INSTITUTIONALIZING THE AUDIT CULTURE IN NIGERIA IN THE CONTEXT OF THE NATIONAL WHISTLEBLOWER POLICY: CONTENDING ISSUES AND POLICY PROSPECTS

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Abstract  
The general objective of this work is to study the position of audit culture in Nigeria in the context of the new national whistle blower policy in the country. The central research question of the study therefore borders on the nature of the relationship between a national whistle blower policy and the audit culture in the given state. The study found a complementary relationship between audit culture and a national whistle blowing policy. It further found a cultural deficiency in audit culture in subject-country. Consequently, the work concluded that the salvaging of an economy that is headed for the woods in the country requires the institutionalization of a strong audit culture as national imperative.  
**Keywords:** Audit culture, whistle blowing, whistleblower, policy

Introduction  
This paper studies the audit culture in Nigeria in the context of the national whistleblower policy. It examines the contending issues and the overall prospects of the national whistleblower policy in the country. The general objective of the research work therefore is to study the position of audit culture in Nigeria in the context of the national whistleblower policy. Despite a preliminary attention to the overall business climate in the country, which further serves as statement of the problem, the focus of the study is invariably the Nigerian public sector. The research was informed by the massive interests and excitement generated among the citizenry by the new policy of the Nigerian federal government. The central research question of the study therefore borders on the nature of the relationship between a national whistleblower policy and the audit culture in a country, particularly in a troubled socio-political economy, which the Nigerian nation typifies. A further research question is as follows: what are the policy prospects? The study’s theoretical significance is locatable in its interdisciplinary trajectories. In empirical terms, the study attempts to serve as significant contribution to the efforts at finding answers to the lingering questions bordering this embattled West African nation.

Periscoping the national business climate in the country  
The two dominant features of the generic climate of business in the Nigerian economy are arguably, corruption and the near absence of affordable electricity energy. According to Ujah, Nwachukwu, Alli, Uzor & Nwokpoku (2016), the World Bank had identified power, corruption and access to finance as the bane of the private sector in Nigeria. According to the Bank, this has resulted in as high as 17-20 percent losses in sales recorded by Nigerian firms (Ujah, Nwachukwu, Alli, Uzor & Nwokpoku, 2016). Uwujaren (2012) had in these regards also decried private sector involvement and connivance in corruption cases and called for higher level of professionalism and ethical comportment by operators of the sector. According to SERAP (2017) the much publicized power sector reforms in Nigeria under the Electric Power Sector Reform Act of 2005 is yet to yield desired and/or anticipated fruits, largely due to corruption and impunity of perpetrators, regulatory lapses and policy inconsistencies. SERAP (2017:4) further deposes: “The total estimated financial loss to Nigeria from corruption in the electricity sector starting from the return to democracy in 1999 to date is over Eleven Trillion Naira (N11 Trillion Naira). This represents public funds, private equity and social investment (or divestments) in the power sector.”

In the general business climate in the Nigerian economy therefore it remains an inclement scenario of unusual challenges. Where the electricity supply is not (as usually described in the country) epileptic, it would be non-existent. The overheads of sundry businesses are adversely affected, particularly as these organizations resort to running on generating sets, which in many instances are powered by exorbitantly procured gasoline. The business environment is furthermore, immensely characterized by a plethora of rates at the local level and a multiplicity of taxes at other fronts. Probably in attempts to reduce operational cost very many businesses in the national economy eventually release to the system some
The audit function as cultural deficiency

A focus on the public sector
The defining features of the Nigerian public sector are kleptocracy and inefficiency. The Nigerian public sector is the epicenter of inclement business practices in the country. The sidelining of the audit function in Nigerian organizations is also epitomized by the operations of the public sector entities, which are breeding grounds of substandard services and sleaze. According to Ademola-Olateju (2017), it is not a secret that corruption and embezzlement have become celebrated ways of life for Nigerians in positions of trust, in a clime where graft has become endemic. And since oil was discovered in Nigeria, most of the $400 billion earned so far has gone into private pockets. Bisi &伊ohoa (2017) also add that one of the core responsibilities of any government to its citizens is financial accountability and transparency. This is to reassure the stakeholders that the government is people-oriented and enables the stakeholders to hold the government in power accountable to its electoral promises (Bisi &伊ohoa, 2017). Ademola-Olateju (2017) further posits: It is a crying shame that the Nigerian in a position of privilege steals so much money than he needs, can ever use or easily access!

