



# THE ROLE OF PROFESSIONAL ACCOUNTING BODIES IN PUBLIC FUND ACCOUNTABILITY IN NIGERIA

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**Abstract:** This paper discusses the role of professional accounting bodies in public fund accountability in Nigeria. Nigeria has been facing various challenges of corruption, fraud and lack of accountability of public funds by the public office holders (which include the professional accountants). The needs for the accountability in the public sectors lead to the establishment of anti graft agencies in Nigeria to enforce sanity and serve as watch dogs of government towards prevention of anti social financial practices by the public holders. The fight against corruption and other irregularities within the sector is not the problem of government only but also professional accounting bodies. Professional Accountants are needed in the public service. There is a gap between the expectation of society and the role of professional accountants in achieving accountability and transparency in the public finance. The corruption in the public sector is alarming as the cases filed and administered litigations did not spare dicks and harries in the government sector. In lieu of this, this paper examines the professionalism, professional accounting bodies, professional accountants, professional ethical codes of conduct guiding accountants in the discharge of various duties, concept of accountability and the role of professional accounting bodies in public fund accountability . The authors used survey research to gather data from fifty respondents who are professional accountants within Oyo state civil service commission using judgemental sampling technique. Hypothesis was further tested using Z-test at 5% significant level. This paper concludes that there is a positive impact of professional accounting bodies in achieving accountability in managing the public fund in Nigeria.

**Keywords:** Professionals, Accountant, Accounting Bodies, Professionalism, Public fund, Accountability

## Introduction

Professional bodies are organizations established to regulate the activities of the professionals under their jurisdictions. Professionals are expected to exhibit high level of integrity, probity and transparency in their dealings with the societies. There is a serious challenge in the system as many professions have been highly commercialized. Many professionals need to cut cost and maximize their profits thereby leading to high case of anti social financial practices among the professional accountants in the public services. Undue influence of the politics on the professionals contributes to high level of in accountability among the professional accountants. Accountability must be crusaded by their professional bodies. Accountability is the ability of a steward to give report of its stewardship to the owner of the business entrusted in his care. Accountability within the government accounting has been sidelined in the management of public finance. Those charged with the responsibility of managing the public purse are expected to be answerable to various challenges pose by their actions and inaction in the management of public fund. Misappropriation, embezzlement and various financial crimes perpetrated within the system called for questions. The system could be blamed for its porosity and weakness. But the paper opined that the accounting and control system could only be porous and weak if the people who are charged with responsibilities are corrupt. Professional accountants are not saints in the issues of misappropriation and other financial crimes. Professional accounting bodies must rise to the task of enforcing accountability among their members within the public sector. Enforcement of professional ethics and various codes of

conduct by the regulatory bodies go a long way to instill integrity in the professional accountants in the public sector.

## Literature Review

### Theoretical framework

The theory adopted to prepare this paper is fund theory. Fund theory focuses on the group of assets and related obligations and restrictions that govern the use of assets. This is applicable to government and non profit making organization. Summarily, this theory opines assets must appropriately utilized by the managers.

### Concept of Accountability

Accountability is a phenomenon traceable to the advent of organized government. It was opined by Etzioni (1975) that the concept is as old as human existence. In line with the opinion of Etzioni, accountability started when man was appointed to be in charge of the universe. The person in charge of various leadership positions are expected to give account of their stewardship. Laxmikanth (2006:201) opined that the concept of accountability connotes the obligation of the administrators to give a satisfactory account of their performance and the manner in which they have exercised powers conferred on them. The concept of accountability is one of the intrinsic bases of public service ethics. It is an ethical value required of all the public servants ( Adefila and Adeoti,2005). Accountability is said to be an obligation to be fulfilled by people saddled with responsibilities. According to Asobie (1991) "Accountability is the obligation owed by any one occupying position of trust or responsibility to provide appropriate response to all stakeholders, for action carried out in the discharge of his duties". It is therefore agreed that accountability is a contractual obligation to be fulfilled by any one in position of trust. This was in line with the opinion of Adegite (2010) who defined accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rates and standards and the officer reports fairly and accurately on performance results vis-à-vis mandated roles and/or plan. It means that officers saddled with responsibilities must be ready to give account transparently. Johnson (2004) viewed public accountability as an essential component for the functioning of our political systems, as accountability means that those who are charged with carrying out policy should be obliged to give an explanation of their actions to their electorate. Contrary to the opinion of Johnson, public accountability is not applicable to only political office holders but civil servants who are brain behind the execution of the various policies most especially the professionals. Ejere (2012) viewed accountability as parliament's instrument for checking the actions of the executive arm of government and its public administration. In line with Ejere's opinion, professional bodies should see accountability as an instrument to checkmate their members in the public service.

