

Payroll Fraud In The Nigerian Public Sector: Dimensions, Determinants, And Its Fiscal Impact

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Abstract

This study investigates the dimensions and determinants of payroll fraud in the Nigerian public sector. The major objective was to examine the factors influencing payroll fraud, with specific objectives including: assessing the effect of a culture that tolerates corruption, evaluating the strength of government institutions in combating payroll fraud, examining the impact of inadequate punishment for offenders, and exploring the relationship between poverty and payroll fraud within the Nigerian public sector. A descriptive cross-sectional survey research design was employed, utilizing a structured questionnaire based on a 5-point Likert scale to collect primary data. A non-probability quota sampling technique was used to select management staff from the Office of the Head of the Civil Service of the Federation, the Office of the Accountant General of the Federation, and the Office of the Auditor General for the Federation. Data collected were analyzed using descriptive statistics and regression diagnostic tests. The results revealed that a culture that tolerates corruption (CTC), the strength of government institutions (SGI), and the absence of adequate punishment (AAP) have a positive and significant relationship with payroll fraud in the Nigerian public sector. Conversely, poverty (PVT) exhibited a negative and statistically insignificant effect on payroll fraud. Based on these findings, the study recommends that government should strengthen internal control systems within payroll offices to detect and eliminate loopholes that enable payroll fraud. Additionally, strict compliance with established financial regulations should be enforced,

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and offenders should be adequately sanctioned to deter potential perpetrators and promote transparency in public financial management.

Key Words: Determinants, Payroll fraud: Ghost Workers and Wages Falsification

INTRODUCTION

Payroll fraud is an epidemic for many countries around the world; especially the less developed ones (Omilusi 2019). Hossain, (2013) opine that Payroll fraud has continued to drain incredible sums of money from the Nigerian public service. (Faustinus 2013) observes that payroll fraud is as old as the civil service establishment in Nigeria. The Association of Fraud Examiners refers to payroll fraud as “any scheme in which an employee causes his or her employer to issue a payment by making false claims for compensation.” (Toakodi & Assi 2016) observed that collaboration remains another reason why false wage earners will continue to inflate the recurrent expenditure budget of government. Ukoko (2014) observed that internal auditors and the auditing firms assigned to audit the government offices are beneficiaries of the scam. The auditing firm cannot claim to have audited without discovering those who have cooked-up the books. According to Obinna (2013), the disturbing problem of payroll fraud in the Nigerian public service is a difficult one because from all indications, it has features of organized crime, with insiders in government agencies as arrowheads. The insiders’ influence as further observed by Obinna tends to block possible apprehension and prosecution of offenders. It has become difficult for the government to get to the root of the matter which is fuelled by official corruption.

Where government and her agencies have adequate information about the determinants and dimension of payroll fraud, it could manage and reduce fraud losses more efficiently (Gee, Button, & Brooks 2018). Policy makers in Nigeria could learn more about payroll fraud and use the knowledge to formulate policies to reduce wage falsification in the public service payroll of Nigeria. However, there are studies on the dimension of payroll fraud while studies on the determinants are inadequate. The purpose of this study is to fill this gap in the literature by examining the determinants of Payroll Fraud proxy: by culture that tolerate corruption, strength of Government Institutions, Poverty, Absence of adequate punishment, on the dimension of payroll fraud proxy by: Ghost workers and Wage Falsification fraud in the Nigerian public sector.



Statement Of The Problem

In the past ten (10) years, Federal Government has recorded an increase in its wage bill without a corresponding increase of the workforce. This has resulted in the Government's over bloated wage bill of public/civil servants. This situation aroused government curiosity to ascertain the actual workforce through various exercises such as IPPIS, biometric capturing, personnel verification and the use of BVN. Evidence from these exercises show that about 19% of the workers whose names appear on the payroll and other claims are fictitious running into billions of Naira (Toakobi & Assi, 2016). This is a fraudulent act and constitutes a criminal offence going by the law. Regrettably, no single culprit has been prosecuted after these exercises. It appears therefore, that the government is closing eyes on this issue. Or perhaps the perpetrators of this act are those within the corridor of power. It is also not clear whether the anti-graft agencies are not aware of this fraud and if they are, why are they not prosecuting the offenders?

