the quickest means to "get rich quick".Jaja (2018) observed that, passion for worldly things, pressure for a shortcut to wealth, exaltation, and approbation of illicit riches among others account for the increased rate of crime in Nigeria. The regrettable yard stick of measuring good life in Nigeria is ostentatious living and wealth (Olaleye, 2018). It therefore shows that the unending desires for riches by whatever feasible mean contribute to fraud in public sector. According to Babalobi (2017), corruption in the public service is encouraged by weak government institutions, poor pay incentive, lack of openness and transparency. In his view, the payroll

fraud apparently becomes a means to making up with the meager pay incentives. Obinna (2018) noted that, there is collaboration within the system that enhances the operation of payroll fraud. He further observed the insider influence as a means that tends to obstruct possible anxiety and arraignment of offenders. It has not been easy for the government to get to the source of the problem which is fueled by employees' corruption.

### **2.8.1 Biometrics Technology**

Another way of curbing ghost names could be the use of Biometrics Technology. Biometrics

Technology employs one or more of an individual's physical characteristics as a means of identification. The Technology makes use of accurate measurement of, for example, an employee's eyes, hands, or voice; digitizes the measurement; saves the records in a computer's memory, and later compares it against the same measurement when taken later. Because it is difficult, if not impossible, to duplicate employee's physical measurement, biometrics is discovery applications in the provision of access to financial records, and other security-sensitive areas, such as access to medical records, buildings, payroll systems, attendance records, and banking services. To check payroll fraud, biometrics can have very wide application in the ministries and parastatal across the country. Tying each civil servant to his or her unique biometrics identifier is a step in the right direction for eradicating ghost names. (Tuffour, 2018).

### **2.8.2 Conceptualization of Pay rolling and Payroll Fraud**

Pay rolling is the process which an organization passes through to pay its employees. It deals with records relating to the employees' salaries, deductions bonuses and income (Murray, 2017). Rietsema (2018), described payroll as a means or process by which an employee is paid by the organization for the services rendered. According to Ovaga and Eme (2018), Local government pay rolling is defined as the listing of all the people who are employed by the local government council, showing the actual amount to be paid each worker at the end of every month. Therefore, before any person is pay rolled in the local government, he or she must be a qualified worker of the council. Pay rolling is the process of listing the names of people employed in an organization, showing the amount of money to be paid to each of them (Hornby, 2018). Pay rolling therefore can be seen as an exercise that is carried to ensure that they perpetuate fraud without the notice of their employer.

### **2.8.3 Forms /Types of Payroll Fraud/Schemes**

While there are various types of payroll fraud, the following have been identified as the common kinds of payroll fraud namely: Ghost Staff Fraud, Timesheet Fraud, Wage Falsification fraud, Fraud in commissions and bonuses, Expense repayment fraud, misclassification of members of Staff (Lomer, 2018).

## **1. Ghost Worker/ Staff Fraud:**

This occurs where employ meet record is opened or created in respect of a non-existent employee and wages paid to the fake employee, which is later withdrawn and used by the perpetrator. A ghost employee can also be an individual who is recorded on the payroll system but who does not work for the organization. The ghost can be a real person who knowingly or unknowingly is placed on the payroll or a fictitious person invented by the fraudster.

Ghost worker fraud is government theft. Individually, the amount may appear small but over time they add up to a significant amount, particularly if a number of ghosts are added and retired over time. Payroll Fraud occurs when employees take money from an organization through the payroll unlawfully with the intention of appropriating those monies themselves (Lekubu, 2013) quoted in Omilusi (2019) Week personnel database results in law of control over staff due to inability of government officials to effectively monitor the activities of employees. The problems of weak personnel database is prevalent in the local government system in Nigeria because the ineffectiveness of the department of Budget and planning. The poor record management systems creates variations between the number of civil servants on the government payroll and the actual number of employees recorded on the staff roles in the various agencies

Ghost workers exist because every bureaucracy creates its own weakness. This is not peculiar to Nigeria. Research has shown that there are high occurrences of ghost workers in Third World Countries. In 2014, Kenya discovered 12,000 ghost workers on its payroll; mainly persons who continue to reserve salaries after leaving government service. In 2015 Cameroon Identified 10,000 ghost workers within its 220,000 civil service cadre that cost the government & 12million money. In Yemen, using a biometric system, the government detected 5,875 ghost workers in a 485,818 work force. In Nigeria, ghost workers run into hundreds of thousands, because of willful and complicit phantom of paymasters. In 2016, 3,916 ghost workers were discovered in Enugu councils by an 11 man audit committee headed by the speaker of Enugu State house of Assembly HON Edward Uboji. According to the Committee Chairman, the discovery of the ghost workers had saved the sum of N161.4 m from the monthly wage bill of the state government (Punch, 2016). In Edo State, the governor directed that the Ministry of local government and community Affairs to carry out a staff audit in Etsako local government. According to the government, at the end of the verification exercise, 63 staff of the council did not show up for the exercise, thereby saving N6,035,659.29 for the local government. It was discovered that the council was defrauded of the sum of N46 Million from July 2018 to May 2019 through fictitious names in the payment voucher (Toakodi and Assi, 2016).

## **2. Time Sheet Fraud:**

This is committed when an employee's bloats the number of hours he/she has worked in his/her time sheet and/or where an employee clocks in time for another employee which was not earned. Time sheet fraud occurs when the record of hours worked is falsified, and if this is not detected, it results in the workers being paid for more hours than they have worked. The risk of fraudulent time sheets being processed by the organization increases if the necessary controls and oversight are lacking. There are a number of ways that timesheet fraud can be attempted and therefore identified, and variations can be seen dependent on if these are done electronically or otherwise. This may be identified by the authorizing manager of finance department (Toakodi and Assi, 2016).

