The Role of Chartered Accountants in Eradicating Corruption in Nigeria

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Abstract
Chartered accountants are better positioned to fight corruption in Nigeria given the nature of the accountancy profession which involves recording, presenting, analyzing, interpreting and communicating financial information of both private and public entities to users of financial statements. In the interest of the accountancy profession, chartered accountants are expected to monitor financial inflows and outflows, report financial irregularities, advise management on financial operations of their organizations and where it is necessary under obligation of the law report financial impropriety to anti-graft authorities. Considering the important role of chartered accountants in any organization, this paper has examined the concept of corruption, types of corruption, causes of corruption, the consequence of corruption on national development, the role of chartered accountants in fighting corruption, and professional accountancy ethics that will enable chartered accountants to exhibit high level of integrity and transparency in both private and public sectors in Nigeria.

Key words: Corruption, Integrity, Transparency, Accountant

1. INTRODUCTION
Corruption has been identified as the greatest enemy to the development and progress of any nation. In Nigeria, corruption is a cankerworm that has eaten into the faloric of our society at every level. It has caused delay and dereliction within the infrastructure of government and the society at large. It is worthy to note that corruption has been responsible for the instability of successive governments since the first republic to date.
Nigeria’s external image took serious bashing, as our beloved country began to feature on top of every corruption index issued by international organizations. With corruption in Nigeria, there can be no sustainable development or political stability. Corruption invariably strangles the system of social organization.
The crusade against corruption was a major plank of the APC administration led by President Mohammodu Buhari which was proclaimed during the pre-administration campaign of the party (APC). Chartered accountants must tackle corruption head on and promote professional code of conduct for our country to make any meaningful economic progress.

2. THE CONCEPT OF CORRUPTION
Oxford advanced learner’s dictionary (2006) defined corruption as dishonest or illegal behavior, especially of people in authority. It further viewed corruption as the act or effect of making change from moral to immoral standard of behavior. The anti-corruption law of Nigeria which commenced from June 2004 defined corruption to include bribery and other related offences.
The corrupt practices Decree of 1975 restrict corruption to bribery which means the offer, promise or receipt on any gratification as inducement or reward.

Section 2 of the ICPC act defined corruption to include vices like bribery, fraud and other related offences.

Sen (1999) opined that corruption is the violation of established rules for personal gain and profit. The world bank cited in Obayelus (2007;4) defined corruption as the abuse of public office for private gain through rent seeking activities when an officer accept, solicit or extort a bribe.

Myint (2000:35) defined corruption as the use of public office or the use of official position, rank or status by an office bearer for his own personal benefit.

In a simple term, corruption can be defined as misusing official privileges for private gain to the detriment of the public or stakeholders whom such officer own fiducial responsibility.

Corruption covers such acts as:

- Use of one’s office for pecuniary advantages.
- Gratification.
- Influence peddling.
- Insincerity in advice with the aim of gaining advantages.
- Less than a full day work for a full day’s pay.
- Tardiness and slovenliness.

Corruption is dangerous and inimical to the existence of any polity. Corruption has become endemic to public life in Nigeria, the African continent and the world at large.

2.1 Types of corruption

For the purpose of this paper, corruption will be viewed from three perspectives. These include:

- Administrative corruption
- Electoral corruption
- Financial corruption

2.1.1 Administrative Corruption

Administrative corruption involves public administration where officials misuse resources for personal enrichment. The wealth of this country (Nigeria) has been withered with little or none to show in the living condition of an average Nigerian. Tax administration as one aspect of this type of corruption lacks transparency that has led either to higher levels of tax evasion or tax officials demanding for bribes in return for lower tax rates.

Administrative corruption also occurs when one obtains business from the public sector through in appropriate procurements.

2.1.2. Electoral corruption

Electoral corruption includes buying of electoral votes, interference with electoral process, intimidation of the electorates and rigging elections. Examples of this type of election is when losers becomes winners when votes are bought against the will of the electorates. Most times this may lead to killing and maiming of the electorates and party candidates.

Officers involved in this type of corruption do engage in the sales of legislative votes, perverse judicial decisions in election tribunal cases and sacrifice public interest and welfare for personal gains.

2.1.3 Financial corruption

Financial corruption includes diversion, mismanagement and misappropriation of funds, embezzlement, theft from public funds, and abuse of public power for extortion or bribe. Aluko (2008) opined that financial corruption refers to bribery, illegal and greedy acquisition of public funds into private pockets which otherwise would have been invested for public goods.
Stolen wealth by some public officers from various sources of financial corruption which cannot be legitimately explained as earnings are siphoned and hidden across border to foreign banks especially in the developed countries which are often regarded as safe heaven.

2.3 Causes of Corruption
Excessive requirements, greed, inequality in distribution of wealth, poverty and poor governance are the causes of corruption in the third world countries.