The nature of accountability depends on the types of position of trust individual occupies. Even though there is no generally acceptable way of classifying accountability, but different scholars had made attempt to give various classes of the subject matter. Olson (1993) classified accountability into four types namely: fiscal accountability, managerial accountability, programme accountability and individual accountability. Fiscal accountability deals with adherence to various ethical rules and regulation, consistency with applicable accounting principles. Managerial accountability deals with disclosure of relevant information to various stakeholders for decision making. Programme accountability deals appraisal of the overall objectives of the programmes or activities and their impact on the economic development of the nation. While individual accountability to personal qualities and conduct demonstrated by the responsible parties.

Coke (2010) classified accountability into process based and performance based. Process based accountability measures compliance with pre set standard and formally defined outcomes. This includes fiscal and managerial accountability with reliance on the use of accounting methodologies. Performance based accounting measures performance against broad objectives. This measure may be qualitative and the criteria against which performance is measured less precisely defined.

Accountability could be classified into financial, administrative, political and social accountability. Financial accountability is the obligation of any handling resources public office or any other positions of trust to report on the intended and actual use of the resources or of the designated office. Administrative accountability involves a bound system of internal control, which complements and ensures proper checks and balances supplied by constitutional government and engaged citizenry. Political accountability is type

of accountability fundamentally begins with free, fair and transparent elections. Through periodic elections and control structure, elected and appointed officials are held accountable for their actions while holding public office. And social accountability is a demand driven approach that relies on civic engagement and involves ordinary citizens and groups exacting greater accountability for public actions and outcomes (Onuorah and Appah, 2012)

### **Professionals and Public Fund Accountability**

Accountability cannot be separated from transparency and integrity. The concepts are tripartite termed ATI by United Nation Development Programme (UNDP). Since integrity is part of an intrinsic part of professionalism, professionals in private and public service are expected to be accountable for their action and inaction. How can accountability be achieved in the management of public fund by professionals? Accountability could be best achieved in the following suggested ways:

#### **International Public Sector Accounting Standard**

With the introduction of IPSAS into Public Sector Accounting, professionals in the systems are encouraged to update their professional skills in its adoption and implementation. Preparing financial statements of government in line with International Standards attract foreign investors. Accountability could be achieved and successful in the public fund management by adoption and implementation of IPSAS.

#### **Whistle blowing**

Whistle blowing is the process exposing irregular financial activities within an organization. Professionals and their professional bodies should encourage and protect whistle blowers. Whistle blowers are often exposed to reprisal, professionals who whistleblowers should be shielded by their professional bodies.

#### **Efficiency Benchmark**

Public sector should a framework in which efficiency will measured. Efficiency relates to how expertise is able to judiciously use the resources to achieve the objective. Accounting officers have duties to use the public funds at their disposal in the most efficient manner.

#### **Timely Report**

One the yardsticks to achieve accountability, transparency and integrity is the timely report of the financial activities of government within a fiscal year. Accounting officers saddled with the responsibilities of management of public funds should see it as a duty call to make their financial reports which should be relevant, reliable, sufficient and appropriate for the purpose of making future fiscal economic decision. Early submission of report will help Auditor General for Federation to properly scrutinize and give an opinion on the state of affair of the government.

