

IPPIS Implementation in the Public Sector: Visual Reality Effect on Personnel Cost at Federal Medical Center, Jalingo

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Abstract

This study examined the IPPIS effect on personnel cost in the public sector with particular reference to the Federal Medical Center, Jalingo. The study employed the survey design and the questionnaire instrument to collect data from the senior staff of the agency. With the aid of visual graphs and linear regression modelling using SPSS 25 and Minitab 7, findings of the study revealed a positive and significant effect of IPPIS implementation on personnel cost of FMC, Jalingo. The study recommended that proper attention should be channelled to tackle the lingering challenges hampering ease of IPPIS implementation and the programme be fully implemented in the states and FCT.

Keywords: Cash backing, IPPIS, Personnel cost, Public sector and Visual reality.

Introduction

The Budget Office of the Federation (BOF) was responsible for issuing warrants for the monthly salaries of Ministries, Departments and Agencies (MDAs) to the Accountant General of the Federation (AGF), before the adoption of Integrated Personnel and Payroll Information System (IPPIS). The Minister of Finance must sign the warrant to serve as authority to the Accountant General of the Federation the payout from the Consolidated Revenue Fund (CRF) specified monies for the purpose of executing the services of the Government (OAGF, 2011; 2013). Similarly, once the warrant is received, a mandate shall be issued by the AGF for cash-backing to the Central Bank of Nigeria (CBN) for individual MDAs account to be credited. The MDAs were responsible for preparing their staff payroll, effecting the payments into their individual accounts as well as accounting for the personnel cost issued to them (Federal Treasury Circular, 2004).

Historically, payroll accounting was prepared manually without the use of computers during that period. A lot of energy and time were heavily invested by accountants to keep track of all employees' data, calculation of salaries, bonuses, benefits, leaves, hourly remunerations, files and information, taxes and other deductions. These activities and procedures were carried out through keeping several files that are filled with tracking records of each and every employee (Adrian, 2010).

However, there were few MDAs that used computers for keeping accounting records, yet gross inadequacies in the personnel records and payroll were still observed in public service. Therefore, concerns were raised by the Federal Government of Nigeria to reform the Nigerian

public service, starting with the Integrated Personnel and Payroll Information System (IIPIS) (Okonjo-Iweala 2013).

At present, the costs of personnel of the MDAs that are enrolled in IPPIS have not been credited any longer into the accounts of the MDAs, rather, their costs of personnel are currently with the CBN (OAGF 2013). The OAGF prepares payroll and generates mandate that will be sent to the CBN, thereafter, the salaries of the staff will be directly credited from the CBN into their accounts (OAGF 2013). Since 2008, the OAGF took over the responsibility of IPPIS, it is easier to monitor fund now due to the fact that personnel costs are centralized.

The main objective of the reform is to curtail fraud in the Nigerian public service. More to that, Obaro and Madhi (2006) opined that the fight against ghost workers will yield little result, except the staff records of public servants are computerized. Furthermore, the implementation of IPPIS was also part of the efforts to reduce the government's recurrent expenditure, particularly personnel cost, which represents 50 percent of the recurrent expenditure (Okonjo-Iweala, 2014). The IPPIS, being biometric in nature, has the ability to capture data of all employees of the government, such that, payments can be made directly into their bank accounts (Obaro & Madhi, 2006).

Therefore, this study is intended to ascertain the effect of implementing the Integrated Personnel and Payroll Information System (IPPIS) on the personnel costs of the Federal Medical Centre (FMC) Jalingo, Taraba State, Nigeria.

Problem Statement

Worries have been expressed by the government concerning its high cost of workforce, as the previous system before the adoption of IPPIS made it difficult to manage, plan and make effective budgeting (Otunla, 2013). The previous system gave room for employees that are not in existence in the civil service, popularly referred to as ghost workers to appear in the payroll, multiple payments of remuneration to an employee also contributing to the high cost of personnel as the main cost of the recurrent expenditure (Ehinomen & Afolabi, 2015). Therefore, there has been a problem to determine the exact wage data of the Nigerian civil servants, hence always resorting to estimation for personnel cost. This has created a lot of openings where budgets of some ministries are more than required, and the excess funds are put into other uses other than payment of allowances and salaries. These acts certainly increase government recurrent expenditure to the detriment of capital expenditure budget needed to finance capital projects.

