

STRENGTHENING FINANCIAL TRANSPARENCY AND ACCOUNTABILITY: MANAGEMENT OF FINANCIAL RESOURCES IN NIGERIA JUDICIARY

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Introduction

The effective management of financial resources within the Nigeria Judiciary is crucial for ensuring the integrity, efficiency, and transparency of judicial processes. As a cornerstone of the rule of law, the judiciary must operate with financial probity to maintain public trust and uphold justice. However, managing financial resources in a complex and dynamic environment like Nigeria presents unique challenges and opportunities.

This presentation explores the current practices, challenges, and opportunities for improving financial resource management within the Nigeria Judiciary. By examining budgeting mechanisms, expenditure patterns, financial oversight, and key internal controls such as the independent audit function and segregation of duties, we can identify strategies to enhance financial transparency and accountability.

1. Steering the Ship: A Look at Management

Management is the art of navigating an organization towards its goals. It involves efficiently and effectively coordinating people and resources – human capital, finances, materials, and information. In simpler terms, it's about getting things done through others, all aimed at achieving predetermined objectives.

Breaking Down the Management Compass:

- **Charting the Course (Planning):** The journey begins by setting clear destinations for the organization. This involves defining goals, outlining the roadmap to get there (strategies), and who will be responsible for each step (assigning tasks). Planning also means anticipating future challenges and opportunities.
- **Assembling the Crew (Organizing):** With a course set, it's time to organize the team and resources. This means structuring the organization, defining roles and what everyone is accountable for, and establishing clear communication channels to keep everyone on the same page.
- **Taking the Helm (Directing):** Now that the crew is assembled, it's time to provide guidance and motivation. Here, managers act as leaders, communicating expectations, delegating tasks, and supporting team members for optimal performance. Effective direction ensures everyone is rowing in the same direction.
- **Keeping Watch (Controlling):** Just like navigating a ship, it's important to monitor progress and course-correct when needed. Controlling involves measuring performance against set goals, identifying any deviations from the plan, and making adjustments to stay on track and achieve objectives efficiently.

2. Management, the Art of Making it Happen

Management is all about making smart decisions, allocating resources wisely, and fostering an environment that encourages productivity, innovation, and growth. It's the

guiding force that helps organizations navigate change, adapt to new circumstances, and achieve long-term success.

3. The Nigerian Judiciary: A Well-Funded System for Justice

The Nigerian Judiciary relies on strong financial resources to deliver justice effectively. These resources, encompassing money and assets, to fuel the entire court system's operations and administration. Their importance lies in:

- **Supporting Judicial Activities:** Financial resources ensure courts can function smoothly, from running trials to maintaining facilities.
- **Guaranteeing Access to Justice:** Adequate funding allows the judiciary to provide legal aid and support to those who cannot afford it, leveling the playing field for everyone.
- **Upholding the Rule of Law:** Financial resources enable the judiciary to operate independently and fairly, ensuring the law applies equally to all.

Here's a breakdown of key components within the Nigerian Judiciary's financial resources:

- **Budgetary Allocations:** The national and state budgets are the primary source of funds. This money covers a range of expenses, from staff salaries to courthouse maintenance.
- **Staff Compensation:** Salaries, allowances, and benefits for judges, court personnel, and support staff are crucial for attracting and retaining qualified individuals.
- **Modern Infrastructure:** Funds are allocated to build, renovate, and maintain court facilities. This creates accessible, functional, and efficient courthouses for all.

- **Tech Tools and Equipment:** Technology plays a vital role. Resources are dedicated to acquiring and maintaining computers, case management systems, and communication tools to streamline court proceedings.
- **Investing in Expertise:** Training programs and educational initiatives equip judicial officers and staff with the knowledge and skills necessary for effective case management and legal interpretation.
- **Legal Aid for All:** Financial resources can be directed towards providing legal aid to vulnerable populations who would not otherwise be able to afford legal representation.
- **Day-to-Day Expenses:** Funding covers the miscellaneous costs essential for court operations, including utilities, supplies, and research materials.

Effective management of these resources is critical. Probity, transparency, accountability, and efficient use of funds are essential for a trustworthy and well-functioning judicial system. The role of public accountants within the Department of Finance and Account, Audit and Procurement is vital in upholding financial integrity, ensuring compliance with financial regulations, and enhancing overall organizational performance. Public accountants are responsible for maintaining accurate financial records, preparing financial statements, conducting audits, and providing financial advice to decision-makers.

