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E-GOVERNANCE AND ADMINISTRATIVE FRAUD IN NIGERIA PUBLIC SERVICE

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Abstract

The study examined E-governance as a vital tool in addressing the issues of Administrative Fraud in Nigeria Public Service. The failure of traditional governance model to provide solution to contemporary challenges in the public service has elicited the advent of sophisticated technological response that provides placid environment for digitalizing public administration. Administrative fraud is a major vice militating against good governance and social development. The transition from governance to e-governance has been considered a veritable instrument in ensuring transparency, accountability and effective service delivery in public service. The potency of ICT as a supporting tool in curbing the pervasiveness of Administrative fraud is acknowledged. This study adopted a qualitative approach via in-depth interview for data collection and thematic analysis. The data generated for the study were analyzed using both content and phenomenological analysis to analyze data generated. It is discovered that ICT has played a significant role in combating administrative fraud by increasing revenue of government through Integrated Payroll Information System (IPPIS) and Treasury Single Account (TSA) System. Public sector Fraud has significant effect on economic growth and development of Nigeria and the performance of the Nigeria public service. The study recommends that Administrative Fraud affect economic development and growth as such appropriate sanctions should be applied when fraud is discovered or detected and government should establish a public recovery fund where money recovered should be kept and used to enhance efficient and effective performance in the Nigeria public service.

Key words: E-governance, Administrative Fraud, Public Service

Introduction

Fraud in the public service arises from the exposure of illegal financial activities perpetrated by executives and all cadres, such illegal activities involve to a large extent, missing or misdirecting funds, over stating expenses, understating revenue, embezzlement, illegal capital transfer, illegal currency manipulation and large financial bureaucratic fraud, which form the centre piece of fraud that have contributed in keeping investors away. Nigeria has remained underdeveloped, as it is certain that nation with high incidence of fraud cannot develop

(Owojori & Asaoul, 2009). Fraud in developed economies is often reported in both private and public sectors. The problems in developing Third World nations particularly Nigeria is that fraud is common and affects a lot of citizen and in most cases perpetrators get away with the act. This is to say that, only in few instances are the nefarious act uncovered on time, investigated, prosecuted and adequate punishment given. Consequently, many involved are left free and hence, there is no deterrence for future fraudulent acts. Fraud has been cited as Nigeria's biggest single problem in public sectors. It has not only snapped public trust in

government but it has cost the government and people of Nigeria billions, due to corrupt management of public companies, unrealized public projects and deteriorated infrastructure caused by looted maintenance budget (Sabo, 2003).

According to Oboh (2012), the audit done for the ministry of finance by the renowned audit and advisory consultant, KPMG exposed the massive corruption in the NNPC between 2007 and 2009. The summary of the 41 page report is that NNPC is the biggest pot of sleaze in the country. The report detailed the corporation's sharp business practices, violation of laid down rules and regulations, illegal deduction of funds belonging to the state, and failure to account for several billions of naira that should go to the federation. Moreover, from 2009-2010, Nigeria lost N13.8 billion to various financial scams (Onyeje, 2009; EFCC media report, 2010 adopted from Oboh, 2012). What all these tend to expose is that there is a management or operational problem in the Nigeria public sector in the area of financial or accounting control. Thus, one needs no wonder much to see how devastatingly frauds have compromised the administrative competence, performance capacity and general credibility of the public sector.

The deployment of ICT in the public sector has been advanced as one of how developing countries like Nigeria plagued by corruption can use to control and combat Administrative fraud (Basyal, Poudyal, & Seo, 2018). For instance, the study of (Hassan, 2017) showed a positive correlation between e-government and corruption. (Similarly, Bertot, Jaeger, and Grimes, 2010) study acknowledged a positive indirect relationship between the deployment of ICT, openness, transparency and corruption. ICT is a phenomenon that is already widely used by government bodies, just as in business entities. However, ICT in government, i.e. electronic-government involves much more than just a tool; effective e-government involves rethinking and restructuring of public organisations and their processes (Kochanova, Hasnain, & Larson, 2017; Yildiz, 2007). Also, it involves changing the behaviour of public officers to deliver more efficiently and promptly to the people without being corrupt (Archmann & Iglesias,

2010). When e-government is implemented well, it enables all citizens to be accountable in the issue of finances.