According to a report from the workshop organized by ZCC Lagos, Dec 11-12 Babalobi outlined the following as the causes of corruption in Nigeria:

- Weak government institution
- Poor pay incentives
- Lack of openness and transparency in public service
- Absence of key anti-corruption tools
- Ineffective political process
- Culture and acceptance of corruption by the populace
- Absence of effective political financing
- Poverty
- Ethnic and religious difference
- Resource scramble

2.4 The Consequences of Corruption on National Development
Corruption usually has negative consequences on the socio-political and economic development of any nation. Basic consequences of corruption to any nation include but not limited to the following:

- Corruption hampers economic growth by deterring investments (both local and foreign direct investments).
- Corruption reduces spending on social cost (e.g. education, security).
- Corruption leads to poor state of infrastructural development (e.g. bad roads, inadequate provision of electricity supply).
- Corruption leads to reduction in the quality of goods and services available to the public (i.e. some companies do cut corners to increase profit margins).

3. THE ROLE OF CHARTERED ACCOUNTANTS IN FIGHTING CORRUPTION

As national duty, Professional accountants are expected to contribute their quota to national development; hence chartered accountants are under obligation to observe the following:

- Promote professional ethics and code of conducts.
- Create climate for transparency.
- Provide reliable information in both public and private sectors.
- Disassociate from illegal activities.
- Establish mechanism that prevents and detects flaws in place of work.
- Conduct check on the internal control system to enhance compliance with relevant laws and regulations.
- Improve financial accountability and probity by strong supervision.
- Promote integrity, trust and fairness as guiding principle.
- Create climate for good corporate governance.
- Exhibit honesty and making valuable effort towards eradicating corruption in Nigeria.
4. FUNDAMENTAL PROFESSIONAL ETHICS FOR CHARTERED ACCOUNTANTS

Oxford advanced learners dictionary (2006) defined ethics as moral principles that control or influence a person’s behavior. Professional ethics is derived from the application of ethics to professional conduct. The pronouncement of international federation of accountants requires professional accountant to comply with the following fundamental principles relating to the ethics of the profession (accountancy).

4.1 Integrity
Professional accountants are under obligation to be straight forward and honest in professional and business relationships. In a nut shell, integrity implies fair dealing and truthfulness. Professional accountants should always dissociate themselves from reports, returns, communications and other information where they believed that such information contains:
- Material false or misleading statements
- Statements or information furnished recklessly

4.2 Objectivity
The principle of objectivity requires professional accountants not to compromise their professional or business judgment because of bias, conflict of interest or undue influence of others. Relationships that may unduly influence the judgment of a professional accountant should be avoided.

4.3 Professional competence and due care
Professional accountants has continuing duty to maintain professional knowledge and skill at the level required to ensure that clients or employers receives competent professional service based on current developments in practice, legislation and techniques. Professional accountants are expected to act diligently in accordance with applicable technical and professional standards when providing professional services.

4.4 Confidentiality
Confidentiality of information acquired as a result of professional and business relationships should be respected by professional accountants. Such information should not be disclosed to third parties without proper and specific authority unless there is a legal or professional right or duty to do so. The principles of confidentiality prohibit professional accountants from using confidential information acquired as a result of professional and business relationship to their personal advantage or the advantage of third parties. Confidentiality continues even after the end of the relationships between a professional accountants his or her clients or employers of labour.

4.5 Professional Behavior
Professional Accountants are under obligation to comply with relevant laws and regulations and avoid any action that may bring discredit or disrepute to the accountancy profession. Exaggerated claims for the services offered, the qualification possessed or experience gained are prohibited.

5. CONCLUSION

If Chartered Accountants say no to corruption, then corruption may be reduced to a minimum level because chartered accountants play vital roles in many economic areas like business “where they are business solution provider”, the banking sector, public and other private sectors. Since chartered accountants are there in every field such as in corporate organizations as employees, board members, internal auditors, statutory auditors and tax advisers, promoting transparency, fairness, accuracy and integrity should be guiding principles.
The role of eradicating corruption by chartered accountants can also be achieved through strict adherence to fundamental professional ethics, providing reliable information and preparing high quality financial reports.

6. RECOMMENDATIONS

To sustain the fight against corruption by chartered accounts, the following recommendations are necessary:

- Government and the National Assembly should enact a legislation (an act) that will protect and reward professional accountants and individual that may expose any form of corruption at the cause of their duties.
- The Institute (ICAN) should set up corporate supervision unit that will monitor, communicate and receive feedback from employers of labour where members of the institute are gainfully employed.
- The Institute (ICAN) as the leading professional accountancy body in the country should partner with corporate organization to recommend active members with high level of integrity for employment.
- Corporate organizations should ensure that effective corporate governance process and supervision mechanism are in place.
- The enforcement of powerful watch on corporate activities should be encouraged by the Government and stakeholders in business.
- The use of transparent financial accounting information should be encouraged.
- The Financial Reporting Council of Nigeria should ensure that business entities operating in Nigeria must comply with the International Financial Reporting Standards.

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James Isaiah Ekele doubled as a Chartered Accountant, Chartered Stockbroker, Chartered Tax Practitioner, Professional Risk Manager and as well a Professional Manager. As a seasoned Accountant, he has vast experience in Accountancy & Finance, Portfolio Management, Tax Management, and Credit & Risk Management. Sequel to his quest for education, James bagged Diploma in Accounting (BSU), B.Sc. Accountancy (Uni-Maid), MBA Accountancy (UNN) and a member of many Professional Bodies (ICAN, CIS, CITN, NIM and CILRM). He is currently a Portfolio Manager with Premium Pension ltd. Abuja Nigeria.