Accountability refers to the obligation of public officials to be answerable for their actions, decisions, and the stewardship of judicial resources. It involves the proper management of funds, adherence to financial rules and regulations, and the timely reporting of financial information. Accountability mechanisms, such as internal and external audits, play a critical role in assessing the financial performance and integrity of the Nigerian Judiciary.

Profitability, in the context of the Federal Civil Services, refers to the efficient and effective use of public funds to achieve optimal outcomes. It involves ensuring that financial resources are allocated wisely, projects are cost-effective, and revenue generation is maximized. Public

accountants play a crucial role in budgeting, financial planning, cost control, and financial analysis to enhance the profitability of government programs and initiatives.

Transparency is essential for building public trust, ensuring ethical conduct, and preventing corruption within government organizations. It involves the disclosure of information, adherence to disclosure requirements, and promoting open and accessible decision-making processes. Public accountants are responsible for maintaining transparent financial records, facilitating financial reporting, and ensuring compliance with transparency standards and regulations.

4. Public Financial Management Effectiveness

Public financial management is the system by which the financial aspects of the public goods and services are directed, controlled and influenced, to support the delivery of the government goals and objectives (Onuorah & Appah, 2012). Public financial management concerns the effective management of the collection and expenditure of funds by governments (Brusca, Gómez-villegas & Montesinos, 2016). As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently as possible with a minimum of government wastage (Bandy, 2014). Efficient public financial management is central to creating a relationship of mutual trust and shared consensus between government and citizens that is at the core of the development process (Maronga, Weda & Kengere, 2013).

a) Authorization of Transaction

The Nigerian Judiciary Needs Tight Controls Over Spending

Making sure every penny is spent wisely is crucial for the Judiciary's financial health. This means having a clear system for approving payments.

Here's How It Works:

- **Who Gets to Say Yes?** - Different transactions need approval from different people. Lower-cost things, like office supplies, might be okayed by department heads. Bigger things, like new computers, might need a higher-up's signature, like the Chief Registrar or the Judicial Service Commission.
- **Sticking to the Budget** - Every expense needs to fit within the pre-approved budget. This way, the judiciary doesn't spend more than it has and the money goes where it's supposed to.
- **Keeping a Close Eye on Things** - There need to be strong checks and balances to stop unauthorized payments. This means having different people handle different parts of the process, like one person requesting the money, another approving it, and another recording it.
- **Paper Trail** - Every transaction needs a paper trail, like receipts, purchase orders, and approval forms. This helps keep things clear and accountable.
- **Following the Rules** - All payments need to follow the laws, regulations, and financial policies that govern the judiciary. This includes things like how to buy stuff, how to report finances, and how to fight corruption.

b) The Approval Process Step-by-Step:

- **Someone Needs Something** - The process starts with a request for money, like to buy something, pay salaries, or cover other expenses.
- **Getting the Paperwork Ready** - The person who needs the money gathers documents explaining what it's for, like a purchase order or an expense report.

- **Double-Checking** - The request goes to the right person for approval, depending on how much money is needed and what it's for. There might be a few levels of approval needed.
- **Making Sure There's Enough Money** - Before final approval, someone checks the budget to make sure there's enough money and that the expense is allowed.
- **Go Get It!** - If everything is approved, the person who requested the money gets the go-ahead. This might involve giving out the money, placing an order, or processing a payment.
- **Keeping Track** - The approved transaction is recorded in the financial records, and reports are made for reviewers inside and outside the judiciary.

c) **Keeping Things on Track**

- **Training People** - Everyone involved in handling money needs to be properly trained on the approval process and why following the rules is important.
- **Regular Checkups** - Regular internal and external audits are needed to review how transactions are approved and find any problems or areas for improvement.
- **Tech Help** - Using financial management software can automate parts of the approval process, track budgets in real-time, and make sure the right people are giving approval.

The Bottom Line

Making sure every transaction is properly approved is key for the Nigerian Judiciary's financial health. By following clear procedures, having strong internal controls, and following the rules, the judiciary can manage its money well and keep the public's trust.

5. Segregation of Duties

Segregation of Duties (SoD) in Financial Management

Millichamp (2002) defines segregation of duties as follows: No one person should be responsible for the recording and processing of a complete transaction. The involvement

of several people reduces the risk of intentional manipulation or accidental error and increases the element of checking of work. When the work of one employee is checked by another, and when the responsibility for custody for assets is separate from the responsibility for maintaining the records relating to those assets, there is appropriate segregation of duties. This helps detect errors in a timely manner and deter improper activities; and at the same time, it should be devised to prompt operational efficiency and allow for effective communications.