Etale, & Pouzigha. (2020), emphasized that the government of Nigeria has implemented various reforms over the years to eliminate payroll fraud from its public service, such as Bank Verification Number (BVN), Biometrics Identification Number and Integrated Payroll and Personnel Information System (IPPIS) and GIFMIS among the MDAs in 2016. These two platforms are currently used for processing the payment of salaries to employees in the public service entities. Yet Payroll fraud still prevail thus draining public funds and deprive the country of resources for development (Gee, *et al.* 2018). The inability of the government to address the problem of payroll fraud could be due to a lack of adequate information about the phenomenon and determinant of payroll fraud such as Culture that tolerate corruption, Strength of the Government Institutions, Poverty, and Absence of adequate punishment. The purpose of this study is to fill this gap in literature by examining the dimensions and determinants of payroll fraud in the Nigerian public sector.

Objectives Of The Study

The overall objective is to examine the determinants and Dimensions of payroll fraud in the Nigerian public sector.

The specific objectives are to:

- i. Examine the effect of corruption tolerance culture on payroll fraud in the Nigerian public sector.
- ii. Assess the effect of the strength of government Institutions on payroll fraud in the Nigerian public sector.

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- iii. Determine the effect of the absence of adequate punishment on payroll fraud in the Nigerian public sector.
- iv. Examine the effect of poverty-related factors on payroll fraud in the Nigerian public sector.

Research Questions

The following questions help to proffer solutions to the objectives of the study.

- i. How does corruption tolerance culture affect payroll fraud in the Nigerian public sector?
- ii. How does the strength of government institutions affect payroll fraud in the Nigerian Public Sector?
- iii. How does the absence of adequate punishment affect payroll fraud in the Nigerian public sector?
- iv. How do poverty-related factors affect payroll fraud in the Nigerian public sector?

Research Hypotheses

The following hypotheses framed in null form shall form the framework for carrying out this study.

Ho₁: Corruption tolerance culture does not affect payroll fraud in the Nigerian public sector

Ho₂: The strength of government institutions does not affect payroll fraud in the Nigerian public sector.

Ho₃: Absence of adequate punishment does not affect payroll fraud in the Nigerian public sector

Ho₄: Poverty-related factors do not affect payroll fraud in the Nigerian public sector.

Significance of the study.

The study has social change implications for government agencies and the Nigeria public in general. In this study, we examine the factors that determine payroll fraud and the dimension of payroll fraud in the public service in Nigeria.

This study could also trigger government action for payroll reforms to promote efficiency in payroll management and save public funds for national development (Nyaledzigbor, 2015)

The study could also guide anticorruption and fraud institutions of the country such as the EFCC, ICPC and Office of the Auditor general of the federation to identify the internal control weaknesses of the payroll system. Finally, the study would add to existing

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knowledge on payroll fraud and become a reference point for intellectuals, students, and policy makers on payroll in the public services of developing countries.

CONCEPTUAL REVIEW

Dimension Of Payroll Frauds

Fraud is generally classified into three main categories namely, asset misappropriations, corruption, and fraudulent statements (ACFE). Payroll fraud is, however, classified under asset misappropriation and includes: creation of ghost names, falsification of wages, false insurance claims, false expenses claim and misclassification of staff on the payroll (Izedonmi & Ibadin, 2012). In the succeeding sections, we discussed the various types of payroll frauds in the public service with particular reference to ghost workers and wages falsification.

Ghost Workers Fraud

Ghost workers in public service are individuals who receive a salary from the government but do not work or may not exist; their salaries are received by someone else (Tanzi, 2018).

The World Bank (2016) described ghost workers in the civil service as Nameson on the payroll, receiving wages but cannot be shown to exist physically. They are workers who have died, retired, or left the civil service but were never recorded as such. They are fictitious persons whose pay is claimed by others.