The use of ICT in the combat against administrative fraud in the public service has generated a lot of interest in conceptual discussions and empirical enquiries. No doubt that the introduction of ICT is a prerequisite in this 21st century to deliver public services seamlessly and transparently. Studies have mentioned that e-government is playing a significant role in the promotion of transparency and accountability in government. The Nigerian government has also been investing mostly into ICT for governance since the last decade through the introduction of some programmes such as the Government Integrated Financial Management and Information Systems (GIFIMS), Treasury Single Account and Integrated Payroll and Personnel Information System, as well as some public reporting and checking mechanisms. However, studies in Nigeria have not generated considerable efforts in the examination of the length at which the government can use its enormous investment in ICT and e-government to tackle the menace of corruption in the country. Studies on corruption in Nigeria have mostly centered attention on its impact on economic growth, development, social values; also some studies have centred their focus on the effectiveness of anti-corruption institutions in the bid to suppress corruption (Bamidele, Olaniyan, & Ayodele, 2016; Nageri et al., 2013). Therefore, given rise to the research question of to what extent has e-government been able to eradicate the menace of bureaucratic fraud and corruption in Nigeria public service? It is against this backdrop that this study examined the impact of e-government and Administrative fraud in Nigeria Public service using a secondary source of data.

2.1 Conceptual Issues

E-Government in Nigeria

The Nigerian government kick-started e-government in the early 2000s intending to improve the public service from excessive administrative bottlenecks, improve service delivery, create a culture of accountability,

effectiveness and combat the menace of corruption (Abdulkareem & Ishola, 2016). In 2003, the National Information and Technology Development Agency (NITDA) were established to serve as the driving agency for the implementation. Since, its implementation, scholars have predicted that Nigeria has a lot to gain from the potential of e-government; however, the implementation has not reached optimum capacity to generate that multiplier effect in the public sector reform (Nchuchuwe & David, 2016).

The aim of implementing e-government was to act as a panacea to the problems of excessive public service bureaucracy and provide the avenue for the government to increase its productivity, efficiency and transparency in the delivery of public services. Since its introduction, the government has endeavoured to provide services to citizens via web and mobile platforms (www.services.gov.ng and *347*48#), such as the issuance and renewal of international passports, electronic national identity cards, drivers license, business registration and online tax filing (Abdulkareem & Ishola, 2016).

Electronic governance

E-Governance or ‘electronic governance’ is the use of Information and Communications Technology in the discharge of government responsibilities so as to ensure ‘Simple, Moral, Accountable, Responsive and Transparent’ (SMART) governance (United Nations [UN], 2005). The application of ICT to disseminate information to the citizens, businesses and among sections, units or departments of government, faster and better delivery of public services, improving internal efficiency, cost reduction, boosting income, reorganising administrative processes for improved quality of services (UN, 2005). Similarly, e-governance is the process of enhancing governance system through the application of ICT within and without the various levels of government (Okot-Uma, 2000).

In a similar vein, Backus (2001), views e-governance as the use of electronic means in the network of relationship between government and the public,

government and businesses, as well as in operations within governmental systems to simplify and improve democracy, government and business aspects of governance. Gil-Garcia and Luna-Reyes (2006) aligned their perception of e-governance to the foregoing.

