

## Effects of Integrated Payroll System in the Public Sector - A Case Study of Cooperative Societies in Federal University of Technology, Akure, Nigeria

Olowolaju, P. S. & Adeyemo, F. H.

Department of Project Management, Federal University of Technology, Akure, Nigeria

Corresponding Author: [fhadeyemo@gmail.com](mailto:fhadeyemo@gmail.com)

### Abstract

This research was aimed at evaluating the effect of Integrated Personnel and Payroll Information System (IPPIS) on Cooperative Societies in The Federal University of Technology, Akure (FUTA) Nigeria. Questionnaires were distributed to 50 Staff of FUTA, cutting across five different cooperative societies in the University during the month of May 2016. Their responses were analyzed using index rating and Chi-square method. The overall opinion of the respondents is that corrections of errors in salary and loan deductions are easily resolved within the University. It was observed that the University is taken advantage of a plug-in the IPPIS software known as GIFMIS (Government Integrated Financial and Management Information System) which enabled the University salary office to prepare pay schedule for each staff on monthly basis and upload same on the Federal Ministry of Finance IPPIS website. This plug-in has helped in domesticating the IPPIS in the Federal University of Technology, Akure such that the University staffs do not need to get to the office of the Federal Ministry of Finance in Abuja to correct any mistake in their salary. The positive experience of Federal University of Technology, Akure can be recommended to other Federal ministries, parastatals and units where the centralized IPPIS scheme is posing a challenge to smooth disbursement of staff's salaries and allowances and loan repayment deductions in case of those who are member of cooperative society.

**Keywords:** IPPIS, GIFMIS, Contributors and Cooperative Societies

### I. Introduction

#### Background information

Successive Government in Nigeria has observed gross inadequacies in the payroll and personnel records in the public service (Anderson, 1991). Several efforts have been made to reduce these challenges, but with little success. This problem manifests in different ways, such as unreliable data for human resources planning and management, chaotic state of pension administration and presence of ghost workers. Manual computation of salary and documentation of personnel information have also compounded the problem of transparency and accountability (Ekpe, 1990). This also affects accuracy in computation of salary hence overpayment, underpayment of salaries, omission of staff name in payment and wrong calculation of amount due on promotion and pension of staff and Ex-staff as the case may be. The Integrated Personnel and Payroll Information System (IPPIS) was introduced to reduce the Federal Government expenditure on Overheads. In 2007, the Federal Government of Nigeria and the World Bank initiated IPPIS with the following objectives (Idris et al, 2015);

- a. to implement an Integrated Solution,

- b. to improve human management effectiveness,
- c. to increase confidence in Government Payroll cost and expenditure management,
- d. to significantly improve overall management reporting and planning, and
- e. to entrench transparency and accountability in the public service Human Resources (HR) records and payroll administration.

The introduction of the Integrated Personnel and Payroll Information System scheme, if well implemented and managed is expected to go a long way in eradicating or at least bring the above mentioned problems to the barest minimum. The introduction of IPPS therefore is a welcome innovation (Anderson, 1991).

### **Statement of Research Problem**

Most Nigerians depends on cooperative societies in raising funds for their small business ventures and for financing any major capital expenditure (Scarpello, 1988; Ekpe, 1990). Workers in organized private and public sectors and artisans usually pull their resources together through cooperative societies. With the supports of cooperative societies, they are able to raise funds from which their members can borrow with affordable interest. This is very important because bank interest in Nigeria is about the highest (over 20 percent) in the world (Idris et al, 2015). However, with the introduction of Integrated Personnel and Payroll Information System (IPPIS) it has become difficult for cooperative societies in any of the public sector establishment and department to get third party deductions which consist of savings and loans repayments from their members. In view of the gains and usefulness of these cooperative societies it is important to find a solution to this problem.

This challenge is due to the fact that no Government establishment or department can modify any information already provided for a given staff on their own; such modifications can only be done by the IPPIS Headquarter at Abuja, Nigeria. This is a major challenge to the survival of cooperative society in all government establishments, because contributors can no longer make changes to their savings and loan repayment at will.

## **II. Methodology**

### **Research Design**

This research work adopted a survey technique. In the survey design, the researcher did not alter or control any of the variables under investigation. The researcher simply used well prepared questions to sample the opinion of a representative population on the subject matter in order to get the needed information since it is practically impossible to involve the entire population. The data generated from the sample were then generalized for the entire population.