#### **Professional Ethics**

Professional bodies should enforce professional ethical code of conduct among the members who especially in public service. Performance and efficiency should be measured along with the upholding professional ethics even in the means of ethical dilemma.

#### **Public Account Committee**

Public Account Committee should be more proactive in their duty to examination of accounting officers. Even though, the recommendations of the committee often time are often swept under carpet. PAC should strengthen with a system of familiarizing the members with the audit scope, approach and methods through workshop and powers to take action if their recommendations are not implemented (Onuorah and Appah, 2012).

#### **Value Reorientation**

Value reorientation should start from the professionals in the system. Accountability should be seen as part of the values to exhibit as professionals. Professional accounting bodies should partner with government to enforce accountability, transparency and integrity in the public sector.

### Professionalism and Professionals

Oxford Dictionary defines professionalism as the competence or skill expected of professional. Graham Ward in IFAC website suggested that professionalism is about individual modes of behavior that command respect and build trust. Professionalism is the art of solving real managerial problems through professional skills and knowledge. The professional skill and knowledge would have been acquired through several years of professional training and experience. Professionalism is defined as the overall value that encompasses all other values that guide the public service. These include loyalty, neutrality, transparency, diligence, punctuality, effectiveness, impartiality and other values that may be specific to the public services of individual countries (UNDESA, 2000). Professionalism requires autonomy at frontline level in order to enable professional judgement and supervision takes place by peers and colleagues rather than by officials higher in the organization hierarchy. Core values of professionalism are the responsiveness to clients' needs and situations and the delivery of personalized services, as well as the professional variety of neutrality and objectivity, namely the disinterested provision of services (Clarke and Newman,1997). It is of the opinion that the neutrality of professionalism could be achieved in public fund management if professionals adhere to the rules and regulations. Terpstra and Havinga(2001) opined that professionalism act within legal structure or rule and regulations in a different way compared to workers in bureaucracy, not the formal application of rules but the achievement of goals and results in their main focus. Professionalism is the conduct, quality that characterizes or makes a professional. Being a professional in public sector, there is much than simply acquiring the best training and skill. Professional accountant is someone who has undergone a special training in a field of accounting. The two major accounting bodies recognized in Nigeria are imperial Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN). These professional accounting bodies are expected to rigorously examine or subject would be members to various certified examination before they could be allowed to be referred as professionals.

### Features of Professional Bodies

Professional bodies are various institutions or organization established to regulate the activities of a group people who are members of a particular profession. For example, accountancy has a number of professional bodies such as ICAN, ACCA, CIMA, CITN etc. Professional body is assemblies of people in an educated profession who are entrusted with maintain oversight of the lawful practice of their professions. The following requirements must be satisfy by a professional body:

Autonomy: Professional body should be independent and should operate without influence from the government. It should be seen to be independent to run its affairs with rule and regulations guide its establishment

Licensure: Professional body must be licensed. Such license can be ceased if discover that such association is not operating in line with ethical code of conduct

Code of Ethics: Professional association and its members must be guided by professional code of ethics.

Public service: Professional services must be for the purpose of promoting the public interest.

Special Knowledge: Professional body and members must be seen as having special knowledge distinguishes it from other professional associations.

Status, Prestige and Income

### Professional Codes of Conduct for Professional Accountants

This was issued in July, 2009 by International Federation of Accountants. The fundamental principles are expected to be adhering to accountants in the public service. These principles are:

**Integrity:** This is the attribute of being honest and straight forward in all business and professional relationship without any distinction.

**Objectivity:** A professional accountant should be bias and allow undue influence of others to override its professional judgement.

**Professional Competence and Due Care:** A professional is expected to act diligently and in consonance with professional standards. This ensures that an employer or client get the best services.

**Confidentiality:** A professional accountant is expected to keep the information of the client secret. The information he or she has access to should be kept confidentially. Information should not be used for personal advantage.

**Professional Behaviour:** A professional accountant is expected to comply with the relevant regulations and code of ethics. This is furthered expatiated that accountant should not involved in any engagement or activity that can bring disrepute to the profession.