Therefore, it is important that recurrent expenditure especially the cost of personnel of FMC Jalingo is minimized and monitored through appropriate government policies to avoid unnecessary spending of government fund and salary payment at the expense of other challenging sectors.

The IPPIS is also capable of solving other challenges existing in the Nigerian civil service, such as pension fraud, falsification of credential, falsification of date of the first appointment and retirement age as well.

Challenges of IPPIS

Ehinomen and Afolabi, (2015) observed in their study the challenges that are faced in the course of implementing IPPIS which are that; some Ministries have insufficiently trained staff; continuous posting/movement of trained IPPIS officers; provision of inaccurate data by officers while filling IPPIS forms because some officers of the IPPIS input data wrongly, like date of appointment and date of birth in the database; inadequate publicity and sensitization; and challenges of interconnectivity with some of the MDAs which has resulted in the late payment of salaries of the civil servants.

Impact of IPPIS on the Nigerian Economy

The government was able to save 160 billion naira by picking out from the payroll 60,000 ghost employees (Okonjo-Iweala, 2014). This number does not include the 46,821 ghost employees discovered in 215 ministries, department and agencies in 2013. Furthermore, 6,000 workers out of 26,017 on the government payroll were found to be fictitious from the staff audit check carried out in 2013 in the Federal Capital Territory (FCT) (Okonjo-Iweala, 2014). The audit check uncovered the high levels of theft, massive corruption and financial abnormalities that could have been eradicated if the electronic pay system were fully implemented in the public service (Okonjo-Iweala, 2014). Therefore, consistency in the screening of staff in the MDAs will undoubtedly improve the payroll report at the levels of the federal, states and local governments. The IPPIS has undoubtedly enhanced accountability and transparency in managing the resources of the government. The Federal Ministry of Finance in 2013, detected the efficient enhancement of personnel cost, budgeting, and planning due to implementation of IPPIS, as the cost personnel was based on verified actual values and not on estimations. This has reduced corruption and consequently increased employment opportunities in the public sector as well as reduced the cost of personnel. The achievement in the efficient ways in which the government transacts its businesses are obtained. Moreover, confidence in budgeting and payroll costs has been enhanced by the implementation of IPPIS, management of reports and information has been improved, rebuilt public confidence, providing opportunities for better infrastructural facilities, and creating security for jobs and a conducive working environment (Obiageli et al., 2015).

Methodology

Research design: The study employed the survey design. Survey research designs are procedures in quantitative research in which investigators administer a survey to a sample or to the entire population of people to describe the attitudes, opinions, behaviours, or characteristics of the population Tahmina Tanny (2018)

Population and Sample size: The population included the total staff of the Federal Medical Center (FMC). The sample for the study was 65 directors, assistant directors, accountants and auditors in FMC.

Instrumentation: Well-structured and closed-ended questionnaires were issued to the staff of FMC. A pilot study was earlier carried out at the Federal Ministry of Finance, Jalingo.

Method of data analysis: Cronbach alpha was used to test the validity of the instrument, descriptive statistics and linear regression were used in analyzing the data.

Data Analysis

Descriptive Statistics of the study variables show bar charts for the independent and dependent variables were computed from the respondents' responses. The purpose was to provide a general picture of the prevailing levels of IPPIS on personnel costs in the study area.

