

PDF - EMPIRICAL INVESTIGATION OF FINANCIAL ABUSE IN NIGERIAN PUBLIC SECTOR (A CASE STUDY OF FEDERAL INLAND REVENUE SERVICE, SOKOTO STATE) - researchcub.info

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The rate of financial abuse in the Nigerian public sector has reached a worrying and dangerous point since 1960 (Independence). Since the creation of the modern public administration in the country, there have been cases of financial misuse of resources for personal enrichment. The discovery of oil and natural gas are major events seen to have led to a litany of ignoble corrupt practices in the country. Over the years, Nigeria has seen her wealth withered with little to show for the living conditions of the average citizens (Wraith and Simpkins, 1993). The above point was attended to by Obafemi Awolowo when he said, "Since independence, our governments have been a matter of few holding the cow for the strongest to milk". Under these circumstances, everybody runs over everybody to make good at the expense of others (Turner, 2014). The above view was corroborated by Robert who observed that in Nigeria, vandalism and looting of public property was not seen as a crime against society. This view is what has degenerated into the more recent disregard for public property and lack of public trust and concern for public goods as a collective national property (Robert, 2010). Also, the Economic and Financial Crimes Commission (EFCC) recorded 126 convictions most of which are financial abuse in the public sector in 2014, the commission's spokesman Wilson Uwujaren, who disclosed this on Tuesday January 13 2015 at a media briefing in Enugu, said that the figure was more than 117 convictions the media recorded in 2013 (Oseghale 2014). The Federal Inland Revenue Service is not left out in this financial abuse. For instance: Taxpayers default in paying the exact amount needed to be paid and go on bribing tax collectors in order to reduce the actual amount collected as a tax. Also, in the processing of collecting revenue tax, officials especially the tax collector print their receipt booklet and issue such to the tax payers without their knowledge and meanwhile, the duplicate carries a different reading from the original, they may use carbon paper to the duplicate, at time the revenue collector would receive the money from the tax payer without issuing receipt. Therefore, for the Federal Inland Revenue Service to meet its statutory obligations specified in the 2012 constitution, loopholes for financial abuse in the sector must be minimized if not eradicated. Against this background, this study evaluates the financial abuse in the public sector with particular reference to the Federal Inland Revenue Service Sokoto.

STATEMENT OF PROBLEM

There are lots of factors contributing to the financial abuse in the Federal Inland Revenue Service which ranges from improper documentation, obsolete work instrument, poor attitude to work, administrative recklessness, data manipulation etc. These factors constitute a great problem to the agency in the realization of its statutory functions. Despite the enormous disadvantage of the financial abuse in the public sector, the Federal Inland Revenue Service no doubt experiences a lot of problems with regards to its management of funds. Again, delay in the remittance of funds collected is also a factor that could lead to financial abuse in the Federal Inland Revenue Service. When all these factors are not checked early, the operational capacity and objective for establishing the service will be defeated. To this extent, the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) ought to urge the Federal Inland Revenue Service to intensify its effort in recovering huge amount of money from the tax collection. The emerging question is: why have the FIRS failed to check the factors affecting its expected delivery services in terms of revenue

control?

1.3 AIMS OF THE STUDY

The major purpose of this study is to examine the empirical investigation of financial abuse in Nigerian public sector. Other general objectives of the study are:

1. To examine the extent of financial abuse in the Federal Inland Revenue service's, Sokoto.
2. To examine causes of financial abuse in the federal Inland Revenue service Sokoto.
3. To examine the effect of financial abuse in Nigeria public sector.
4. To examine whether there is adequate internal control system in federal Inland Revenue service Sokoto.
5. To examine the problems faced by federal Inland Revenue service in tax collection.
6. To suggest measures to reduce the financial abuse in the federal Inland Revenue service Sokoto

RESEARCH QUESTIONS

To what extent is the financial abuse in the Federal Inland Revenue services, Sokoto?

What are the causes of financial abuse in the federal Inland Revenue service Sokoto?

What are the effects of financial abuse in Nigeria public sector?

Is there adequate internal control system in federal Inland Revenue service Sokoto?

What are the problems faced by federal Inland Revenue service in tax collection?

What are the measures to reduce the financial abuse in the federal Inland Revenue service Sokoto?

1.5 RESEARCH HYPOTHESIS

H0: There is no significant effect of financial abuse in Nigerian public sector.

H1: There is a significant effect of financial abuse in Nigerian public sector.

1.6 SIGNIFICANCE OF THE STUDY

The significance of this study cannot be over emphasized; this is because the findings from this study can be of enormous benefit to top government officials, public policy experts, non-governmental Organizations and several others. In addition, the study will no doubt contribute immensely to existing scholarly literature which had been done on this topic. Finally, it will be of huge importance to staff of the public sectors precisely the Federal Inland Revenue Service who has been faced with the challenges of how to mitigate financial abuses in the sector.

1.7 SCOPE OF THE STUDY

The study is based on the empirical investigation of financial abuse in Nigerian public sector, case study of Federal Inland Revenue Service, Sokoto state.

1.8 LIMITATION OF STUDY

Financial constraint– Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).

Time constraint– The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

1.8 DEFINITION OF TERMS

Internal control system: To carry on the affair of an organization in orderly manner safeguard the assets and secure the accuracy and reliability of the organization.

Public sector: This include all organization set up by the government to satisfy human want to take care of specific want, specific needs of the public without profile purpose.

Fraud: This is defined as an irregularity of impropriety involving the use of deception to obtain an unjust or illegal financial advantage (Okolie 2013).

Crimes: This can be defined as a dishonest, violent, or immoral action that can be punished by law.

Economic: According to Longman dictionary of contemporary English, defined economic as the system by which a country's money and goods are produced and used.

Revenue: the entire amount of income before any deductions are made, it is government income due to taxation.

Cheque payment: To prevent unauthorized payment being made from bank account control over custody and issue of cheque booklet.

Transparency: As used in the humanities and in a social context more generally, implies openness in every area of business or globally.

Misappropriation: This is the misuse of public funds especially by public office holder in the ministries.

Accountability: This is the true openness or giving account of what has been expended by the public officer holder.

Favoritism: This is a mechanism of power abuse implying a highly biased distribution of state resources.

Procurement: This is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality.

Treasury: This is the keeping of accounts of government funds and investment.

Budget control: This involves strict compliance with all the variables about the budget.

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