In order to mitigate the risk of fraudulent time sheets being processed, your organization should have clearly outlined instructions and relevant policies for the processes outlined surrounding the completion submission, and authorization of timesheets. Staff should ensure that they are familiar with such requirements so that timesheets are completed correctly. Additionally, the advice below provides details of how you can support the prevention and detection of fraudulent timesheets (Toakodi and Assi, 2016).

- Time sheets should include counter fraud declarations. Upon submission, there should be signed by the staff member and authorizer. A list of authorized signatories should be maintained.
- Original timesheets should be submitted before payments are made. Incomplete and ineligible timesheets should be returned.
- The timesheet should provide a record of the hours worked daily. This should be recorded in 24 hour format.
- Faxed and photocopied timesheets should not be accepted.
- Timesheets should be completed in black ink and block capitals. Amendments should be initialled by the authorizing signatory. The use of correction fluid should not be accepted.
- Clear procedures should be in place offering guidance with respect to rest breaks and termination.
- Completed timesheets should be kept for two years.
- Where electronic timesheet are in use, systems should require regular password updates, and prevent access after three incorrect login attempts. Additionally, after a certain period of time users should be logged out.

Authorizing officers should have access to staff timesheets at all times (Toakodi and Assi, 2016).

### **3. Wage Falsification Fraud:**

This is a form of payroll fraud where an employee's salaries are cooked (usually increased) with the intention of later utilizing the excess. This scheme is often times perpetuated by collusion of the employee and those responsible for paying salaries or wages. This form of fraud is common in the contemporary local government system in Nigeria. The introduction of biometric and incessant verifications have ameliorated the existence of fictitious names in the payment vouchers with this, the payroll officers resort to escalation of salaries of workers while they make the necessary deductions before the actual payment of salaries. The payroll officers do this in collaboration with the paymasters in the bank where the employees receive their salaries. Most times, the internal Auditor (IA) of the council who has the power to audit the payment voucher as prepared by the payroll officer can be carried along in the fraudulent exercise (Toakodi and Assi, 2016).

This form of fraud is one of the reasons for the varieties in the wage bill of local governments on monthly basis. A situation whereby there is variation of a wage bill for the month of February as against January of the same year without death or retirement of employees shows that there is falsification of wage. Huge chunk of the monies appropriated to local governments in Nigeria is embezzled through wage falsification and this has adversely affected the performance ability of the system (Toakodi and Assi, 2016).

#### **4. Fraud in commissions and Bonuses :**

This occurs when an employee inflates his/her sales records just for the purpose of claiming higher bonuses or commission on sales. This form of fraud is mostly prevalent in private organizations where profit maximization is the highest priority. In order to maximize profit, the commission or bones is dependent on the sales the employee makes in a day, week, month or annually. It depends on the agreement between the business owner and the employee. The employees do inflate the sale record in order to earn more commissions and bonuses and this amount to fraud (Toakodi and Assi, 2016).

#### **5. Expense Reimbursement Fraud:**

This fraud occurs when an employee claims expenses which he/she never incurred. For instance, Making claims for fraud cost which were cancelled or presenting more than one claim for the same expense, submitting fake receipts for payment and attending receipts in order to increase re-imburements. In order to curb this form of fraud in the local government system, a special monthly impress” is given to all the statutory officers in the system, ranging from the executive chairman to the Heads of the various department. Both the payroll officers, cashiers, internal auditors also benefit from that but it does not stop them from making claims for expenses they never do for selfish interest at the detriment of the council (Toakodi and Assi, 2016).

#### **6. Misclassification Fraud:**

Misclassification of members of staff also occurs where an employer is wrongly classified for the purpose of avoiding tax payments. For instance, a management staff could be deliberately classified as a junior just to reduce the organization's tax liability. This type of fraud is found in private organizations (Toakodi and Assi, 2016).

### **7. Preparation of Supplementary Voucher:**

This occurs when the pay voucher used for salary defense by the paymaster or Payroll officer is different from the one used for actual payment. At the local government level, this form of fraud is common, hence the variation in the salary of employees in different local governments even when they are in the same grade level and step. By right, employees of local government who are in the same department, grade level and step are supposed to receive the same amount as monthly salary but because of fraud, there are always variations. The payroll officers do prepare two vouchers every month. The other one will be genuinely prepared for monthly salary defense at the commission. When the fraudulent figure is approved at the commission, they will use another voucher which had already been prepared with less figures for the real payment in the banks. The excess money, emanating from the genuine voucher approved at the commission will be shared by the financial key players which the Treasurer, Internal Auditor (IA), cashier and payroll officers. Most time, the

Head of Personnel Management (HPM) is included in the fraudulent exercise to ensure that their sins are completely buried. The uniformity of local government system as introduced by 1970 reform does not apply in the salary structures of local government employees (Toakodi and Assi, 2016).

#### **2.8.4 Payroll Control Measures for Fighting Fraud in a Payroll System**

Payroll Internal control comprises of actions or steps adopted by an organization in order to protect its payroll data (Dewitt, 2006). The essence of the control and procedure is to prevent employees from having access to organizational payroll information that could aid the opportunities of payroll fraud on the organization. Scholar practitioners have come up with several suggestions on effective payroll control mechanisms that can be applied in organizations to prevent or check the occurrence of the various payroll frauds discussed above, with the goal of preventing the incidence of the fraud. To stem the fraud associated with falsified wages, it may be good for the organization to adopt some crucial and key procedures. The introduction of stricter access code system for all employees which will require unique pass codes from the employee would prove useful (Toakodi and Assi, 2016).

