

4th International Conference on

Forensic Research & Technology

September 28-30, 2015 Atlanta, USA

Integration of forensic auditing in pension scheme in a developing country such as Nigeria

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The pension scheme started in 2004 due to loss of faith, unprecedented level of fraudulent activities that characterized the former scheme. The main reason was involvement of Government machinery being solely in charge of funds for the retirees and over concentration of power to key individuals. This led to massive fraud mainly due to poor regulatory control and lack of sanctions of the culprits. Prior to the demise of the former scheme, several litigations involving government officials became a common practice. Lack of proper regulatory practice or forensic audit led to unaccountable lost of billions of dollars. The hope for justice for the retirees was further dashed with the malfunction of the judiciary against these culprits by judges awarding pittance as bail for billions of dollars stolen by culprits. Based on these and several other factors, the government had no other choice than to initiate a new pension scheme which came on board involving more private stakeholders in the management of funds. Even with this new scheme several retirees were still apprehensive about the safety of their fund in future. The goal of this research is to do expository analysis of the challenges of the pension scheme in Nigeria and the need to initiate and sustain forensic auditing on program on a permanent basis so as to rekindle faith on the scheme. The research methodology involves detailed analysis of the history of pension scheme based on evidential documentation obtained from the various governmental functionaries. An open structured questionnaire was administered to the retirees to enable us articulate all the lapses associating with the pension scheme. The result of our finding illustrates significant challenges encountered by the pensioner in the old scheme and also the existence of fear and doubt towards the new scheme. These stakeholder surveys were in unanimity that only sustained forensic auditing with institutionalized mechanism of control and regulation would perhaps salvage the image of the program. In conclusion, apart from forensic auditing there is urgent need to re-structure the anticorruption law and the judiciary so as to meet out much harsher appropriate penalty for the offenders. Anything short of this recommended remedy is a recipe for disaster and untimely death of these retirees due to lack of getting their funds.

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