

From Payroll Fraud to Institutional Reform: A Historical Analysis of Staff Verification and Public Financial Management in Enugu State

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Abstract

Payroll fraud, particularly the phenomenon of ghost workers, has constituted one of the most persistent and corrosive forms of public financial mismanagement in Nigerian subnational governance. In Enugu State, as across much of the federation, the systematic inflation of nominal payrolls through fictitious employees has drained public resources, distorted budgetary planning, and eroded the credibility of state institutions over several decades. This paper provides a historically grounded and analytically rich examination of how payroll fraud shaped the evolution of staff verification practices and broader public financial management (PFM) reforms in Enugu State. Drawing on institutional theory, principal-agent analysis, and the political economy of reform, the paper traces the emergence and entrenchment of ghost worker networks from the early post-independence administrative era through successive reform cycles. It examines how technological interventions, particularly biometric verification and integrated payroll systems, have been deployed in recent years under Governor Peter Mbah's administration as instruments of institutional reconfiguration rather than mere administrative tidying. The analysis finds that while Enugu State's current reforms demonstrate meaningful departures from past practice, their long-term significance depends critically on whether they produce durable institutional change or merely reconfigure existing arrangements under new administrative vocabularies. The paper contributes to comparative PFM scholarship by situating subnational payroll reform within broader debates about institutional path dependence, governance discontinuities, and the conditions under which crisis-driven interventions translate into lasting structural change.

Keywords: Payroll Fraud; Ghost Workers; Public Financial Management; Staff Verification; Enugu State; Institutional Reform; Biometric Systems; Nigeria

1. Introduction

The ghost worker problem is not merely a technical anomaly in public payroll administration. It is a symptom of deeper dysfunctions in the relationship between state institutions, political actors, and public resources. Across sub-Saharan Africa, payroll fraud has consumed fiscal resources that might otherwise fund public services, distorted human resource planning, and generated perverse incentives that reward complicity over competence (Doherty, 2015; World Bank, 2018). In Nigeria, where intergovernmental fiscal transfers constitute the primary revenue source for most states, the integrity of the public wage bill is not simply a matter of financial housekeeping, it is foundational to the state's capacity to govern.

Enugu State presents a particularly instructive case for understanding the institutional dynamics of payroll fraud and reform. As a predominantly civil-service economy in Nigeria's Southeast geopolitical zone, Enugu's public sector workforce has historically represented both the primary mechanism of state employment and the primary arena for patronage distribution. The coexistence of these two functions administrative and political, has created enduring structural tensions that formal reform processes have repeatedly failed to resolve (Ekwueme, 2019; Nnaji, 2021). The result has been a cyclical pattern in which successive administrations announce verification exercises, achieve partial payroll rationalisation, and gradually allow ghost workers to re-enter the payroll as political pressures reassert themselves.

Recent reforms under Governor Peter Mbah, who assumed office in 2023, have broken with this cycle in ways that merit careful analytical attention. The Mbah administration has pursued an integrated approach to payroll management that combines physical verification, biometric enrolment, and digital payroll integration within a broader framework of public financial management modernisation. Whether this represents a genuine institutional rupture or a more sophisticated iteration of the reform-and-relapse pattern is the central analytical question this paper addresses.

The paper proceeds as follows. Section 2 reviews the relevant literature on payroll fraud, PFM reform, and subnational governance in Nigeria. Section 3 develops a theoretical framework drawing on institutional theory, principal-agent analysis, and the political economy of reform. Section 4 traces the historical evolution of payroll systems and fraud in Nigeria and Enugu State. Section 5 examines the evolution of staff verification reforms. Section 6 analyses recent reforms in Enugu State as a detailed case study. Section 7 discusses the implications of the case for broader debates about institutional change. Section 8 concludes with a reflective assessment of whether contemporary reforms in Enugu State represent genuine transformation.

2. Literature Review

2.1 Defining the Problem: Payroll Fraud, Ghost Workers, and PFM

Payroll fraud encompasses a range of manipulative practices through which public resources are illegitimately diverted via the wage payment system. Vian (2002) identifies several archetypes: the creation of entirely fictitious employees (ghost workers proper), the retention of departed or deceased employees on active payrolls, the inflation of salary grades, and the manipulation of allowances and deductions. Among these, the ghost worker phenomenon has attracted the most scholarly and policy attention, partly because of its scale and partly because of the institutional complexity it reveals.