Consequent upon the foregoing, in the public sector entities in the country, it is usually a narrative of inadequacies and incapacitations. There are always stories about lack of funds. The annual national budgets have become mere rituals. The budget estimates may be based on internally generated sources of funds that never materialize. Some estimates are based on external borrowings that also tragically find their ways to private pockets, while the economy continues to bear the burden of perpetual interest payment on the borrowed funds. Hence, the yearly budget ceremony merely serves the material purpose of meeting the overheads-obligations to federal workers, patterning to their stupendous salaries and putative emoluments. Whatever that might have been earmarked for capital projects, would remain insignificant and inadequate. Yet the public sector officials will still mindlessly steal substantial portions of the increasingly meager allocations to capital projects. The ensuing scenario has necessitated the inauguration of a national whistle blowing policy for the country. But why not the institution of a national culture of internal and external audits?

The audit function as cultural deficiency

A national audit culture is indeed critical for sanity in the business environment in the country and in the specific case of the public sector. Its deficiency in the Nigerian public sector is a primary reason for the unsalutary state of affairs in the nation’s political economy. It is a necessity for ensuring that extant operational rules and regulations are obeyed. It is also a desideratum for unearthing on continuous basis the innumerable cases of fraud in the country on non-postmortem bases. The audit function in Nigerian organizations is currently perceived as aimed at victimization and vendetta. And on the side of sole proprietors and other forms of semi-formal proprietorships, the audit function is culturally considered an avoidable distraction. On the other hand however, the deeply entrenched audit function in a national economy is critical for the effectiveness and efficiency of sundry organizations, irrespective of sectoral divide. We consequently perceive a cultural deficiency in the audit culture in the country.

According to Uwujaren (2012), investigations by the Economic and Financial Crimes Commission into several cases of graft showed that private sector operators were covering up and conniving with individuals and firms, implicated in corruption cases. Specifically, it is wondered how a prominent local accounting firm gave clearances to many oil firms involved in an on-going trial of fuel subsidy payments by government. The said firm actually cleared for payment an oil vessel that had ceased to operate three years before the payments were made. Financial services companies like banks, accounting and audit firms and other operators in the private sector were found involved in many corruption cases and practices. This of course is a pointer to the gargantuan nature of the germane issues, highlighting the need for the institutionalization of the audit culture in the country, in such a manner that the integrity of the auditor would not also be in doubt.

The national whistleblower policy
The extant national whistle blower policy in Nigeria aims to encourage Nigerians to report financial and other related crimes to relevant authorities. The policy was approved in December 2016 by the country’s Federal Executive Council, chaired by President Muhammadu Buhari. It was put in place by the Federal Ministry of Finance, in conjunction with the Attorney-General of the Federation and Minister of Justice, as a stop-gap initiative, until the National Assembly formally passes a law on whistle-blowing in the country (Tukur, 2016). In the same regards, Akinnaso (2016) submits:

The Federal Government of Nigeria has finally taken a major step in the
right direction by initiating a whistle-
blower policy. According to the
Minister of Finance, Mrs. Kemi
Adeosun, the primary goal of the
policy is to support the fight against
financial crimes and corruption, by
increasing exposure of financial
crimes and rewarding whistle-
blowers. In order to promote such
exposure, whistle-blowers are
couraged and offered protection
from harassment or intimidation by
their bosses or employers. The hope
is that more looted funds will be
recovered through the
encouragement of voluntary
information about corrupt practices.

According to Okakwu (2017) the Nigeria Senate had
recently passed the whistle blower protection bill after
its third reading at plenary. The Senate said the bill is
aimed at ensuring the protection of persons with
potentially reliable information on the war against
corruption. Brief details of the bill were also captured
in a release by the Senate. The bill amongst other
things aims at ensuring that persons who make
disclosures about corruption do not suffer reprisals in
relation to such disclosures and are duly protected by
law (Okakwu, 2017). To finally become an act of
parliament / law in Nigeria, the action of the Senate on
the bill requires the concurrence of the House of
Representatives and the President’s final assent (the
President is to sign / refuse to sign within 30 days or
reconcile differences with the National Assembly,
otherwise, other constitutionally guaranteed processes
by the National Assembly could turn the bill into law
without the President’s assent. It however remains an
open secret that the interest of the Nigerian public is
more on how money could be made by the whistle
blower, via the whistle blowing policy (See Tukur,
2016).

Policy prospects
The truth is that the fight against systemic, endemic
and institutionalized corruption in the Nigerian state is
not a matter of an after-thought whistle blowing
populism. The more critical questions truly border on
why monumental corruption thrives in the country?
Differently framed, the crucial issues would border on
whether the corrupt official and the whistle blower do
even share the same sleazy weltanschauung, only
that one has a sordid access to the looted funds
before the other. Furthermore, the considerations
would include whether the whistle blower is the usual
patriotic citizen or a blatantly exasperated member of
the teeming unemployed segment of the population?