Also, it is necessary to adopt a work place practice which requires that compensation by way of bonuses must be approved by the organizations executive. In order to check the incidence of falsified wages, it is important for the organization to carry out periodic check of employees in charge of workers

payroll; see that all cheques must be approved by the executive and ensure that the responsibility of wage modification is assigned to certain individuals whose records should be reviewed from time to time by the management (Toakodi and Assi, 2016).

To forestall the challenges of time sheet fraud, it is suggested that the organization should introduce electronic time sheet entering system by employees and also ensure that all time sheets and overtime must be approved by the management. The problem of ghost worker can also be solved by carrying out periodic payroll audits which would require all staff to be present in person to receive pay cheques after proper identification. To deal with the problem associated with the misclassification of employees, it is advised that an organization should effectively carryout periodic audit of its employees, draft correct employee job descriptions an train management staff on the legal implication of properly defining employees“ job description (Fullerton, 2012). Accordingly, with adequate internal control measures in place, payroll fraud in the local government will be detected and prevented before it occurs (Toakodi and Assi, 2016).

## **2.9 Review of Empirical Studies**

Agboola (2018) says that personnel as manpower and human resources are generally used interchangeably even through, in a sense, the latter seems to be a more modern concept and it is used more than manpower particularly in the

United State. While personnel is also commonly used along with manpower or human resources except that personnel is more common associated with the micro or organizational level as against the macro or national level. He further explained that personnel is refers to the energies, skills and knowledge body of employees, officers or servants who fill the various positions in an organisation which are or which potentially can or should be applied to the production of goods and services. The term “personnel” is used to cover all the persons collectively employed in a work organization.

The organization may be a commercial, industrial or financial company, a factory, an educational institution, a military, government agency, a hospital, a local government or religious body. As listed above, such organisations could be private business enterprises, government institutions or non-profit private organization but the author basically refers to government institutions. According to the World Bank, employees responsible for human resources and payroll often deal with some information, such as employee identification information, employee salary information and employee status (Agboola, 2018). Payroll is the sum of all financial records of Salaries for an employee, wages, bonuses and deductions. In accounting, payroll refers to the amount paid to employees for services they provided during a certain period of time. Two separate departments gathering that is storing and using the same information independently makes for duplication of efforts, possibility for human error and

more liability because of the sensitive nature of employee information. An integrated payroll system is one that allows both human resources and payroll staff to access the same information without duplicating paperwork or files, creating efficiencies that save time and money and reduce liability of human efforts (Agboola, 2018).

Corruption is a major societal problem in the 21st century. It is prevalent in developing countries as well as in the developed ones. During the 1980s and 1990s, major banking frauds and corruption scandals occurred in many countries. Nigeria has experienced its fair share of such scandals, especially during the military era and even its current democratic dispensation. The impact of corruption on our national economy has manifested in different types of political, social, and economic vices. This led to the formation of the EFCC by the Obasanjo administration to find ways of tackling and eradicating corruption in our society. Using observation method and secondary sources, the paper examines how the EFCC has been able to address corruption in Nigeria, Some recommendation were made in response to the finding (Agboola, 2018).

Agboola (2018) agrees that corruption is so pervasive in Nigeria that it has turned public service for many into a kind of criminal enterprise. Graft has fuelled political violence, denied millions of Nigerians access to even the most basic health and education services and reinforced police abuses and other widespread pattern of human rights violations. The issue of corruption in

Nigeria underpinning the most promising effort Nigeria's government has ever undertaken to fight corruption that is establishment of Economic and Financial Crimes Commission in 2002, the EFCC began pursuing corruption cases in a way that publicly challenged the ironclad impunity enjoyed by Nigeria's political elite. The Buhari administration instituted whistle-blowing through EFCC for Nigerian political elites who involved in corrupt practices and it has yielded successful outcomes recovery of stolen money. The US Department of Justice has gone to court seeking the forfeiture and recovery of approximately \$144 million of Nigerian assets allegedly laundered in and through the United States by former Petroleum Minister Diezani. The EFCC arraigned former Enugu Chief Judge for alleged corruption and many ugly stories of corruption by eminent personalities in Nigeria (Agboola, 2018).

One of the most common kinds of payroll fraud is the use of "Ghost workers" to divert money to sham identities. According to Idris *et al.* (2015) ghost worker is defined as someone recorded on the payroll system, but who does not work for the business. This ghost worker can either be a real person who is placed knowingly or not on the organisation's payroll or it could be a fictitious person invented by a dishonest employee. They explained further that ghost worker fraud is commonly perpetrated in organisations when the number of employees are large, particularly when the employees are spread out of the headquarters through the field administration across the geographical locations and payroll

operations are less likely to be exposed to such fraud. Idris *et al.* (2017) agreed that small businesses can also fall victims if payroll operations are being managed by single person who, unfortunately, happen to be a fraudster or who does not ensure stringent checks on the payroll process the deceitful worker will compromise and need access to the payroll system in order to add the ghost that is, the person who has some form of direct access to the payroll system.

They explained further that the purpose of ghost workers is for the fraudster worker to collect the salaries that are being paid out to the ghost workers. The annual salaries paid to any worker in a year can be quite a significant amount, the cumulative monetary loss by the government, due to several ghost workers can be a robust amount if the fraud goes undetected over the years. Information system is an organized system forthe collection, organised system for the collection, organisation, storage and communication of information. More specifically, it is the study of complementary networks that people and organisations uses to collect, filter process, create and distribute data (Idris *et al.*, 2017).