Segregation of Duties (SoD) is a fundamental internal control mechanism aimed at preventing fraud, errors, and inefficiencies within an organization. It involves dividing responsibilities among different individuals to reduce the risk of inappropriate actions and ensure that no single person has control over all aspects of any critical financial transaction. In the context of the Nigeria Judiciary, implementing SoD is crucial for maintaining integrity, transparency, and accountability in managing financial resources.

Key Principles of Segregation of Duties

a) Authorization:

The responsibility for approving transactions should be separate from those involved in the transaction's execution and recording. For instance, the person who authorizes a purchase should not be the same person who processes the payment.

b) Custody:

The person responsible for handling cash or assets (custody) should not be involved in authorization or recording of transactions. This ensures physical assets are managed securely and accurately.

c) Record-Keeping:

The individual maintaining financial records should not have access to the assets or the ability to authorize transactions. This separation ensures accurate and honest reporting of financial information.

d) Reconciliation:

Regular reconciliation of accounts should be performed by someone independent of the transactions being reconciled. This helps identify discrepancies or unauthorized transactions promptly.

Implementing Segregation of Duties in the Nigeria Judiciary

i. Role Definition and Clarity:

Clearly define roles and responsibilities for all financial processes. Each role should have specific duties that do not overlap with those of other roles involved in the same transaction cycle.

ii. Approval Workflows:

Establish formal approval workflows where transactions require multiple levels of authorization. For example, large expenditures might need the approval of both a department head and a senior financial officer.

iii. Access Controls:

Implement access controls within financial management systems to ensure that users only have access to the functions necessary for their roles. Limit access to sensitive functions based on the principle of least privilege.

iv. Regular Audits and Reviews:

Conduct regular internal and external audits to review compliance with SoD policies. Audits should examine transaction records, authorization processes, and reconciliation procedures to ensure adherence to established controls.

v. Training and Awareness:

Provide training to all staff on the importance of SoD and their specific roles in maintaining internal controls. Continuous education on emerging risks and best practices helps sustain effective SoD implementation.

vi. Automated Systems:

Utilize financial management software that supports SoD by automatically enforcing role-based access and approval workflows. Automation reduces the risk of human error and ensures compliance with established protocols.

Example Scenarios in the Judiciary

Procurement Process:

- ✓ **Request:** A court administrator identifies a need for new office equipment and submits a purchase request.

- ✓ **Authorization:** The Chief Registrar reviews and approves the request based on budget availability.
- ✓ **Purchase:** The procurement officer processes the order with the approved vendor.
- ✓ **Receipt and Verification:** Upon delivery, a different staff member checks the items against the purchase order.
- ✓ **Payment:** The finance officer processes the payment, having verified all approvals and documentation.
- ✓ **Reconciliation:** An independent auditor reconciles payroll records with bank statements to ensure accuracy.

Segregation of Duties is a critical internal control measure for the Nigeria Judiciary, ensuring that financial processes are conducted transparently and securely. By dividing responsibilities and implementing robust checks and balances, the judiciary can safeguard its financial resources, mitigate risks of fraud and errors, and uphold public trust in its financial management practices.

6. Independent Audit Function

The public accounting profession is built on the foundation of independence (Al-Khaddash, Al Nawas & Ramadan, 2013), with regulatory bodies requiring auditors to be independent both in fact and in appearance. Auditor independence refers to the cornerstone of the integrity of all auditing process where maintaining the independent audit function is obligatory for auditors and required by the standard of profession (Choo, 2014).

The auditor's independence can be categorized into two, which is:

- Independence in fact and
- Independence in appearance.

To be independence in fact means to be actually objectives in all relationship between firms and their client;

whereas independence in appearance means the subjective state of the relationship as perceived by client and third party (Sun, Lan & Liu, 2014).

Nowadays, most people are of the opinion that the decline in the level of audit independence is an important ethical value in the accounting profession (AlKhaddash et al., 2013). According to Sun et al. (2014), when auditors and clients are negotiating issue about the financial statement, the most important part of an auditor's role is to maintain the integrity of the independent audit function. This is because the auditors are required to follow the standards of the accounting profession. If the users of the audit report do not believe that the auditor is independent, less confidence and assurance will be put on the auditor's opinion in the audit report (Al-Khaddash, et al., 2013). Restrictions have been provided in the Sarbanes-Oxley Act 2002 to enhance auditor independence and to prevent corporate scandals such as Enron and WorldCom (Sun, Lan & Liu, 2014). The opinion of an independent auditor adds credibility to the financial statements and enhances the quality of financial reporting (Kantudu & Samaila, 2015). The professional independence of the auditors is considered to be one of the major postulates of auditing as per Choo (2014) and it is, therefore, expected that while expressing an opinion, the auditors would act exclusively in the capacity of auditors. Sun et al (2014) observes that external audit is promoted as a trust engendering technology to persuade the public that the government officials are not corrupt and all government workers are made accountable.