E-Governance as tool for fighting administrative fraud in Nigeria public service

The nexus between e-governance as a panacea for combating administrative fraud and corruption has been globally pronounced by a number of scholars. Information communication technology is considered as a fundamental instrument that can be employed to tame the ugly trend of fraud. ICT is capable of mitigating corruption by promoting good governance, monitoring the activities of government and the governed. The use of electronic measure in the daily governmental business has a great impact in the fight against administrative fraud among other measures put in place by the government in many developing nations of the world such as Nigeria. Several efforts have been put forward to prevent corruption by different regimes. The creation of Independent Corrupt Practices Commission (ICPC), Economic and Financial Crimes Commission (EFCC) and Code of Conduct Bureau among others. Despite the creation of different institutions to checkmate the spreading wave of Administrative fraud and corruption in public service of the country, it appears that these measures were not absolutely capable of reducing corrupt practices in Nigerian society. The ineptitude of the above-mentioned measures triggered the development of e-governance scheme which was strengthened to foster transparency in the conduct of public affairs. The implementation of e-governance approach was made possible with the adoption of Information Communication technologies (ICTs) revolution. The implementation process was initiated as a pilot scheme initiated in some ministries and federal parastatals. Following this event, other levels of governments began to adopt this policy to tackle the high level of corruption in the country. The adoption of this policy aimed at blocking the manifold sources by which public payment of contracts and ghost workers. A huge amount of public funds has been saved by the three

tiers of government due to implementation of e-governance project. The philosophy behind this policy is to reduce corruption and increase the level of transparency and accountability in the public service. It is a by-product of ICT, which is an efficient and effective strategy to tackle corruption idiosyncrasy. Even though e-governance is not the first and last method to curb corruption in the public sector, it is being practiced very efficiently in the developed countries and in a few developing countries as well. In general, developing countries have succeeded much in implementing e-governance. Their efforts to apply the tools and strategies have been discernible since the last couple of decades. The services delivered through electronic means such as tax payment, rate, license are capable of mitigating human error and corruption in the public arena. In an environment where public administration is digitalized, physical contact which has the potential of promoting corrupt practices is mitigated. E-Governance serves the purpose of bringing transparency, accountability and openness to the public service. Nigeria has embarked on numerous strategies in reducing corruption especially through e-governance within the public sector. The public sector reform includes Treasury Single Account (TSA), Biometric Time and Attendance, Integrated Payroll and Personnel Information System (IPPIS), Prepaid Meter. Other initiatives include e-passport, online registration of Joint Admission Matriculation Board (JAMB) by candidates, introduction of computer based examination to reduce exam malpractice, the use of card reader during election, e-reporting of human rights abuse, monthly publishing of local and state governments allocation by the ministry of finance which allows citizens to be aware of how the government use their public resources.

The government integrated financial management information system (GIFMIS)

This is an integral component of the ERGP initiative targeted toward tackling corruption through information technology. It was implemented to provide support to public resource management by employing integrated and automated mechanism to ensure effective and efficient economic system. The implementation of this

policy is aimed to enhance transparency, accountability and cost effective public service delivery. The primary objective of the GIFMIS is to key into computerized financial information system for the federal government to increase:

- i. Federal government capacity to effectively control and monitor the general expenditure and receipts of MDAs
- ii. The capability to understand the general costs of collections of activities
- iii. The ability to exhibit transparency and accountability to the public and partners
- iv. The ability to access information on government's economic performance and cash flow
- v. Medium term planning through a medium term expenditure framework (MTEF) Internal controls to identify and prevent possible fraudulent actions.

Ultimately, the focus of the GIFMIS is to support and improve the federal government public financial management performance. The financial management obligations constitutes the overall financial management cycle of government which includes budget preparation, budget execution and financial reporting. GIFMIS aimed to be used in all areas of government budget preparation, execution and general management of financial resources. Additionally, GIFMIS enables effective revenue collection through integrated system of revenue collection especially in some agencies like Federal Inland Revenue Service (FIRS), Customs, Nigerian National Petroleum Corporation (NNPC) and providing effective revenue remittance and transfer to the TSA

Treasury Single Accounts (TSA)