The Federal Government and other states lost over N538bn to thousands of ghost workers in the last five years, investigations by our source have revealed. Of the amount, the Federal Government paid N220bn to 103,000 ghost workers between September 2016 and May 2021. States of the federation paid the remaining N318bn. The states are Katsina, N30bn; Kano, N17bn; Rivers, N60; Benue, N10.2bn; Oyo, N18bn; Abia, N26.5bn; Adamawa, N20.4bn; Akwa-Ibom, N15bn; Bayelsa, N120bn and Ekiti, N1.2bn. A breakdown of the amount showed that the sum of N170bn involving 60,000 ghost workers was saved during the administration of former President Muhammadu Buhari. In contrast, the balance of N50bn, involving 43,000 ghost workers, was saved between February and May 2020. The sum of N45bn was saved between September 2021 and May 2022 when Buhari's administration implemented the Integrated Personnel Payroll and Information System (<http://www.onlinenigeria.com/latest-news/49475-fg-states-spent-n538bn-on-ghost-workers-in-five-years.html>).



Wages Falsification

Wage Falsification Fraud, (Nangih & Davies, 2017) opine that 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.

Lekubu, (2013). This form of fraud is common in the contemporary government system in Nigeria. the introduction of biometric and incessant verifications has 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. (Nafiu, et al 2016) 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 MDA who has the power to audit the payment voucher as prepared by the payroll officer can be carried along in the fraudulent exercise.

Determinants of Payroll Fraud

As the saying goes, there is no smoke without a fire and as such, the existence of corruption in our public sector of which the payroll fraud is a part, is caused by a lot of factors or variables. Such factors according to (Garrett, 2019), include culture that tolerates corruption, weak government institutions, poverty and absence of adequate punishment.

Culture that Tolerates Corruption

Culture is a concept that encompasses the social behaviour, institutions, and norms found in human societies, as well as the knowledge, beliefs arts laws customs, capabilities and habits of the individuals in these groups. (Africa Wiki Challenge 2024).

Hofstede's cultural dimension theory; "Indulgence vs Restraint" this dimension refers to the degree of freedom that societal norms give to citizens in fulfilling their human desires. Indulgence is defined as a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. While restraint is defined as a society that controls gratification of needs and regulates it by means of strict social norms. (Vinney, 2024).

In Nigeria today, fraud has become a common culture in all spheres of life. According to AbdulRaheem, Babaita, and Yinusa (2012), fraud constitutes one of the financial crimes in Nigeria. Financial crimes are forced into existence due to the nature of the economy, and pressures of how to write off poverty for good. For example, Leba (2013)

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reported that the Nigerian public service at various levels is heavily burdened with a ghost population, who unexpectedly not only write job applications and present themselves for interviews, but who also open bank accounts and collect salaries, despite their human shortcomings.

Strength of Government Institutions

According to Babalobi (2018), corruption in the public service is encouraged by weak government institutions, poor pay incentive, lack of openness and transparency. In this view, the payroll fraud seemingly represents a means to making up with the poor pay incentives. The fraudster's syndicates compensate themselves by this unwholesome act. In Nigeria, anyone that is favoured in political patronage can basically get away with most crimes, and some of these crimes involve money laundering, uncontrollable theft of government money and other illegal crimes. .

The institutional weaknesses of the ICPC, EFCC and the Due Process Commission are the first set of brick walls in Nigeria's fight against corruption. The intuitions, by their acts of omission and commission, appear to lack complete independence. The ICPC is very slow to act and cannot, *strictu sensu*, prosecute; while the seemingly effective EFCC can prosecute but appears incapable of penalizing. (Folarin, 2020) The close affinities ICPC and EFCC have with the presidency that created them in the first place, have made the two to appear like instruments of state coercion and victimization of perceived and real enemies of the civilian administration.

Poverty

Poverty is a complex concept with a multitude of meanings, while its definitions are variable; it can be understood as a chronic and debilitating condition that results from multiple synergistic risk factors that affect the mind, body, and soul. (Jensen, 2019). While some see adverse poverty as strictly an economic state, others consider it a condition of political vulnerability; others still view poverty as a measure of social class. (Deonandan, 2019).

According to (Akinyetun, 2020), socioeconomic deprivation leads to multidimensional poverty, inequity, injustice, and unemployment. This exacerbates existing tensions among marginalized groups, who can be triggered to seek alternative although by illegal ways. This perceived economic, political, and social deprivation is a precursor to violence, terrorism, extremism, insurgency, and crime.



Absence of Adequate Punishment

Ribadu (2004) defined prosecution as the process of trying to prove in a court of competent jurisdiction that somebody is guilty of a crime for which he/she has been duly charged. If found guilty of the crime of financial, payroll or any other crime he or she be given adequate sanctions or punishment as stipulated by law.