6.1 Independent Audit Function in the Nigeria Judiciary

The independent audit function is a vital component of financial oversight and governance within any organization, including the Nigeria Judiciary. It serves to ensure transparency, accountability, and integrity in financial management by providing an objective evaluation of financial statements, internal controls, and compliance with relevant laws and regulations.

Key Roles and Responsibilities of the Independent Audit Function

6.2 Financial Statements Audits:

Conduct thorough examinations of the judiciary's financial statements to ensure accuracy, completeness, and compliance with applicable accounting standards and regulations.

Provide an independent opinion on the fairness and reliability of financial reports, helping to instill confidence among stakeholders.

6.3 Internal Controls Assessment:

Evaluate the effectiveness of internal controls designed to prevent and detect fraud, errors, and inefficiencies. Recommend improvements to strengthen control environments, ensuring robust financial management practices.

6.4 Compliance Audits:

Review adherence to legal and regulatory requirements, ensuring that the judiciary operates within the framework of established laws and guidelines. Identify areas of non-compliance and suggest corrective actions to address deficiencies.

6.5 Risk Management:

Assess the judiciary's risk management processes, identifying potential financial and operational risks. Advise on mitigation strategies to manage identified risks effectively, ensuring the judiciary's long-term financial health.

6.6 Operational Audits:

Conduct audits of specific operational areas to evaluate efficiency, effectiveness, and economy in the use of resources. Provide insights into process improvements, cost-saving opportunities, and enhanced operational performance. Structure of the Independent Audit Function

6.7 Internal Audit Department:

An internal audit department within the judiciary is responsible for ongoing reviews of financial and operational activities. Reports directly to a high-level oversight body, such as the Judicial Service Commission or an Audit Committee, to maintain independence and objectivity.

6.8 External Auditors:

Independent external auditors, typically from a professional auditing firm, conduct periodic audits to provide an unbiased assessment of the judiciary's financial statements and practices. External audits complement the work of internal auditors by offering a fresh perspective and additional assurance to stakeholders.

Key Benefits of an Independent Audit Function

1) Enhancing Accountability:

Independent audits hold judiciary officials accountable for their financial management practices, ensuring responsible stewardship of public funds. Regular audits promote a culture of accountability and transparency, deterring potential misuse of resources.

2) Improving Financial Integrity:

Audits help identify discrepancies, errors, and fraudulent activities, enabling timely corrective actions. Ensuring financial integrity boosts public trust and confidence in the judiciary's operations.

3) Supporting Decision-Making:

Audit findings and recommendations provide valuable insights for judiciary leadership, aiding in informed decision-making and strategic planning. Improved financial information enhances the ability to allocate resources efficiently and effectively.

4) Strengthening Internal Controls:

Regular assessment and improvement of internal controls minimize risks associated with financial management, such as fraud and inefficiencies. A strong internal control environment supports the judiciary's overall governance framework. Steps to Implement and Maintain an Effective Independent Audit Function.

5) Establish Clear Mandates:

Define the scope, objectives, and authority of the audit function through formal mandates and policies. Ensure that the audit function has unrestricted access to all necessary records, personnel, and physical properties.

6) Ensure Auditor Independence:

Maintain the independence of internal and external auditors by preventing conflicts of interest and ensuring they report to an independent oversight body. Protect auditors from undue influence or interference from judiciary officials.

7) Hire Qualified Auditors:

Employ auditors with the necessary qualifications, expertise, and experience in public sector auditing and financial management. Provide continuous training and professional development to keep auditors updated on best practices and emerging trends.

8) Regular Audit Schedules:

Develop and adhere to a regular audit schedule, ensuring comprehensive coverage of all financial and operational areas over time. Conduct surprise audits when necessary to detect and deter irregularities.

9) Follow-Up on Audit Recommendations:

Implement a systematic process for following up on audit recommendations, ensuring that identified issues are addressed promptly and effectively. Monitor the progress of corrective actions and report on their status to the oversight body.

The independent audit function is essential for ensuring effective financial management and governance within the Nigeria Judiciary. By providing objective assessments, enhancing transparency, and promoting accountability, independent audits contribute to the integrity and credibility of the judiciary. Establishing and maintaining a robust audit function helps safeguard public resources, supports informed decision-making, and strengthens the overall governance framework of the judiciary.