### **Study Area and Population**

The entire population of this study is made up of academic and non-academic staff of the Federal University of Technology, Akure, Ondo State, Nigeria. These staffs are member of different cooperative societies registered with the University. It is assumed that these cooperators know the importance of cooperative societies to their socio-economic well-being. They are also expected to know any difficulties experienced on the smooth running of their societies precisely on the aspect of loan deductions and savings as a result of the introduction of IPPS.

The total population sizes of the four (4) cooperative societies are analyzed as follows;

FUTA Academic Staff Union of Universities Cooperative Society = 677

FUTA Staff General Cooperative Multipurpose Society = 1730

FUTA Senior Staff Cooperative Society = 250

National Association of Academic Technologist =175

The total population of the cooperative society's membership is 2832

### Mode of Data Collection

The researcher met one-on-one with the respondents in their respective offices to administer questionnaire. A portable audio recorder was also used to record the researcher's interview with the respondents. All the questioners were administered and collected in the month of May 2016.

### Data Analysis

Statistical procedure consists of techniques that have been developed for the analysis of data and also for bringing data to bear on the researcher's problem (Philips, 1971). The test analysis adopted in testing hypothesis for this research is the Chi-square. The formula for chi-square is presented as follows:

$$X^2 = \frac{\sum(O_f - E_f)^2}{E_f} \quad (1)$$

Where,

$O_f$  = Observed frequency

$E_f$  = Expected Frequency

$\Sigma$  = Summation Sign

The Chi-square ( $X^2$ ) is a non-parametric test commonly used to test the significant of the difference between the observed frequency and the expected frequency. From the meaning of level of significance, it shows the degree of confidence with which we are willing to accept or reject a null hypothesis.

## IV. Results and Discussion

The total population of the cooperative society's membership is 2832. Their responses were analyzed using index rating and Chi-square method. The overall opinion of the respondents is that mistakes in salary and loan deductions seldom occurred in the University before and after the introduction of IPPIS and when such mistakes occurs they are resolved within the University System.

Majority (50%) of the respondents are new staff who cannot provide a comparison between situation before and after the introduction of IPPIS scheme (Table 1). This suggested that the researcher must exercise caution on the information provided by the respondents.

**Table 1: Work Experience**

Response	Frequency	Percentage
0-5 years	23	50.00
6-10 years	9	19.57
11-25 years	9	19.57
26-35 years	9	19.57
36 years and above	5	10.87
Total	46	100

Table 2 shows the response on personal Biometric Data. The response indicated that majority (above 61 %) were aware of the IPPIS scheme and have been captured into the scheme. They are therefore in a position to describe how they are faring in the IPPIS era.

**Table 2: Awareness of Personal Biometric Data**

Response	Frequency	Percentage
Yes	28	60.87
No	18	39.13
Total	46	100

Table 3 shows the types of cooperative societies the respondent belong to. The response indicated that majority (above 60.87 %) belong to general cooperative, while the remaining (39.13 %) belong to other cooperative societies.

**Table 3: Membership of Cooperative Societies**

Response	Frequency	Percentage
General Cooperative	28	60.87
FUTASCOOP	10	21.74
SSANU Cooperative	3	6.52
NAAT Cooperative	3	6.52
Gods Favour	2	4.35
Total	46	100

Table 4 indicates that 52% of the respondents have not spent more than 5 years as a cooperative member, while 74% have not spent more than 10 years. This indicates that most of the respondents were recently enrolled as a member of one cooperative society or the other. The implication of this is that they may not be in a position to give information concerning the challenges they were facing as a cooperative member (contributor) before the IPPIS era.

**Table 4: Number of Years of Being a Member of Cooperative**

Response	Frequency	Percentage
0-5 years	24	52.17
6-10 years	10	21.74
11-25 years	8	17.39
26-35 years	4	8.70
36 years and above	-	-
Total	46	100

The average weight of the responses of respondents to issue of frequency of mistakes on introduction of IPPIS was as shown in Table 5. This also implies that the overall opinion of the

respondents is that mistakes in salary and loan deductions seldom occur after the introduction of IPPIS.

**Table 5: Frequency of Mistake on Introduction of IPPIS**

Response	Frequency	Weight	Index Rate
Very Often (5)	1	5	1.54
Often (4)	1	4	
Less Often (3)	4	12	
Seldom (2)	10	20	
Rarely (1)	30	30	
Total	46	71	

The study sought to know how mistakes were being handled in the cooperative. Majority (52%) of the respondents 52.2% claimed that mistakes in salary deduction were resolved at the bursary department, while 48 % reported that such mistakes were resolved within the cooperative (Table 6) . The two responses therefore agreed that every mistake in salary and loan deductions were still resolvable within the organs of the university after the introduction of IPPIS scheme.