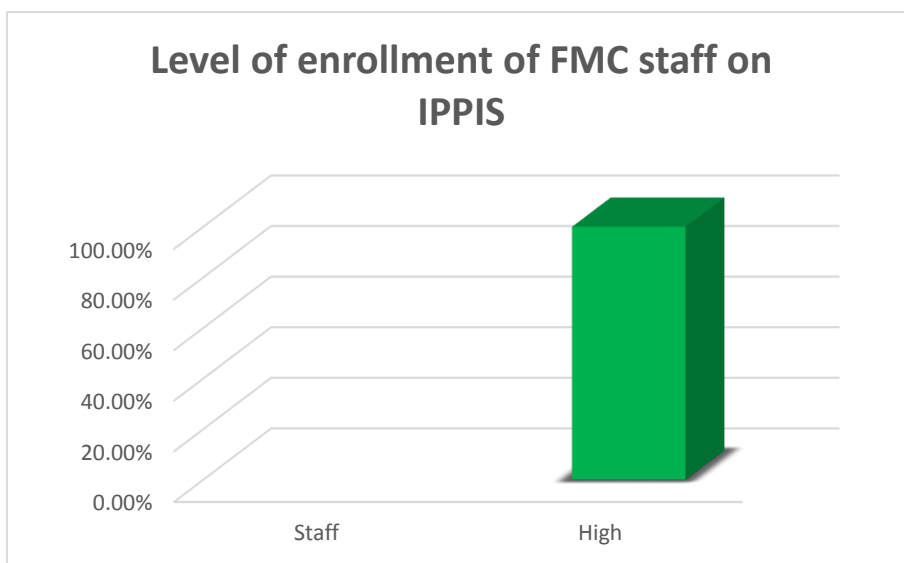


Figure 1: Responses to the staff enrolment on the IPPIS portal: Source: SPSS v25

The graph above shows that the staffs of the Federal Medical Center, Jalingo have been fully enrolled in IPPIS.

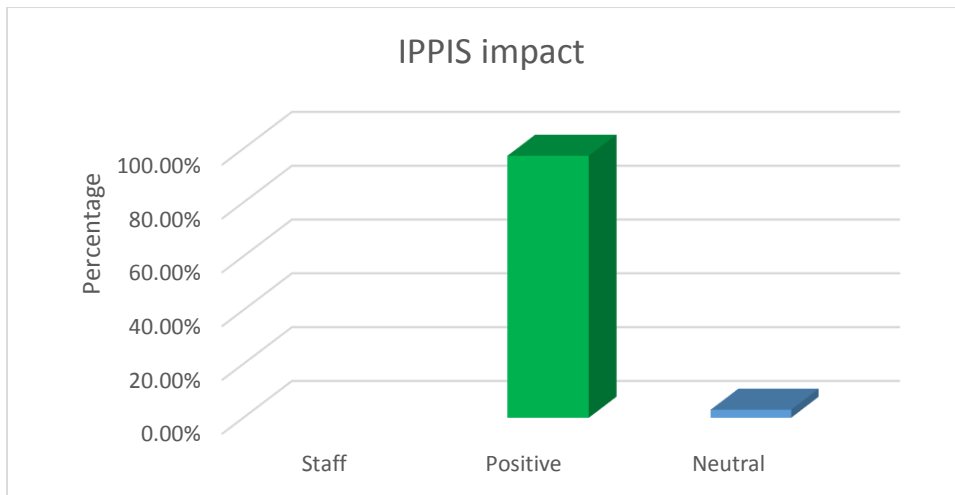


Figure 2: Responses of staff regarding the perceived impact of IPPIS implementation at the FMC Jalingo. Source: SPSS v25

The graph shows that above 90% of the respondents indicated that the implementation of IPPIS has a positive effect on the payroll system of Federal Medical Centre Jalingo.

Responses of staff to research questions seeking to know if staff appreciates the implementation of IPPIS in the public sector.