The TSA policy was initiated as part of Economic Reform and Governance program in 2004 by the Federal government in Nigeria. TSA is an integrated national bank account in which all the federal government ministries, departments and agencies (MDAs) remit daily government revenue. The implementation of this policy by the national government aimed to block all leakages in Nigerian revenue generating agencies as well

as to guarantee judicious use of government resources for the benefit of the citizens. The TSA is one of the components of public financial management (PFM) reforms which was under the third pillar of National Strategy for public service reforms geared toward achieving vision 20:20:20 aimed to address the challenge of ineffective and inefficient cash management in the country. The implementation of this policy necessitates adoption of e-payment system for every single financial transaction, and it came into full force in January 2009 effectiveness, transparency, openness and accountability in the management of the country's financial resources. Although, before the implementation of TSA, the country was moribund with challenge of monitoring all government accounts by the Office of the Accountant General of the Federation (AOGF). The TSA was guided by three fundamental principles: the unification and synchronization of government treasury accounts; only the chief financial agents of the government are saddled with the oversight responsibility in managing cash resources of the government; and there should be comprehensive coverage of both the budgetary and extra-budgetary as well as consolidation government's cash resource

The objective of E-governance

- i. To improve Government processes;
- ii. To connect the citizens;
- iii. To build external relations
- iv. To ensure service delivery and transform governance;
- v. To ensure transparency in governance;
- vi. To provide qualitative cost-effective service;
- vii. To ensure greater efficiency, productivity, accountability and speed in providing information;
- viii. To build an informed society;
- ix. To encourage citizen participation;
- x. To provide friendly, speedier and efficient interface;
- xi. To eliminate the middleman (Amujiri, 2021)

The Goals of E-governance

- i. Development of policy framework for managing information;
- ii. Enhancing public services delivery;
- iii. Improving the quality and cost-effectiveness of government operations;
- iv. Engaging citizens in a democratic process;
- v. Creating administrative and institutional reforms, standards, best practices in accounting, auditing, etc

Transparency in the Conduct of Government Business:

As indicated above, one of the objectives of e-governance is the entrenchment of transparency in the administrative processes and service delivery. This will plug the holes through which Administrative fraud practices are perpetrated. It would eliminate the manual process which allowed much room for manipulation. The system would throw up any error(s) whether deliberate or accidental, and trigger investigation and corrective action. E-governance would stem the denials by government officials of receipts of monies. For example, local government officials used to deny receipt of allocations from the Federal Government. When Mrs Ngozi Okonjo-Iwuala assumed office as Nigeria's Finance Minister, she began to publish allocations to Local Governments in both print and electronic media. That denial stopped. That is one of the ways e-governance can help check Administrative practices. Public officials divert monies received on behalf of government into their privates' pockets and falsify documents to cover it up. E-governance provides systems of collection and accountability, as well as platforms which assist in tracking malpractices. Davies and Fumega, cited in (Ojo, 2019) gave the following recipe for fighting corruption through e-governance:

2.2: Theoretical Framework

The theories that guide this work are the fraud triangle and fraud diamond as discussed below:

The Fraud Triangle Cressey (1919-1987) was a student of Sutherland who builds on the initial works of the latter, to set forth the Theory of the Fraud Triangle, Cressey's work focuses on embezzlers whom he called "trust violators". His hypothesis states that:

Trusted persons become trust violators when they conceive of themselves as having a financial problem

Pressure

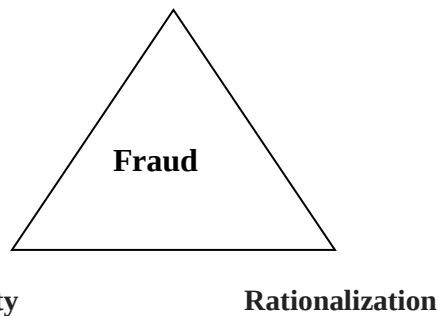


Figure 1: The Fraud Triangle

Source: Coenen (2005)

This hypothesis widely called the Fraud Triangle has three postulations:

Unshakable needs or Pressure:the individual has a need which could not be shared with persons who from a more objective point of view, probably could have aided in the solution of the problem. Cressey (1973) cited by Coenen (2005) divide these non-shareable problems into six basic sub types: Violation of ascribed obligations, Problems resulting from personal failure, Business reversals, Physical isolation, Status gaining, Employer-employee relationship.