Aderounmu (2019) states that information systems is a set of tools, processes and methodologies (such as coding/programming, data communications, data conversation, storage and retrieval, systems analysis and design, systems control) and associated equipment employed to collect, process. And present information. An information system is the information and communication

technology that an organisation uses, and also the way in which people interact with this technology in support of business processes.

Aderounmu *et al.* (2019) agreed that information systems have become the backbone of most organisations that is bank could not process payments, governments could not collect taxes, hospitals could not treat patients, and supermarkets could not stock their shelves without the support of information systems. In almost every sector especially government information systems play a vital role in IPPIS in payment of employee salaries. Everyday work, communication, information gathering and decision making all rely on information technology. When they visited bank to make an electronic payment inquiry, they interact with bank's information system rather than with personnel of the bank. They argues for advantages of viewing an information system as a special of work system and a work system is a system in which human or machines perform processes and activities using resources to produce specific products or services for customers. Information system interrelated with data systems on the one hand activity systems on the other also information is a form of communication system in which data represent and are processes as a form of social memory and it can be considered as a semi-formal language which supports human decision making and action.

Ibanichuka and Sawyer (2019) examined the relationship between Integrated Personnel and Payroll Information System (IPPIS) and management of public

sector funds. Primary data were used which were obtained with the aid of questionnaire administered to 100 respondents. The study employed the maximum likelihood estimation (MLE) techniques to analyse the data and the parameters were estimated using STATA computer package. The result from the analysis reveal that the implementation of IPPIS program has a significant effect on payroll fraud Recurrent Expenditure of the Government in the Nigeria civil service but IPPIS does not help the government in planning and Budgeting. The study recommends that Government ensure that whenever an employee resigns, or his or her contract has been terminated or demised their records are properly updated. Ibanichuka and Sawyer (2019) investigate empirically the relationship between Integrated Payroll System and government recurrent expenditure in Nigeria. Data were collected through primary and secondary sources. The secondary were collected from annual reports of Bayelsa State Government, Nigeria and survey data were obtained from 30 respondents using researcher-designed questionnaire validated by experts and shown to have a reliability coefficient of 0.90. Descriptive and ordinary least square regression statistical techniques were used in analyzing the data with the aid of Statistical package for Social Sciences (SPSS) version 21. The study findings revealed that there exists a positive and strong relationship between integrated payroll system and personnel cost and overhead cost. The study concludes that there exists a significant relationship between integrated payroll system and government recurrent expenditure, and recommends that all staff civil servants should be

paid through bank and not by cash to prevent double hiring. Payroll presentation for all state civil servants should be centralized in the state treasury. Individual staff records should be centrally and safely kept with relevant accounting packages. Micah and Moses (2018) examined if the introduction of integrated personnel payroll information system (IPPIS) could eradicate ghost worker from the payroll in Nigerias' public service. The historical research method was adopted Based on the findings, it was concluded that the implementation and deployment of Integrated personnel and payroll management system (IPPIS) have to a great extent reduced the incentive, capacity and opportunity of fraudulent individuals to perpetrate payroll fraud at all levels. However, there are some challenges: There are technological barriers Most of the IPPIS staffs have not been exposed to oracle training. Major MDA"s are yet to connect to the IPPIS platform over a virtual private network. Thus, it is recommended that MDAs at all levels should key into the IPPIS platform in line with the Federal Government Public sector reform agenda to minimize payroll fraud in Nigeria.

### **2.9.1 Theoretical Framework**

In public policy, New Public Management (NPM) refers to the method of change by which administrative reforms are enacted over the time in order to create a policy change in the Nigeria public service. This was the theoretical framework of bureaucratic reforms developed by Hood (2011) to be seen as the bureaucracy is accountable to the political masters but it seems that their

accountability is not clarified and explicit; it is entirely up to the political hierarchy to interpret the accountability in a manner that is most convenient to them. From sociological perspective, corruption is a form of social deviance, in some cases of criminal deviance, the result of failure or lack of will to respect the norms of social interaction.

Agboola (2018) agreed that New Public Management asset of administrative practices as a consulting fad and a body of theory that interprets recent development in public administration. Scholars like Olowu, Dunleavy, Hood, Smith etc. argued persuasively that scholars should pay more attention to NPM as a theory than as a fad. New public management is part and parcel of the massive intrusion of free-market values into public space, which threatens to drive out political values altogether.

Agboola (2018) sees corruption as a result of structural defects and cultural impediments which encourage social actors to so believe partly by deflating the potency of institutional checks against negative behaviours. Corruption thus involves the ghost workers, falsification of certificates, employees with double dealing in working in different places, which also causes unemployment for fresh graduates, frauds in the public sector using different names with forging certificates etc.

Similarly there is a lack of accountability and transparency of the bureaucrat to the citizen who get the services from the bureaucrats. Whenever bureaucratic

control becomes all-encompassing it also creates an obsession with power. Detailed bureaucratic control over individuals and markets led to the fall of communist regimes in the former Eastern bloc in the early 1990s (Hood, 2019).

Technology Acceptance Model (TAM) was also utilised since it is an information system theory that models how users accept and uses of technology. Kinyeki (2015) asserted that TAM has been proposed in the context of payroll systems with an inclusion of the effects of trust and perceived risk on system used. The theory was developed through a review and consolidation of the constructs of models that earlier researchers had employed to explain information systems usage and perceived ease-of-use. TAM has been used in ICT adoption and use research as a fundamental theoretical framework and it also has been combined with other theories and models. Both attitude and subjective norm were found to be necessary determinants of electorate intentions to adopt and use ICTs and thus adoption of Integrated Personnel and Payroll Database (IPPD).