According to FGN (nd) the whistle blowing
programme is designed to encourage anyone with
information about a violation, misconduct or improper
activity that impacts negatively on the Nigerian people
and Government, to report it. A Whistleblower
therefore is any person who voluntarily
discloses information in good faith about a possible
misconduct or violation that has occurred, is on-going,
or is about to occur. Examples of information that can
be submitted include:

- Mismanagement or misappropriation of
  public funds and assets (e.g. properties and
  vehicles).
- Financial malpractice or fraud.
- Collecting / soliciting bribes.
- Corruption.
- Diversion of revenues.
- Fraudulent and unapproved payments.
- Splitting of contracts.
- Procurement fraud (kickbacks and over-
  invoicing etc.)

Submission of information under
the Whistleblower Programme is done through the
online portal of the Federal ministry of Finance by e-
mail or by phone. If there is a voluntary return of stolen
or concealed public funds or assets on the account of
the information provided, the whistleblower may be
entitled to anywhere between 2.5% (Minimum)
and 5.0% (Maximum) of the total amount recovered.
But you must have provided the Government with
information it does not already have and could not
otherwise obtain from any other publicly available
source to the Government (FGN, nd). The purpose or
expected outcome of the whistle blower programme of
the Nigerian government is as follows:

- Increase exposure of financial or financial
  related crimes;
- Support the fight against financial crimes and
corruption;
- Improved level of public confidence in public
  entities;
- Enhance transparency and accountability in
  the management of public funds;
- Improve Nigeria’s Open Government
  Ranking and Ease of Doing Business
  Indicators; and
- Recovery of public funds that can be
deployed to finance Nigeria’s infrastructure
deficit (FGN, nd).
Citing Nigeria’s National Bureau of Statistics (NBS), Olawoyi (2017) highlights that the country’s unemployment rate rose to 14.2 per cent in the fourth quarter of 2016. The bureau disclosed that the rate rose from the 13.9 per cent recorded in the preceding quarter of the year under review. According to the data released by the NBS, the latest unemployment rate was 4.2 per cent higher than the rate recorded at the fourth quarter of 2015. The NBS further noted that as the number of unemployed people in the economy was growing, the number of the underemployed people was also rising. According to the report, the underemployed rate rose to 21.0 per cent in the fourth quarter of 2016 from 19.7 per cent recorded in the third quarter of the same year. And the nation’s whistle blowers are largely expected to come from these quarters.

The policy prospects of the whistle blower initiative are therefore anchored on the interests of needy citizens. The truth however is that if the patriotism of such individuals does not outweigh their neediness, there will be no whistle blowing. And in this regard, an issue that has continued to impact negatively on the patriotism of Nigerian citizens is the apprehension that funds recovered from looters of the public treasury are subsequently re-looted by incumbent officials. Patriotic leadership is therefore critical to the success of the whistle blowing policy in the country.

It is further opined in this study that an effective whistle blower policy as a national mechanism can at best only serve complementary purposes. A nation-state may not successfully rely on such policies to record sustainable achievements in anti-corruption struggles, even with the best of legislations. Whistle blowing should for instance; complement a well institutionalized audit culture in a national system. Essentially, the same factors that have worked against the entrenchment of an audit culture in the country would also prevent the whistle blowing policy from serving its intended purposes if the potential complementarities are not also noted for policy coverage. A particularly debilitating aspect of the factors is a national tendency to tolerate the public official and re-canonize him in the society even after serving a jail term. The thieving corrupt official in the country therefore, despite the gravity of his thievery, continues to remain a hero of sorts in his community. Consequently, if the cultural foundation of corruption is not successfully uprooted it begins to seem plausible that more citizens may want to engage in the looting of public treasury than blowing the whistle.

Furthermore, according to Akinnaso (2016), among the selling points of the Nigerian government’s whistle blowing policy are (a) the possibility of increased accountability and transparency in the management of public funds and (b) the possibility that more funds would be recovered that could be deployed in financing Nigeria’s infrastructural deficit. The position of this study however, is that the institutionalization of a potent audit culture in the country is certainly superior to the whistle blowing paradigm as accountability and transparency mechanisms in the management of public funds. Besides, the notion of relying on recovered looted funds for the financing of Nigeria’s infrastructural deficit seems to us immensely ill-judged as public policy. Akinnaso (2016) thus opines that the policy will do better as a component of a comprehensive anti-corruption policy.

Conclusion
The study highlighted the two dominant features of the climate of business in the Nigerian economy as arguably, corruption and the near-absence of affordable electricity energy. The Nigerian public sector is found in the work to be the epicenter of inclement business practices that sideline the audit function in Nigerian organizations. The consequences of the negative organizational practices in the country have led to the new enthronement of a national whistle blower policy. But the study found a complementary relationship between audit culture and a national whistle blowing policy. In the meantime, the Nigerian socio-political economy remains troubled. To salvage an economy that is headed for the woods in the country therefore, the institutionalization of a strong audit culture is recommended as a national imperative.

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