Opportunity: -An opportunity affords itself for the individual to solve his financial problem by violating the position of financial trust he holds with his organization.

which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply their own conduct in situation verbalizations themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property (Cressey, 1973 cited by Coenen, 2005)

The opportunity could be in the form of inefficient control and supervision in the organization.

Rationalization: -he makes attempts at self-justification to rationalize and explain his actions and silence his conscience.

Theory of the Fraud Diamond

Wolf and Hermanson (2004) proffer the Theory of the Fraud Diamond, in place of the triangle. They argue that the diamond offers a better view of the factors leading to fraud. They add a fourth variable, capacity, to the three-factor theory of Cressey. Capabilities mean that, the fraud perpetrator must have the necessary traits, abilities, or positional authority to pull off his crime.

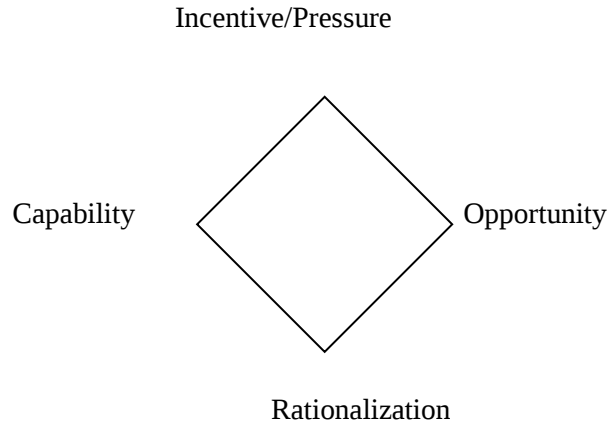


Figure 2: Theory of the Fraud Diamond

Source: Wolf and Hermanson (2004)

Theory of fraud Diamond offers a better view of the factors to fraud. The theory adds fourth variable, capabilities, to the three factor theory of fraud triangle. Wolf and Hermanson believed many frauds would not have occurred without the right person with the right capabilities implementing the details of the fraud. They also suggested four observation traits for committing fraud; First, authoritative position or function within the organization, Second capacity to understand and exploit accounting systems and internal control weakness, Third, confidence that he/she will not be detected or if caught he/she will get out of it easily, Fourth, capability to deal with the stress created within and otherwise good person when he or she commits bad acts. Reviewing the literature shows that researchers classified the motive side of the fraud diamond differently. Some researchers classified them as personal, employment or external pressure, while other classified it as financial and non-financial pressure. However, it can be noticed that both classifications are interrelated. For instance, personal pressure can come from both financial and non-financial. Person's financial pressure in this case could be gambling addiction or a sudden financial need, while a personal non-financial pressure can be lack of personal discipline or greed. By the same token, employment pressure and external pressure can come from either financial or non-financial pressure. Thus, Forensic Accountants have to keep in mind that pressure/motive to commit fraud can be either a personal pressure,

employment pressure, or external pressure, and each of these types of pressure can also happen because of financial and non-financial pressure. Forensic Accountants also need to understand the opportunity for fraud to help them in identifying which fraud schemes an individual can commit and how fraud virus occurs when there is an ineffective or missing internal control.

However, it can be criticized that even though the fraud diamond added the fourth variable capability to the fraud triangle and filled the gap in other theories, the model alone is an inadequate tool for deterring, preventing or detecting fraud. This situation can only change when the public sector achieves a positive change in the character and orientation of their government leadership. The leaders can bring this desired change by promoting good corporate governance in the public sector through Integrity, Accountability and Transparency, which would lead to attainment of strong internal control system in the public sector and thus the likelihood of an individual committing fraud.