Quite a number of theories of socioeconomic accounting were borrowed to form sound foundation to substantiate IPPIS adoption and implementation. Therefore this current study identified two theories, these are:

### **2.9.2 Stakeholder theory**

Stakeholder theory's emphasizes the importance of the corporate responsiveness to stakeholder interests (Kaoje *et al.*, 2020). It assumed that adoption of IPPIS by the federal government is as a result of the pressure from stakeholders/citizens majorly against corruption. It suggested that the government will responds to the concerns and expectations of powerful stakeholders/citizens and some of the responses will be in the form of strategic opinions. Stakeholders' theory provides rich insights into the factors that motivate government in relation to the adoption and implementation of Treasury Single Account (Kaoje *et al.*, 2020).

### **2.9.3 Public finance management theory**

This theory assumed that all aspects of financial resources mobilization and expenditure should be well managed in government for the benefits of the citizenry. It includes resources mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising control to guide against threats. IPPIS was primarily adopted to guard against misapplication of public funds (Effiong *et al.*, 2017).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The research design for this empirical study is descriptive survey method. In this survey design, the researcher does not aim to control or manipulate any of the variables under investigation. The research intends to observe occurrences at a point in time. The researcher chose to question a sample size of the population relevant to the research work in order to get the needed information since it was not easy to reach the entire population. The data generated from the sample were generalized on the entire population.

#### **3.2 Area of Study**

The study was carried out in Benin City metropolis. The ancient city of Benin, founded about 900AD is situated at an average height of 200m above sea level (Ministry of Land and Survey, Edo State 2008). Benin City is the Capital and Administrative Headquarters of Edo State located on longitude  $50^{\circ}38'49.42''$  E and latitude  $6^{\circ}20'05.09''$  N. It covers an area of 19,794 km<sup>2</sup> and a provisional population of 2,159,484, with that of Benin City estimated at 1,147,188. It is a

city approximately 25 miles north of the Benin River. It is situated 200 miles by road east of Lagos.

### **3.3 Population of the Study**

The population of this study is made up of civil servants including staff of Accounts and Personnel units of selected Federal institutions in Edo State, Nigeria. The Federal institutions used for purpose of this study are those who have been enrolled into the scheme during the first phase of the program and they are now receiving their salaries through the new IPPIS scheme. The institutions are university of Benin and University of Benin Teaching hospital.

### **3.4 Sources of Data**

Data for this research was collected from different sources, both primary and secondary sources. This is to be able to get suitable, reliable and sufficient information for the work.

Primary sources used for this research include; Questionnaire and Interview methods. The secondary sources of data collection for this research are to strengthen the primary data. These data were sourced from articles, publications of previous acknowledged work of others, journals, textbooks, media and internet.

### **3.5 Sampling Techniques**

The study adopted a quantitative parameter based on survey research design and simple random sampling techniques were used in order to give every members of staff equal opportunity of being selected as part of the sample. The target respondents were administrative, finance and audit department members of staff of university of Benin and University of Benin Teaching hospital. Due to the vast number of staff in University of Benin and University of Benin Teaching hospital, Benin City, 100 respondents were randomly selected

### **3.6 Instrumentation**

A self-developed structured questionnaire with a modified four-point Likert scale was used for data collection. The questionnaire consisted of two sections, “A and B”. Section A sought information on demographic data of respondents and Section B sought information on the independent variable.

### **3.7 Validation of Research**

My supervisor read the research instruments for content validity. Corrections and suggestions were made. The test items were strictly modified by him before typing and administering them.

### **3.8 Method of Data Analysis**

A questionnaire consisting of a number of items was completed by the respondents. The data gathered were grouped according to specific problems on the area of the study. For analysis of data, Chi square ( $\chi^2$ ) was used to compare

the frequency data and to calculate the potential risk factors. The statistic software INSTAT (Graph PAD software, inc, La, Jolla, CA) was used in all the analysis.

Thus, the researcher computed the mean and standard deviation of the responses on each questionnaire item using the mean formula  $X = fx/N$

And standard deviation formula

$$S = \frac{\sum Fd^2}{N}$$

X=Mean of the response on each questionnaire item

F=Frequency of each questionnaire item

X= Deviation of each scale point from mean.

N= Total number of response on each questionnaire item.

Calculation of the decision point or cut –off mean was arrived as follows:

Strongly Agree [SA] –5 points

Agree [A] – 4 points

Indifferent -3 points

Disagree [D] – 2 points

Strongly Disagree [SD]-1 point.

$$\text{Cut off mean} = \frac{5+4+3+2+1}{5} = 3 \text{ decision.}$$

Hence the cut – off mean 3 implies that every mean score, that is exactly or above 3 agree with the decision while any score below 3, disagree with the decision.

## CHAPTER FOUR

### 4.1 Data Presentation and Analysis

In the course of the study a total of one hundred (100) questionnaires were distributed and administered to respondents. The data collected were analysed using simple percentages. By this method the percentage rate of one response to another determined the acceptance or rejection of a particular study question.

**Table 4.1.1: Sex Distribution of Respondents**

<b>Sex</b>	<b>Frequency</b>	<b>Percentage</b>
Male	46	46%
Female	54	54%
Total	100	100%

Sources: Field survey work 2021.

Table 1 shows that most of the respondents are females with a total of 54 (54%) while 46(46%) are male.

**Table 4.1.2: Age Distribution of the Sample Population**

<b>Age (years)</b>	<b>Frequency</b>	<b>Percentage</b>
21-30	22	22%
31-40	50	50%
41-50	22	22%
51-60	4	4 %
Above 60 Years	2	2%

Total	100	100%
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Sources: Field survey work 2021.