**Methodology**

The authors used survey research. Fifty respondents who are professional members of the two major professional accounting bodies were chosen within the civil service in Oyo state. Judgemental sampling was used to select the respondents from the population. Likert style was used to design the questionnaire. The hypothesis was further analyzed and tested using Z-test at 5% significant level. If the Z-calculated is more than Z-tab, we accept the alternative that there is a significant impact of professional bodies on public fund accountability.

**Data Analysis**

The paper examined various areas which accountability could be impaired or made by the professional accounting through their professional members in the public sector. Fifty questionnaires were distributed out which forty were filled for analysis. The Likert style is ranked in the following order. Strongly agreed - 5, Agreed- 4, Strongly Disagreed 3, Disagreed 2 and Undecided 1. The data is furthered using Z-score analysis.

$$Z = \frac{x - U}{\sqrt{SD/N}}$$

Where x is the sample, U is the population mean, SD is the standard deviation of the mean and N is the frequency.

Questions	Strongly Agreed	Agreed	Strongly disagreed	Disagreed	Undecided
Professional accounting bodies enforce accountability among their members in civil service.	25	14	-	01	-
Professional accountants are encouraged to be non partisans by their bodies.	16	20	01	03	-
Professionals accounting bodies shield their members who are whistle blowers in the public sector	13	14	04	07	02
Accounting bodies contribute to effective management of the public fund	22	14	01	01	02
Professionals in the public service display high level of integrity	19	19	01	01	02
Professionals who are involved in mismanagement of public fund are well disciplined by the bodies	15	15	03	05	02
Professional accounting bodies	23	15	-	02	-

encourage their members to give accurate and timely financial report					
Professional accounting bodies are involved in the fight against corruption	17	20	-	02	-
Professional accounting bodies champion the accountability, transparency and integrity crusade in public service.	16	21	01	02	-
Professional accountants are seen to be fair in the management of public fund	10	26	02	02	-
Professional accountants compromise at the level of ethical dilemma	07	16	06	09	02
Professional accountants display high level of ethical value	14	19	02	03	02
Professional accounting bodies encourage accountants who display high ethical value in public sector	16	19	03	02	-

Source: Field Survey,2015

### Analysis

s/n	SD	A	SD	D	U	TOTAL
1.	125	56	-	-	02	183
2.	80	80	03	06	-	169
3.	65	56	12	14	02	149
4.	110	56	03	02	02	173
5.	95	76	03	02	-	176
6.	75	60	09	10	02	156
7.	115	60	-	04	-	179
8.	85	80	-	04	01	170
9.	80	84	03	04	-	171
10.	50	101	06	04	-	164
11.	35	64	18	18	02	137
12	70	76	06	06	02	160
13.	80	76	09	04	-	169
Total						2,156
Sample mean						4.15
Standard deviation						1.48
Z-score						6.05
Z-table						3.14

Decision: Since the Z calculated is greater than Z table we conclude that Professional bodies have greater impact in achieving accountability in the management of public fund in Nigeria.

### Finding and Conclusion

It was found that public fund accountability has link with the competency of the personnel in charge. Professionals in the public sector constitute only 20% of the workforce within the public service as few out of 20% occupied sensitive position of management of public fund. People are seldom promoted because of the political affiliate they have with politicians. Accountability could achieve in the management of public if competent and professionals are allowed to manage government funds.

### Recommendations

- Professional accounting bodies should be allowed to operate without political interference.
- Professional accounting bodies should champion anti corruption crusade and spare not erring members.
- Professionals should be allowed to management the public funds and enforced accountability.
- Prompt and early reporting of the government financial activities should be encouraged by the professional bodies in order to achieve accountability.
- Whistle blowers who are professionals should be shielded by their professional bodies within the public sector.
- Professionalism should be encouraged in the public for effective management of the government funds.
- Professional accountants are encouraged to always consult their professional accounting bodies when they are faced with ethical dilemma.

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