3. Methodology

The study applied qualitative research due to its usefulness in providing insights, uncovering trends in opinions and its usefulness in delving deeper into a phenomenon. Data for this research were collected mainly from secondary sources. The secondary data were sourced from articles, publications of previously

acknowledged works of others such as journals, textbooks, media and the internet.

4. Result and Discussion

The Challenges & Solutions

High Cost of ICT Infrastructure

In spite of the apparent necessity and benefits of e-governance, the high cost of ICT infrastructure poses a huge challenge to its procurement, maintenance and sustenance. This is partly due to the fact that all ICT items are imported and the exchange rate of the Nigerian currency (Naira) is so weak. Government is faced with infrastructural deficit in critical areas like health, education, road, power and environment. Procurement of ICT infrastructure is therefore an added responsibility which government is grappling with. It is therefore, recommended that government may consider Public Private Partnership (PPP) arrangement to provide the needed financial, technical and professional intervention required to procure, manage and sustain ICT infrastructure, which is critical in the fight against administrative fraud and corruption.

Non-coverage of Remote Areas

E-governance faces another severe challenge in the area of internet coverage of remote areas in Nigeria. Most remote areas do not have internet access. It is impossible for e-governance to work in such areas. The citizens or those living in such areas are cut off their participation in anything ICT is ruled out. For the objectives of e-governance to be realised, the entire spectrum of the society should be provided with internet accessibility and empowered to procure the needed gadgets and internet access. This would help in the fight against corruption.

Inadequate Computer Literacy

There is a huge gap between computer literates and illiterates amongst the citizens. The number of ICT professionals in the public-sector is grossly inadequate. This poses a great challenge to e-governance and ICT penetration in the country. Knowledge of computer and

ICT is non-existent in most rural communities in the country. Attainment of the objectives of e-governance in such areas is therefore, unrealistic. The Nigerian government is tackling this challenge through the establishment of Digital Bridge Institute (DBI) in the six geo-political zones of the country. The DBI is mandated to bridge the gap as much as possible to deepen computer literacy in the respective zones. Computer literacy is essential among the citizens to understand the issues of e-governance, participate in, and be able to check and provide information that could assist in fighting corruption in the system.

Insufficient Electricity Power

Insufficiency of power supply is a problem bedeviling development in Nigeria. Epileptic power supply is a daily occurrence in the country. ICT equipment are powered by electricity power, they therefore, depend on electricity power for optimal performance. There is a huge gap between power requirement in the country and power supply. If power infrastructure is not adequately addressed, government's efforts towards transition to e-governance would not be achievable, and by extension, the fight against corruption may not succeed. It is therefore, essential for power infrastructure to be put in place to power the fight against corruption.

Conclusion and Recommendation

E-governance as an effective mechanism in tackling administrative fraud in Nigeria public service cannot be overemphasized. Although, there have been several efforts by the past political regimes in fighting corruption in the public sector, it appears that some of the efforts put in place were able to yield minimal outcomes. The recent initiative regarding application of information communication technologies (ICTs) in the general management of public affairs has been considered as effective mechanism to complement the effort in curbing corrupt practices in the public sector. This research demonstrates that e-governance as a modern technological tool is capable of reducing high level of administrative fraud in Nigeria public service. The current initiative to reduce the level of corruption in

Nigeria necessitates the implementation of e-governance strategy which revolves around the Treasury Single Account (TSA), the Government Integrated Financial Management Information System, and the current cashless policy among others. These numerous strategies have been utilized to minimize Administrative fraud and corruption practices in Nigeria public service. The study recommends that, government should considered Public

Private Partnership (PPP) arrangement to provide the needed financial, technical and professional intervention required to procure, manage and sustain ICT infrastructure, which is critical in the fight against administrative fraud and corruption. Also, the government should ensure that public and civil servants are periodically trained on ICT and adequate electricity supply is guaranty.

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