Table 2 shows that most of the respondents' ages were between 31-40 years with a total of 50 (50%) while 22 (22%) are between the ages of 21-30 years and 41-50 years respectively. 4 (4%) are of the age of 51-60 years while 2 (2%) are of the age 60 years and above

**Table 4.1.3: Religion Status of Respondents**

Religion status	Frequency	Percentage
Christianity	92	92%
Muslim	4	4%
Traditional Worship	2	2%
Others	2	2%
Total	100	100%

Sources: Field survey work 2021.

Table 3 above reveals the religious background of the respondents and it shows that most the respondents 92 (92%) are Christians while 4 (4%) are Muslims, 2 (2%) are Traditional worshipers and of other religion respectively.

**Table 4.1.4: Marital Status of Respondents**

Marital status	Frequency	Percentage
Married	64	64%
Single	34	34%
Divorced	2	2%
Total	150	100%

Sources: Field survey work 2021.

Table 3 shows the marital status of the respondents and it revealed that 64 (64%) which is the highest frequency of the respondents are married, 34 (34%) are single and 2 (2%) are divorced.

**Table 4.1.5: Education Status of Respondents**

Level of Education	Frequency	Percentage
First School Leaving Certificate	2	2%
National Diploma/NCE	12	12%
Bachelor of Science	38	38%
Master's Degree	40	40%
Doctorate Degree	8	8%
Total	150	100%

Sources: Field survey work 2021.

The educational status of respondents revealed that 40 (40%) which is the highest frequency of the respondents are Master's degree holders, 38 (38%) of the respondents are Bachelor of Science degree holders, 12 (12%) of the respondents are National Diploma/NCE holders, 8 (8%) of the respondents are Doctorate degree holders and 2 (2%) are first school leaving certificate holders.

**Table 4.2a Questions on Perception of IPPIS**

		5 strongly agree	4 agree	3 Indifferent	2 disagree	1 strongly disagree	Total	Mean
1	IPPIS tracts all financial transaction that are related and linked to personnel emolument in your establishment	38	50	4	6	2	100	
		190	200	12	12	2	416	4.16
2.	IPPIS has been able to eliminate Wage	34	40	14	8	4	100	

	Falsification Fraud in your Establishment							
		170	160	42	16	4	392	3.92
3	PPIS has been able to eliminate Time Sheet Fraud in your Establishment	20	34	28	14	4	100	
		100	136	84	28	4	352	3.52
4	IPPIS has been able to eliminate ghost works in your Establishment	24	44	10	12	8	100	
		120	176	30	24	8	358	3.58
5	IPPIS has been able to eliminate Fraud in commissions and Bonuses in your Establishment	22	40	16	16	6	100	
		110	160	48	32	6	356	3.56

Sources: Field survey work 2021.

The above table presents the result from the field work collected by means of questionnaire. The table provides the respondents' view on the perception of integrated personnel payroll and information system (IPPIS) and fraudulent payroll system. Majority of the respondents are of the opinion that IPPIS tracks all financial transaction that are related and linked to personnel emolument. This fact can be ascertained from the weighed mean 4.16. recorded. In the same light,

it was observed that the respondents think that IPPIS has been able to eliminate Wage Falsification Fraud, and this had a mean of 3.92. Also a visible high percentage of respondents are of the opinion that PPIS has been able to eliminate Time Sheet Fraud and this recorded a mean 3.52. The opinion of the respondents on whether IPPIS has been able to eliminate ghost works had a mean of 3.58 and majority of the respondents also agreed that IPPIS has been able to eliminate Fraud in commissions and Bonuses as this had a mean of 3.56.

**Table 4.2b Questions on Perception of IPPIS**

		5 strongly agree	4 agre e	3 Indifferen t	2 disagre e	1 strongly disagree	Total	Mean
6	IPPIS has been able to eliminate Expense Reimbursement Fraud in your Establishment	16	40	18	12	4	100	
		80	160	54	12	4	310	3.10
7	IPPIS has been able to eliminate Fraud in Preparation of Supplementary Voucher in your Establishment	22	44	14	10	10	100	
		110	176	42	20	10	358	3.58
8	IPPIS has reduced multiple payments of emolument to a single	48	36	6	10	0	100	

	employee in your establishment							
		240	144	18	20	0	422	4.22
9	IPPIS facilities easy storage, updating and retrieval of personnel records for administrative process	38	52	8	2	0	100	
		190	208	24	4	0	426	4.26
10	With the introduction of IPPIS has your establishment made any saving from its recurrent expenditure in terms of personnel cost and overhead	26	38	18	14	4	100	
		130	152	54	28	4	368	3.68

Sources: Field survey work 2021.

The above table presents the result from the field work collected by means of questionnaire. The table provides the respondents' view on the perception of integrated personnel payroll and information system (IPPIS) and fraudulent payroll system. Majority of the respondents are of the opinion that IPPIS has been able to eliminate Expense Reimbursement Fraud and this had a mean of 3.10. Also the respondents were of the view that IPPIS has been able to eliminate Fraud in Preparation of Supplementary Voucher as recorded in the

mean score of 3.58. In the same light the respondents were of the views that IPPIS has reduced multiple payments of emolument to a single employee with a recorded mean of 4.22. Majority of the respondents were also of the opinion that IPPIS facilities easy storage, updating and retrieval of personnel records for administrative process and this has a mean of 4.26. Most of the respondent were also of the view that the introduction of IPPIS has enhanced saving from its recurrent expenditure in terms of personnel cost and overhead with an observable mean of 3.68.