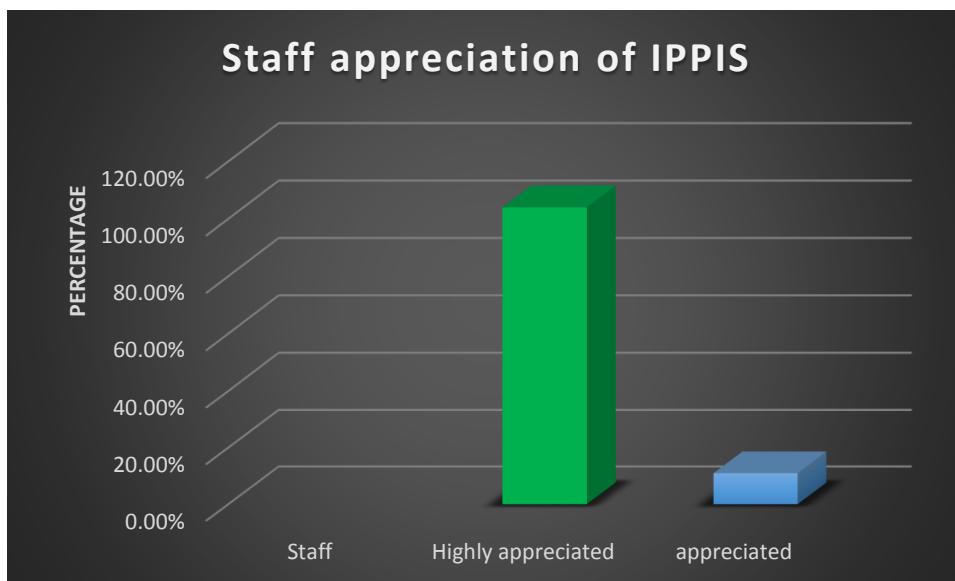


Figure 3: Staff Appreciation of IPPIS: Source: SPSS v25

The graph shows that 90.43% of the staff highly appreciates the implementation of IPPIS in Federal Medical Centre Jalingo while 9.57% just appreciate it for the fact that, it is a government initiative that cannot be over sighted.

Responses of staff regarding their personal perception of IPPIS implementation in the Nigeria public sector.

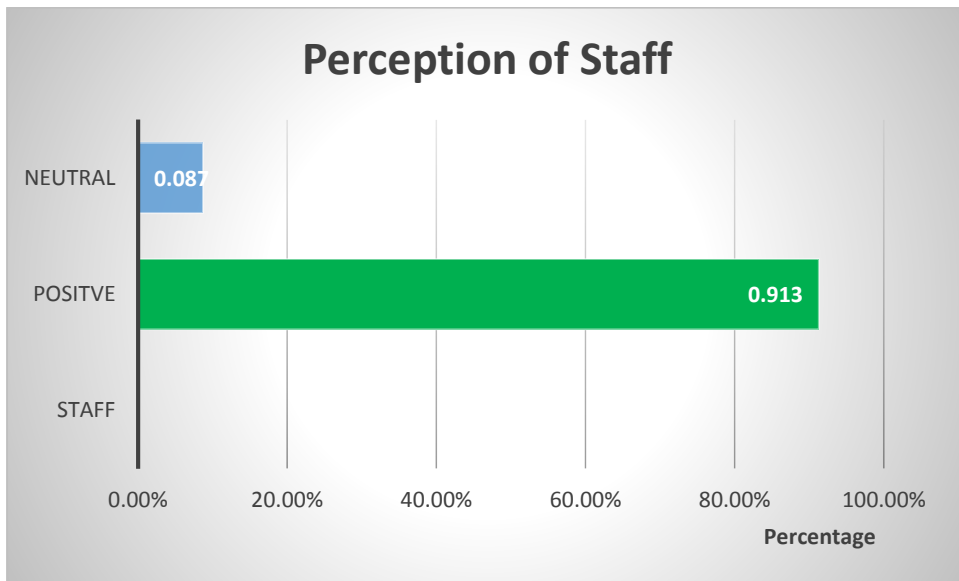


Figure 4: Perception of Staff: Source: SPSS v25

The graph shows that 91.3% of the respondent has a positive perception towards the implementation of IPPIS in Federal Medical Centre Jalingo.