Button, Lewis, Shepherd and Brooks (2016), opine that financial, payroll fraud and crime Convicted persons are to be punished for the following main reasons:

To discourage the individual from offending again (individual deterrence), To discourage others from offending (general deterrence), To compel the offender to make amends for what they have done and ensure they do not profit from their crime (restitution, compensation, redress and community work), To protect society from the person offending again while they imprisoned (or put under other control arrangements) (incapacitation), To reinforce social values and bonds about what is the right behavior and To punish the offender (retribution).

There is much debate and research on how effective sanctions are for different types of behaviour in securing deterrence. Nevertheless (McGuire, 2012), has noted the following key observations for deterrence to work based upon an analysis of many studies. The sanctions must be: Inevitable and unavoidable; Administered immediately or speedily; and High to maximum severity.

Theoretical Framework

This study used the fraud triangle theory to explain the motives for fraud and also measure the level of payroll fraud on the government payroll offices in Nigeria.

The Fraud Triangle

The fraud triangle theory was developed by Cressey (1950), a renowned criminologist, educator, and a writer whose work has provided the framework for understanding the motives for fraud and the characteristics of fraudsters (Kassem, & Higson, 2017). The fraud triangle model was developed based on observations Cressey made about the behaviours of 250 criminals who were serving their jail sentences in a United States Cell. Cressey observed a common characteristic among the inmates and concluded that for individuals to commit fraud, three factors must be present (Gbegi, & Okoye, 2018). These factors are pressure, opportunity, and rationalization. According to Albrecht et al., (2018), "whether the fraud was one that benefited the perpetrator directly

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or one that benefited a perpetrator's organization, the three conditions for fraud are always present for fraud to occur" Consequently, these three factors became the pillars in the fraud triangle theory. The figure below shows the pictorial view of the fraud triangle.

The Fraud Triangle



Figure 1. Fraud triangle showing the three factors responsible for fraud.

Empirical Review

The essence of this review is to study other empirical studies that hold some level of significance to the study been conducted such as:

Adongoi and Eyo (2010) investigated corruption in the civil service: a study of payroll fraud in selected Ministries, Departments and Agencies (MDAS) in Bayelsa State of Nigeria. The study whose objectives was to unravel the factor responsible for payroll fraud in the state adopted ex-post-facto research design and gathered collected data mainly from secondary sources found that the crime of payroll fraud persists in Bayelsa state civil service despite measures taken by government to stem the fraud. It also showed that challenges such as inadequate funding and corruption confronting the Economic and Financial Crime Commission (EFCC) are responsible for the futile prosecution of culprits.

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 was 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

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least square regression statistical techniques were used in analysing 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.

METHODOLOGY

Research Design

The study adopted a survey research design and quantitative method because it is a useful tool for establishing the correlation between variables in a study (Schertzer & Schertzer, 2013). Quantitative methods also analyse the relationship between variables using sampled data. (Ahram, 2017) Additionally, the quantitative statistical analysis allows estimates to be based on observable data, which provides a check on the assessment itself (McKay, 2016). The quantitative method has been used over the years in studies aimed at reducing the cost and size of the public sector (Olowu, 2016). In this study, we employ a quasi-experimental design to select government MDAs in Nigeria for a survey. The quasi-experimental design allows researchers to select participants for a study, but does not require the assignment of cases to comparison groups. The variables for this study are; Culture that tolerate corruption, Weak Government Institutions, Poverty, Absence of adequate punishment and ghost workers fraud, falsification of salaries/wages. In this quantitative study, the researcher applies descriptive statistics and correlational analysis to describe the relationship between Culture that tolerate corruption, Weak Government Institutions, Poverty, Absence of adequate punishment and ghost workers fraud and falsification of salaries/wages.