**Table 4.2c Questions on Perception of IPPIS**

		5 strongly agree	4 agre e	3 Indifferen t	2 disagre e	1 strongly disagree	Total	Mean
11	IPPIS has made payments in terms of over-head and salary to be made on-time and more conveniently	28	22	16	28	6	100	
		140	88	48	56	6	338	3.38

12	IPPIS reduces wastages and financial leakages in government recurrent expenditure in terms of personnel cost management	20	48	16	10	6	100	
		100	192	48	20	6	366	3.66
13	IPPIS aid in having and preparing accurate and reliable information about the size of personnel in the payroll	22	64	6	6	2	100	
		110	256	18	12	2	398	3.98
14	IPPIS aid in the reduction of corruption and sharp practices in the establishment	24	44	10	12	8	100	
		120	176	30	24	8	358	3.58

Sources: Field survey work 2021.

The above table presents the result from the field work collected by means of questionnaire. The table provides the respondents' perception of integrated personnel payroll and information system (IPPIS) and fraudulent payroll system. Most of the respondent agreed that IPPIS has made payments in terms of overhead and salary to be made on-time and more conveniently with a recorded mean of 3.38. Also they were of the view that IPPIS reduces wastages and

financial leakages in government recurrent expenditure in terms of personnel cost management, aid in having accurate and reliable information about the size of personnel in the payroll and aid in the reduction of corruption and sharp practices with a recorded mean of 3.66, 3.98 and 3.58 respectively.

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.925 <sup>a</sup>	8	.000
Likelihood Ratio	15.695	8	.047
Linear-by-Linear Association	2.728	1	.099
N of Valid Cases	94		

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .04.

INTERPRETATION:  $X^2 = 27.925$ ,  $DF = 8$ ,  $P\text{-Value} = 0.000$  There is a very high significant association ( $P < 0.001$ ) between IPPIS and transparency in government payroll administration Federal Civil Service.

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)

Pearson Chi-Square	47.801 <sup>a</sup>	8	.000
Likelihood Ratio	16.795	8	.032
Linear-by-Linear Association	10.329	1	.001
N of Valid Cases	94		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .04.

INTERPRETATION:  $X^2 = 47.801$ ,  $DF = 8$ ,  $P\text{-Value} = 0.000$  There is a very high significant association ( $P < 0.001$ ) between religion versus IPPIS aid in having and preparing accurate and reliable information about the size of personnel in the payroll?

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.789 <sup>a</sup>	8	.002
Likelihood Ratio	14.913	8	.061
Linear-by-Linear Association	2.745	1	.098
N of Valid Cases	88		

a. 10 cells (66.7%) have expected count less than 5. The minimum expected count is .14.

INTERPRETATION:  $X^2 = 23.789$ ,  $DF = 8$ ,  $P\text{-Value} = 0.002$  There is a high significant association ( $P < 0.01$ ) between marital status versus IPPIS reduces wastages and financial leakages in government recurrent expenditure in terms of personnel cost management?

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.815 <sup>a</sup>	16	.033
Likelihood Ratio	30.487	16	.016
Linear-by-Linear Association	1.269	1	.260
N of Valid Cases	94		

a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .04.

INTERPRETATION:  $X^2 = 27.815$ ,  $DF = 16$ ,  $P\text{-Value} = 0.033$  There is a significant association ( $P < 0.05$ ) between level of education versus IPPIS aid in the reduction of corruption and sharp practices in the establishment.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

## **5.1 Introduction**

The objective of the study was to examine the adoption of the Integrated Personnel Payroll And Information System (IPPIS) on payroll system and its effect on personnel cost management in Nigeria civil service.

The chapter concludes on the findings of the study and highlights salient policy recommendations.

## **5.2 Summary of Findings**

The followings are the findings of this study:

1. according to F.Y Esan (2021), Head of Civil Service of the Federation, 559 MDAs has been enrolled on the IPPIS platform as of January 2021 which comprises 368,351 public servants.
2. IPPIS adoption has a positive impact towards the reduction of ghost workers syndrome in Nigeria civil service. Most of the respondents agreed that IPPIS has helped in tackling the menace of ghost worker in Nigeria civil service. In Nigeria, ghost workers run into hundreds of thousands because of willful and complicit phantom of paymasters.
3. the adoption of IPPIS has a positive relationship with the gathering of information for personnel cost, planning and budgeting in Nigeria. Quicker and easier access to accurate payroll information means better management report for improved decision making on cost and planning. When organization's payroll system is integrated with their human resource information system, data entered or changed in Payroll is automatically updated in Human Resource Management.

4. some of the challenges facing the implementation of IPPIS in the Nigeria civil service are:

- i. Lack of sufficient skills transfer to government personnel which prolong consultant's stay on the project.
- ii. Poor state of supportive infrastructure such as low internet connection and technological barrier.
- iii. Problem associated with transfer of pay points due to the posting of employees from IPPIS MDA to non – IPPIS MDA.
- iv. Resistance from stakeholders which have prolonged proper implementation.

### **5.3 CONCLUSION**

This research work was prompted by the ailing civil service in Nigeria, which had remained far from being ideal. As the administrative and technical support to the administrative apparatus of government, the civil service remains a vital mechanism for policy initiation and implementation. The civil service which is generally regarded as the engine of government is critical to the translation of government policies into tangible programme of action for the attainment of socio-economic transformation goal.