**Table 6: Resolution of Mistakes in Deduction**

Response	Frequency	Percentage
Within the cooperative	22	47.83
Bursary department	24	52.17
Total	46	100

The index rate of the responses received in respect of correction of mistakes on introduction of IPPIS is 2.93 which fall in the region of Less Often and Seldom (Table 7). This also implies that the overall opinion of the respondents is that errors in salary and loan deductions are easily resolved and are done within the university system even after the introduction of IPPIS scheme. The response received on this issue as shown in Table 7 gave a weighting index of 2.93 which indicates that the errors were less often handled by the University Bursary. This indicates that mistakes were handled mostly by the Cooperative Societies.

**Table 7: Correction of Mistakes on Introduction of IPPIS by Bursary Department**

Response	Frequency	Weight	Index Rate
Very Often (5)	7	35	2.93
Often (4)	6	24	
Less Often (3)	14	42	
Seldom (2)	15	30	
Rarely (1)	4	4	
Total	46	185	

The index rate of the responses of respondents to issue of elimination of payroll fraud with IPPS scheme was 3.09 which fall in the region of Less Often (Table 8). This indicates that the overall opinion of the respondents was that the introduction of IPPIS scheme has not been able to eliminate payroll fraud completely. This perhaps is because human inputs are still involved in the computation of salaries and loan deductions.

**Table 8: Elimination of Payroll Fraud with IPPIS Scheme**

Response	Frequency	Weight	Index Rate
Very Often (5)	2	10	3.09
Often (4)	15	60	
Less Often (3)	19	57	
Seldom (2)	6	12	
Rarely (1)	4	3	
Total	46	142	

**Test of Hypothesis**

$H_0$ : Introduction of IPPIS has eliminated payroll fraud in Cooperative Societies.

$H_1$ : Introduction of IPPIS has not eliminated payroll fraud in Cooperative Societies.

**Table 9: Test of Hypothesis**

$O_f$	$E_f$	$(O_f - E_f)$	$\frac{\sum(O_f - E_f)^2}{E_f}$
1.41	2.24	-0.83	0.3075
1.54	2.24	-0.70	0.2188
2.93	2.24	0.69	0.2125
3.09	2.24	0.88	0.3457
		1.0845	

The calculated chi-square value for this research work is 1.0845 (Table 9), which is lower than the expected value (2.24). Thus, the low value of this test of hypothesis clearly indicates that the variance in respondents' responses is very minimal and thus their responses are reliable, this again suggests that the final submission of this work is correct and reliable.

**Decision Rule:**

Accept ( $H_0$ ) Null hypothesis if the value of  $\chi^2$  computed is greater than the critical (tabulated) value and reject the ( $H_1$ ) Alternative hypothesis. On the other hand, we will reject  $H_0$  and accept  $H_1$  if the computed value is less in value.

From the above result the calculated  $\chi^2$  (1.0394) is greater than the tabulated value of (2.24) at 5% level of significance with 6 degree of freedom therefore  $H_0$  is rejected and  $H_1$  is accepted. This is to say that the introduction of Integrated Personnel and Payroll Information System will has no negative impact on the smooth administration of cooperative societies in the Federal University of Technology, Akure (Case Study).

### Conclusion and Recommendation

In the course of this study and during the analysis of data, the researcher made some observations and they are summarized as follows:

- a. Mistakes in worker's salary and loan deductions seldom occurred before the introduction of IPPIS scheme
- b. Mistakes in worker's salary are easily resolved within the University organs before the introduction of IPPIS
- c. Mistakes in worker's salary and loan deductions seldom occurred after the introduction of IPPIS scheme
- d. Mistakes in worker's salary are easily resolved within the University organs after the introduction of IPPIS scheme
- e. The introduction of IPPIS have no negative impact on the payment of worker's salary and loan repayment deductions
- f. The introductions of IPPIS have not been able to eradicate payroll fraud due to human inputs.

### Conclusion

It was observed that the introduction of IPPIS in FUTA have no negative impact on the disbursement of staffs' salary and loan deductions. It was discovered that the University has taken advantage of the GIFMIS (Government Integrated Financial Information System) software which enabled the University salary office to prepare pay schedule for each staff on monthly basis and upload same on the Federal Ministry of Finance IPPIS website. This ensured that FUTA staffs do not go to the office of the Federal Ministry of Finance in Abuja to correct any mistake in their salary.

### Recommendation

The positive experience of FUTA can be recommended to other Federal ministries, parastatala and units where the centralized IPPIS scheme is posing a challenge to smooth disbursement of staff's salaries and loan repayment deductions for staff who are member of cooperative society.

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