Model Specification

The researcher shall use single regression technique to test hypotheses; the single regression models is stated thus:

$$\text{Payroll fraud} = f(\text{Determinants of payroll fraud}) \quad - \quad - \quad - \quad - \quad -$$

(1)

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$$\text{PAYFRD} = f(\text{DePF}) \quad - \quad - \quad - \quad - \quad - \quad - \quad - \quad - \quad -$$

(2)

$$\text{PAYRFRD} = \beta_0 + \beta_1 \text{CTC} + \beta_2 \text{SGI} + \beta_3 \text{PVT} + \beta_4 \text{AAP} + \varepsilon_i \quad - \quad - \quad - \quad -$$

(3)

Where:

PAYRFRD = Payroll Fraud

Independent variable is proxy by the following elements and denoted by

CTC = Culture that tolerate corruption

SGI = Strength of Government Institutions

PVT = Poverty

AAP = Absence of adequate punishment

 β_0 = Constant $\beta_1 - \beta_5$ = Regression coefficients ε_i = Stochastic error term

RESULTS AND DISCUSSION

Descriptive Statistics and Regression Diagnostic Tests

Table 1 presents the summary statistics for the study's data. The mean of payroll fraud is 2.61, for the predictor variables, the mean responses hover between 2.57 and 2.68 which is closer to the maximum value. These results indicate that majority of the respondents agree that on average, the proxies of determinants of payroll fraud examined in this study affect payroll fraud. The standard deviation value indicates that the opinion of respondents is similar across the different units of analysis examined in the study. The value of skewness for all the variables in the series is positive, implying that the distribution is positively skewed, meaning that the data set has a greater number of large values. Extant literature posits that a skewness value between -1 and +1 should be considered as excellent, while values between -2 and +2 should be regarded as acceptable. For this study's values of skewness for the criterion variable and the predictors are not acceptable. The values of kurtosis for all the variables are positive and greater than the threshold value of 2 indicating that the distribution is more peaked than normal. Just like the skewness, the general guideline is that if the kurtosis is greater than +2, the distribution is too peaked. These results show that the study's distribution is nonnormally. It is pertinent to mention that one of the assumptions of least squares regression is that the data is normally distributed, implying that the observations follow a normal (Gaussian) distribution. Thus, the population from which the samples are collected

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is assumed to be normally distributed, and the null hypothesis is that "the sample distribution is normal." If the test is significant, the distribution is non-normal. The result of the Jarque-Bera test shows that the data set is nonnormally distributed since the probabilities are significant at the < 1 per cent level. The test of multicollinearity shows that the independent variables are not intercorrelated as the variance inflation factors are less than 10. Thus, the estimates from the regression results are good for drawing valid conclusions. The Breusch-Pagan/ Cook-Weisberg test of heteroscedasticity reveals that the probabilities of the chi-square statistics are not significant at the 5 per cent level, indicating the presence of homoscedasticity in the data set, giving impetus for the rejection of the null hypothesis of homoscedasticity.

Table 1: Descriptive statistics and other regression diagnostic tests

	PRF	CTC	SGI	AAP	PVT
Mean	2.61	2.67	2.68	2.57	2.68
Maximum	5	4.2	4.6	4.2	4.6
Minimum	1	1.4	1.2	1.2	1.4
SD	0.677	0.529	0.659	0.596	0.611
Skewness	0.661	0.572	0.247	0.469	0.214
Kurtosis	3.31	3.66	3.02	3.12	3.06
VIF	-	1.50	1.62	1.50	1.70
Mean VIF		1.58			
J-B stat	20.8	27.1	31.8	10.6	29.0
Prob (JB)	0.000	0.000	0.000	0.000	0.000
Breusch-Pagan/ Cook-Weisberg Heteroscedasticity test	Chi2 (χ^2) = 0.21, Prob > chi2 = 0.6499				