The current drive to improve management in governance through public service reform programmes which aims at increasing efficiency, effectiveness and the delivery of quality service to the public compelled Nigeria into creating various reforms in the civil service. One of the most current and important reforms which was established in the country was Integrated Payroll and Personnel Information System (IPPIS). The main aim of introducing the IPPIS was to entrench transparency and accountability in the human resource management, record and payroll administration. The reform system is targeted at strengthening the macroeconomic and fiscal environment with specific

objectives of improving efficiencies, eliminating payroll fraud and blocking all leakages and wastages in the payroll system.

The study has therefore dwelt on how the IPPIS has succeeded in reforming the Nigerian Federal Civil Service, and further transforming the Nigerian Socio-economic environment for effective service delivery. As could be seen, the study has been able to achieve its set goal. It is also clear from the findings that there was glaring cases of payroll fraud in the federal civil service. This environment was obviously fertile for generation of grand and petty corruption which has ruined the public service.

Thus, it has been established by the study that there were enormous leakages in the payroll system before introduction of IPPIS which gave birth to financial wastages in the staff remuneration payment. Good enough, the IPPIS according to the study has greatly succeeded in minimizing the leakages and wastages, and as well succeeded in minimizing payroll fraud in the Nigerian Federal Civil Service; thus enhancing service delivery.

It is therefore our hope that the recommendations made in this study be implemented in order to re-invigorate and reengineer the federal civil service for improved macro-economic environment. Through this process, the IPPIS reform system shall guarantee strengthened personnel cost management. In this way, the system shall ensure and promote public accountability, transparency, and probity; and above all ensure enduring service delivery in our Public Service, and above all guarantee good governance in Nigeria.

## **5.4 RECOMMENDATIONS**

Based on the findings of this study, the following recommendations have been made:

1. in order to ensure absolute fraud-free payroll system in the federal civil service, the government should embark on monthly payroll and personnel audit to ensure authentic and accurate data required for reliable payroll process.
2. the government should continue to ensure adequate security of the storage facilities and data therein; and avoid access of staff to the storage facilities, apart from those who work in such strong rooms. This is to avoid easy alteration, falsification of stored data which will in turn pave way for fraud.
3. regular training and retraining of staff working in IPPIS offices should be organized to keep such staff on their toes. Those staff working in IPPIS offices must be made to take oath of secrecy to keep information secret. This will ensure reliable and accurate data. Improvement in human capital development is imperative in this case and cannot be compromised. Operators of IPPIS should be properly trained to be more skillful and knowledgeable in both records and maintenance of machines.
4. in order to make the Nigerian civil service much more efficient and effective in service delivery, it is recommended that the IPPIS should be adequately funded to meet up with its challenges.
5. furthermore, it is recommended that monthly personnel audit and staff payroll audit be regularly conducted in all MDAs to ensure actual headcount (personnel) and the corresponding accurate emoluments (personnel cost) under each organization. It is with this reliable and accurate data that the IPPIS would be able to eliminate payroll fraud and minimize leakages in the Nigerian Public Service.
6. for efficient and effective operation of the IPPIS, government should endeavour to create regular awareness campaign on the existence and benefits of IPPIS to the general public, specifically the public service.

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## **Appendix A**

Department of Accounting,  
Faculty of management Sciences,  
University of Benin,  
Benin City.

Dear Respondent,

### **REQUEST TO COMPLETE THE QUESTIONNAIRE FORM**

I am a B.sc student of the above named university, undertaking a research work on the topic” *Integrated Personnel Payroll and Information System (IPPIS) Adoption And Payroll system in Nigeria*”

Please, you are required to provide answers to the under listed items in the questionnaires. The answers provided will be of immense importance for the completion of this work.

The researcher promises to keep your responses very confidential. Thanks for your co-operation.

**Yours faithfully,**

**Ebuka Prince**

**Appendix B**  
**QUESTIONNAIRE**

**A. Demographic Information of respondents**

1. Gender Male  Female
2. Age: 18 – 20  21 – 30  31 – 40  41-50  51 – 60  Above 60
3. Marital Status: Single  Married  Divorce
- 4 Do you have children/dependents? Yes  No
5. If yes, how many children/dependent? .....
6. Religion: Christianity  Muslim  Traditional Worship  Others
7. Please indicate your level of education  
(a). First School Leaving Certificate  (b). National Diploma/NCE  (c).  
Bachelor of Science (B.Sc)  (d). Master’s Degree  (e). Doctorate Degree

**B. Questions on Perception of IPPIS**

1. IPPIS tracts all financial transaction that are related and linked to personnel emolument in your establishment Strongly Agree  Agree   
Indifferent  Disagree  Strongly Disagree
2. IPPIS has been able to eliminate Wage Falsification Fraud in your Establishment?

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

3. IPPIS has been able to eliminate Time Sheet Fraud in your Establishment  
Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

4. IPPIS has been able to eliminate ghost works in your Establishment?  
Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

5. IPPIS has been able to eliminate Fraud in commissions and Bonuses in your Establishment. Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

6. IPPIS has been able to eliminate Expense Reimbursement Fraud in your Establishment. Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

7. IPPIS has been able to eliminate Fraud in Preparation of Supplementary Voucher in your Establishment? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

8. IPPIS has reduced multiple payments of emolument to a single employee in your establishment Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

9. IPPIS facilities easy storage, updating and retrieval of personnel records for administrative process? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
10. With the introduction of IPPIS has your establishment made any saving from its recurrent expenditure in terms of personnel cost and overhead? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
11. IPPIS has made payments in terms of over-head and salary to be made on-time and more conveniently? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
12. IPPIS reduces wastages and financial leakages in government recurrent expenditure in terms of personnel cost management? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
13. IPPIS aid in having and preparing accurate and reliable information about the size of personnel in the payroll? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
14. IPPIS aid in the reduction of corruption and sharp practices in the establishment? Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