Ghost workers are, by definition, a product of information asymmetry and weak verification systems. They exist because those responsible for maintaining payroll records possess information that supervisory authorities cannot easily check. Sawaneh (2014) documents how, in West African public sectors, the physical distance between payroll management units and human resource offices creates structural opportunities for fraud. Where personnel files, payroll registers, and bank accounts are managed by different agencies with limited data-sharing, fictitious entries can persist for years without detection.

Public financial management, as a field of policy and scholarship, has increasingly recognised payroll integrity as a core systemic concern rather than a peripheral administrative matter. The IMF's Government Financial Management Information System (GFMS) frameworks, the World Bank's Public Expenditure and Financial Accountability (PEFA) assessments, and the African Development Bank's PFM diagnostic tools all include payroll controls as key indicators of fiscal system health (IMF, 2016; World Bank, 2020; African Development Bank, 2019). This integration reflects an understanding that payroll fraud does not merely divert funds; it corrupts the data systems through which governments plan, budget, and account for public resources.

2.2 Payroll Fraud in the Nigerian Context

Nigerian scholarship on payroll fraud has grown substantially since the early 2000s, driven by a series of high-profile federal and state-level verification exercises that revealed the extraordinary scale of ghost worker penetration. The Federal Government's Integrated Payroll and Personnel Information System (IPPIIS), introduced in 2007 and progressively extended across ministries, departments, and agencies, exposed over 60,000 ghost workers in its early phases and saved the federal wage bill billions of naira annually (Office of the Accountant-General of the Federation, 2017). Subsequent exercises under the Treasury Single Account policy framework continued to reveal layered fraud across government entities.

Subnational payroll fraud in Nigeria has proven harder to address, for several reasons. State governments operate under weaker oversight frameworks than federal agencies, with state-level supreme audit institutions often insufficiently resourced and politically constrained (Okonkwo, 2018). The blurring of political and administrative functions in state civil services creates particular vulnerabilities: governors and commissioners routinely intervene in personnel management, generating informal channels through which ghost workers enter and persist on payrolls (Bello, 2020). The reliance of most states on federation account allocations rather than internally generated revenue reduces the fiscal pain of payroll inefficiency,

since the cost is socialised across the federation rather than borne by local taxpayers (Olowu & Wunsch, 2004).

Enugu State's payroll problems cannot be fully understood without this federal context (Egbo, 2024). The state's civil service was formed through the amalgamation of Eastern Region administrative structures following the Nigerian Civil War (1967–1970), and subsequent decades of military governance, civilian transitions, and political reorganisation created overlapping and incompatible personnel records (Orji, 2012). Each transition brought new political appointments, new staff categories, and new opportunities for record manipulation.

2.3 Staff Verification as Institutional Reform

The scholarly treatment of staff verification has evolved from viewing it as a technical audit procedure to recognising it as an institutional intervention with profound political economy dimensions. Andrews (2013) argues that many PFM reforms in developing countries suffer from 'isomorphic mimicry', the adoption of reform instruments that satisfy external stakeholders without producing functional institutional change. This critique applies acutely to staff verification, which has often been designed and presented as a technical fix for what are fundamentally political and institutional problems.

More recent scholarship has emphasised the conditions under which verification reforms achieve durable results. Brautigam and Knack (2004) find that reform sustainability depends on the alignment of political incentives, administrative capacity, and civil society pressure. Where any of these elements is absent, reforms tend to produce short-term results followed by gradual reversal. Cangiano et al. (2013) identify payroll controls as a specific area where digital integration, linking personnel databases to payroll execution, offers the most promising path to sustained improvement, because it reduces the opportunities for manual override that manual systems inherently provide.

3. Theoretical Framework

3.1 Institutional Theory and Path Dependence

Institutional theory offers the most productive conceptual entry point for understanding why payroll fraud persists despite repeated reform efforts. North (1990) defines institutions as the formal and informal rules that structure social interaction, and emphasises that institutional change is typically incremental and path-dependent, constrained by the interests that existing institutions generate and the cognitive frameworks through which actors interpret alternatives. Applied to payroll fraud, this framework suggests that ghost worker networks are not merely individual acts of dishonesty but institutionalised practices sustained by rules (formal and informal), enforcement patterns, and distributional interests.