*Authors' compilation, 2024. ** Significant at 1 per cent respectively.*



Empirical Result

The results of the ordered regression estimate for the determinants of payroll fraud is depicted in Table 2. The coefficients of all the variables except poverty are significant in both the probit and logit models and possess similar signs, which show that the estimates are robust. However, the Log-likelihood ratio (LR) statistic and the Akaike information criterion (AIC) show that the logit model is more robust with a higher LR and lower AIC, hence it is the appropriate model to interpret. Moreover, the pseudo R^2 is higher in the logit model at 0.21. The result for the test of hypothesis one shows that the coefficient of CTC is 0.538; with $z = 2.06$ and $p = 0.04$. The variable passed the significance test; therefore, the study fails to reject the hypothesis of a significant relationship. The positive coefficient indicates that culture that tolerate corruption (CTC) and payroll fraud (PRF) move in the same direction. Similarly, the test of the second hypothesis shows that the coefficient of SGI is positive (0.671) with a z -stat of 3.01 which is significant at the 1 per cent level. The variable passed the significance test, strength of government institutions (SGI) has a positive influence on PRF. The result for the test of hypothesis three shows that the coefficient of AAP is 0.773, ($z = 3.27$, $p = 0.001$). This variable passed the significance test at 1 per cent, indicating that absents of adequate punishment (AAP) has a positive association with PRF. However, the test of the fourth hypothesis is negative but not significant at 5 percent ($c = -0.212$, $z = -0.91$, $p = 0.365$). Thus, poverty (PVT) has no significant effect on PRF.

Table 2: Ordered logit and Probit results

Variable	Probit model			Logit model		
	Coef.	z-stat	Prob.	Coef.	z-stat	Prob.
CTC	0.988	2.10	0.036*	0.538	2.06	0.040*
SGI	1.248	3.05	0.002**	0.671	3.01	0.003**
AAP	1.353	3.23	0.001**	0.773	3.27	0.001**
PVT	-0.471	-1.11	0.267	-0.212	-0.91	0.365
R2	0.20			0.21		
LR		48.03	0.000		50.73	0.000
AIC		205.73			203.03	

*Authors' computation, 2024. *; ** Significant at 5 and 1 per cent respectively.*



DISCUSSIONS

The results of the ordered logit regression shows that three of the proxies of determinants of payroll fraud examined in the study have a significant influence on payroll fraud. Firstly, the result reveals that, culture that tolerates corruption (CTC). Corruption is the altar on which national development is slaughtered. The cost of corruption goes beyond the financial implications as revealed. It has social, cultural and political drawbacks that have overall consequences on the development of the nation. The social, cultural and political backlashes have graver consequences for a nation's existence this result is supported by findings of Aduku. (2016) who investigated culture and corruption in Nigeria and found a significant relationship

Secondly, the result shows that strength of government institutions has a significant relationship with payroll fraud. The weaknesses of the ICPC, EFCC and the Due Process Commission are the first set of brickwalls in Nigeria's fight against corruption. The intuitions, by their acts of omission and commission, appear to lack complete independence. The ICPC is very slow to act and cannot, *strictu sensu*, prosecute; while the seemingly effective EFCC can prosecute but appears incapable of penalizing. Thus, confirming the conclusions of Babalobi (2018) and Omotoye, (2014) who asserted that corruption in the public service is encouraged by weak government institutions. Thirdly, our result proves that absent of adequate punishment (AAP) encourages payroll fraud by not given adequate sanctions or punishment as stipulated by law to fraudster, and serve as deterrence to Potential offenders. The finding of this study is in tandem with the study of Ayers and Braithwaite (2015), in terms of direction, but not significance. Ayers and Braithwaite found that adequate punishment as a control measure has a positive relationship with payroll fraud prevention, but the relationship was not significant at 5% level. Lastly, this study found that poverty (PVT) has no significant relationship with payroll fraud. This result is supported by Chinelo (2016) who posited that PVT does not encourage payroll fraud.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This chapter has examined the phenomenon of payroll fraud in Nigeria, identifying the concept as it applies to the country; the causes, manifestations and implications for national development. The chapter also examined some cases of payroll fraud practices in high places and how these have affected governance and management in Nigeria. It did a historical search of payroll fraud, establishing the fact that payroll fraud in Nigeria

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dates back to ten years ago and has degenerated more as a result of certain social factors, including culture, absent of adequate punishment, and the likes.

The strengths and weaknesses of the anti-corruption institutions were identified, with the devastating effects on nation-building highlighted. The dangerous consequences of payroll fraud for the nation make it imperative that the anti-corruption war should be intense and backed by new and systematic strategies. Anti-corruption agencies should no longer be under the control of the Executive arm of government.

Recommendations

Based on the findings highlighted above, the study makes the following recommendations:

- a. Government and the society should strive to build a culture that abhors corruption by naming and shaming perpetrators of payroll fraud.
- b. Government should ensure that there is adequate punishment for financial infractions and fraudulent acts among civil servants.

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