Responses of staff to IPPIS and the fight against ghost workers in public offices in Nigeria

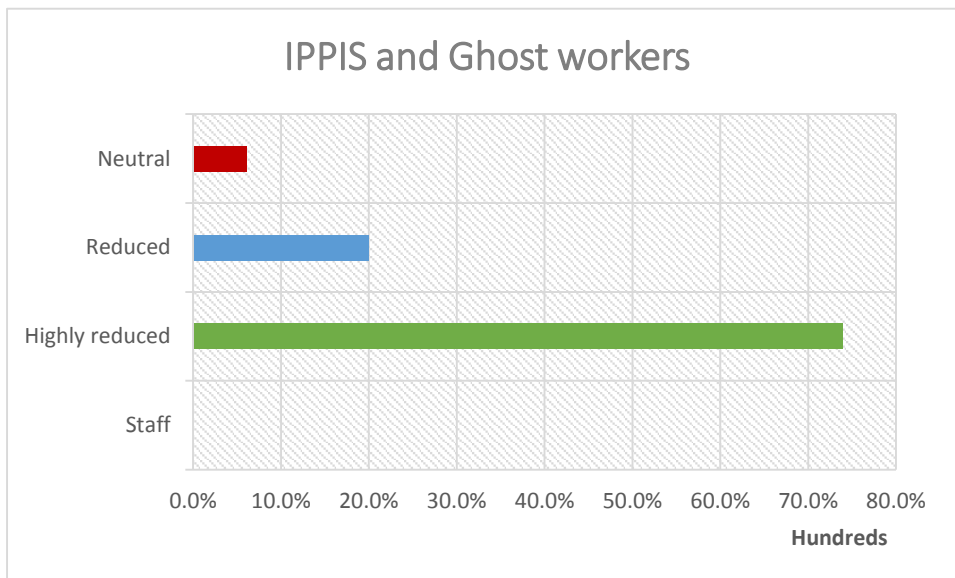


Fig. 5: IPPIS and Ghost Workers. Source: SPSS v25

Indications from the responses show that above 90% of the responses agreed that IPPIS implementation has reduced the number of ghost workers in public offices while below 10% of the responses were undecided.

Responses of staff to IPPIS implementation and personnel cost at FMC, Jalingo

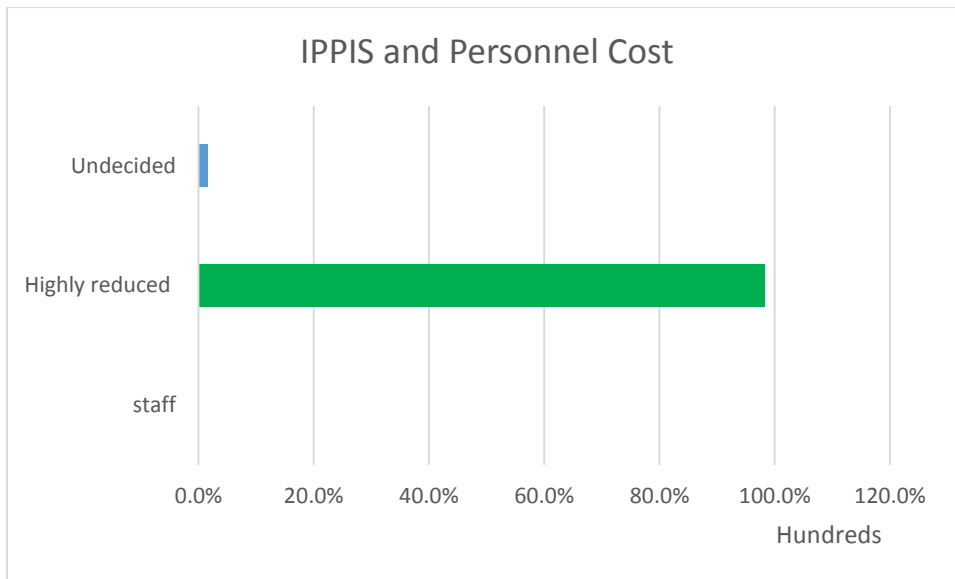


Fig. 6: IPPIS and Personnel Cost: Source: SPSS v25

The responses show that personnel costs of FMC and other public offices have reduced as a result of the implementation of IPPIS.