7. Information and Communication Technology

Information and Communication Technology (ICT) in the Nigeria Judiciary

Information and Communication Technology (ICT) plays a vital role in modernizing and enhancing the efficiency, transparency, and accountability of financial management within the Nigeria Judiciary. By leveraging ICT, the judiciary can streamline processes, improve record-keeping, facilitate timely decision-making, and ensure more effective oversight of financial resources.

Key Areas Where ICT Can Enhance Financial Management

Financial Management Systems:

Implementing comprehensive financial management software can automate and integrate various financial processes, such as budgeting, accounting, procurement, and reporting. This reduces manual errors, enhances data accuracy, and ensures real-time monitoring of financial transactions.

Budgeting and Forecasting:

Advanced budgeting tools and software can aid in accurate budget preparation, forecasting, and monitoring. These tools allow for better allocation of resources, scenario analysis, and tracking of expenditures against budgeted amounts.

Audit and Compliance:

ICT solutions can facilitate more effective and efficient auditing processes. Automated audit trails, digital records, and compliance management systems ensure that all financial transactions are traceable, verifiable, and in compliance with relevant regulations and standards.

Document Management:

Digital document management systems help in organizing, storing, and retrieving financial documents. This not only reduces the risk of loss or damage to physical documents but also enhances accessibility and ease of reference for audits and reviews.

Electronic Payment and Receipt:

Transitioning to electronic payment systems can streamline the payment processes, reduce delays, and minimize the risks associated with handling cash. E-payment platforms ensure secure and transparent financial transactions.

Data Analytics and Reporting:

Data analytics tools can provide deep insights into financial performance, trends, and anomalies. These tools can generate comprehensive reports and dashboards that help judiciary officials in making informed decisions and improving financial oversight.

Internal Communication:

Secure internal communication platforms ensure that financial information and updates are efficiently shared among relevant departments and stakeholders. This enhances coordination and reduces the risk of miscommunication or delays.

Benefits of ICT in Financial Management

Increased Efficiency:

Automating routine financial processes saves time and resources, allowing judiciary staff to focus on more strategic tasks. ICT reduces the burden of manual data entry, processing, and reporting.

Enhanced Transparency:

ICT systems provide transparent and real-time visibility into financial transactions, making it easier to track and audit financial activities. This transparency helps in building trust among stakeholders.

Improved Accuracy:

Digital systems minimize human errors and ensure more accurate financial data. Automated checks and validations further enhance the reliability of financial records.

Better Accountability:

With clear audit trails and accessible records, ICT systems hold individuals accountable for their actions. This accountability deters fraudulent activities and ensures responsible financial management.

Cost Savings:

Although the initial investment in ICT infrastructure can be significant, the long-term savings from increased efficiency, reduced errors, and better resource allocation can outweigh these costs.

Challenges and Considerations**Implementation Costs:**

The initial costs of acquiring and implementing ICT solutions can be high. It is important to conduct a cost-benefit analysis and secure adequate funding for ICT projects.

Training and Capacity Building:

Staff must be adequately trained to use new ICT systems effectively. Ongoing training and support are essential to ensure that judiciary personnel can fully leverage the benefits of ICT.

Cybersecurity:

Protecting sensitive financial data from cyber threats is crucial. Robust cybersecurity measures, including encryption, access controls, and regular security audits, must be in place to safeguard ICT systems.

Change Management:

Transitioning to new ICT systems requires careful change management to address resistance and ensure smooth adoption. Clear communication, stakeholder engagement, and phased implementation can help manage this transition.

Integrating Information and Communication Technology in the financial management of the Nigeria Judiciary is essential for achieving greater efficiency, transparency, and

accountability. By embracing modern ICT solutions, the judiciary can enhance its financial operations, improve decision-making, and build public trust. As the judiciary moves towards digital transformation, careful planning, adequate training, and robust cybersecurity measures will be critical to realizing the full benefits of ICT in financial management.

Conclusion

Effective management of financial resources is fundamental to the integrity, efficiency, and transparency of the Nigeria Judiciary. Throughout this presentation, we have examined the current practices, challenges, and opportunities for strengthening financial transparency and accountability within this critical institution.

By addressing the challenges and leveraging the opportunities for improvement, the Nigeria Judiciary can strengthen its financial management practices, ensuring transparency, accountability, and efficiency. These efforts are vital for upholding the rule of law, maintaining public trust, and enhancing the overall effectiveness of the judicial system. Let us commit to these reforms and work together towards a more transparent and accountable judiciary, capable of delivering justice equitably and efficiently.

Thanks for Listening

Q&A

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