Responses of staff to the effect of IPPIS implementation on fraud control in the public sector.

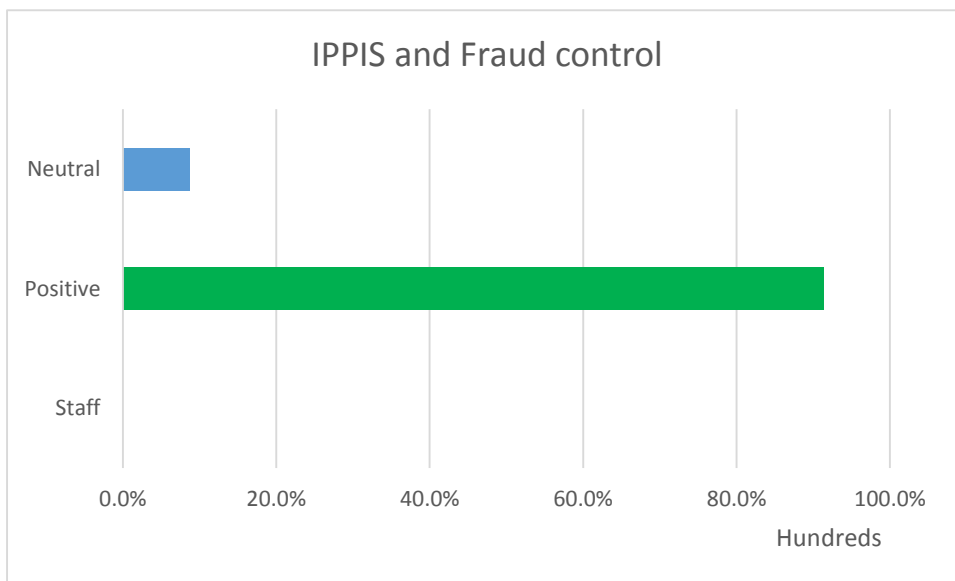


Fig. 7: IPPIS and Fraud Control: Source: SPSS v25

Table 1: Linear regression analysis of IPPIS and Personnel cost

Variable		
Intercept		.070

IPPIS	Coefficient	.722
t-start	t-statistics	.927
F.prob.	p-value	.000
R-sq(adj)		.637
F-Ratio		201.436

Source: SPSS v25

The ideal summary R-value which is the multiple coefficients of determination gives the proportion or percentage of the total variation in the dependent variable explained by the independent variables jointly was 0.637. As shown by the R^2 adjusted, the model accounted for only 63.7% of the variance in personnel cost. This hence signifies that other features not researched in this investigation contribute 33.3% to personnel cost.

The coefficient value for personnel cost 0.772 with a p-value 0.000 indicates a positive and significant effect of personnel cost on IPPIS at all levels of significance.

Conclusion/Recommendations

The integrated personnel payroll system is a wing of financial reforms made in the Nigerian public sector. The computer-oriented initiative enables the government to take records of staff in all MDAs and parastatals giving an enabling room for easy tracking of personnel cost incurred by the government. Furthermore, the implementation of IPPIS has tackled the long-standing challenge of ghost workers in the public sector. Ghost workers' syndrome which has consistently increased recurrent expenditure seems to have been drastically mitigated especially in federal ministries where the programme has been fully implemented. In light of the benefits of IPPIS implementation, few challenges are still being encountered so far. Lack of a reliable and comprehensive database for the public service; inability to forecast manpower needs and requirements of MDAs and growing wage-bill as well as a lack of synchronization of civil servants' records with pension administration, challenges to include change management issue, institutional resistance, lack of commitment from MDAs, conflict of roles and laws among the stakeholders and delay in enrolment processes, skills transfer problem, poor supporting infrastructure, technological barriers for infer MDAs transfer, resistance from stakeholders and lack of will for accelerated implementation. Lack of proper and accurate information provided by employees is also a key challenge (Okonjo-Iweala. 2014). The study thus recommends proper attention be given to IPPIS implementation in tackling the aforementioned challenges and further extending the implementation fully to the states and FCT.

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