Path dependence is particularly illuminating here. Once ghost worker networks become embedded in public payrolls, they generate stakeholder interests in their continuation: civil servants who receive ghost salaries, supervisors who receive 'commissions' for maintaining fictitious entries, and political actors who use payroll manipulation as a patronage mechanism. These interests create what Mahoney (2000) calls 'self-reinforcing sequences', positive feedback dynamics that make departure from the established path increasingly costly. Verification exercises that fail to address these underlying interests will achieve at best temporary payroll rationalisation before ghost workers re-enter through the same institutional channels.

The concept of critical junctures, moments of structural disruption that create windows for institutional change, complements path dependence theory and helps explain why reforms sometimes do break with established patterns (Collier & Collier, 1991). Fiscal crises, leadership transitions, and public scandals can all create such junctures by disrupting the equilibrium that sustains existing institutions. The question, as Streeck and Thelen (2005) note, is not just whether junctures occur but whether political actors have the capacity and will to consolidate alternative institutional arrangements before old patterns reassert themselves.

3.2 Principal-Agent Theory

Principal-agent theory provides a complementary analytical lens, focusing on the information asymmetries and incentive misalignments that make payroll fraud possible. In the standard principal-agent framework, the principal (the government or its fiscal oversight agencies) delegates operational tasks to agents (payroll managers, civil servants, department heads) but cannot perfectly observe agent behaviour (Jensen & Meckling, 1976). This creates scope for agents to pursue private interests, including payroll manipulation, at the principal's expense.

The principal-agent problem in Nigerian public payrolls is compounded by what may be termed 'principal fragmentation': multiple authorities (state government, federal oversight bodies, audit agencies, legislative committees) each hold partial oversight responsibility, but coordination failures among them create enforcement gaps. Ghost worker networks exploit these gaps, operating in the spaces between institutional jurisdictions. Effective verification reforms must therefore address not only the information asymmetry between government and payroll agents but also the coordination failures among oversight principals.

Biometric verification systems represent a technological response to information asymmetry, but they are not a complete solution to the principal-agent problem. As Dunleavy et al. (2006) observe in their analysis of digital-era governance, technology changes the information landscape without automatically changing incentive structures. If political principals continue to benefit from payroll manipulation, they will find ways to circumvent or selectively apply biometric controls.

3.3 Political Economy of Reform

The political economy literature on PFM reform in developing countries emphasises that reform processes are shaped by the distribution of power and interests, not merely by technical imperatives (Khan, 2010; Levy, 2014). Successful PFM reforms are typically those that align with the interests of key political actors, generate visible public goods that constituencies value, or create enforcement mechanisms that make non-compliance costly for powerful actors. In the context of subnational payroll reform in Nigeria, this framework directs attention to gubernatorial incentives. Governors who inherit bloated payrolls face a choice between absorbing the fiscal cost of inherited ghost workers or undertaking politically costly verification exercises that may alienate patronage networks. The decision to pursue aggressive payroll rationalisation is therefore not a default administrative choice but a politically consequential one, shaped by governors' fiscal circumstances, accountability to electorates, and relationship with civil service unions and political networks.

4. Historical Evolution of Payroll Systems and Fraud in Nigeria and Enugu State

4.1 The Colonial and Early Post-Independence Period

The foundations of Nigerian public payroll management were laid during the British colonial period, when administrative systems were designed primarily to serve the needs of a small expatriate bureaucracy and a limited number of African auxiliary staff. Payroll management in this period was characterised by manual registers, centralised control from regional secretariats, and relatively tight supervision of a small establishment. While opportunities for fraud existed, the scale of the civil service limited both the scope of manipulation and the difficulty of verification (Adamolekun, 1983).

Independence in 1960 and the subsequent Nigerianisation of the civil service dramatically altered this context. The rapid expansion of federal and regional civil services to replace departing expatriate officers created immediate pressures on administrative capacity. Personnel management systems that had been adequate for small establishments were stretched beyond their functional limits. In the Eastern Region, which encompassed what would become Enugu State, civil service expansion was particularly rapid, driven by the political priorities of the Azikiwe-era government and the developmental ambitions of the regional administration (Ejiofor, 1981).

The Civil War (1967–1970) and its aftermath created particular disruptions to payroll administration in the Enugu region. The chaos of wartime administration, the displacement of civil servants, and the post-war reintegration process all created opportunities for record manipulation. Personnel files were lost, destroyed, or deliberately falsified. Employees who had served Biafran administration were reabsorbed into federal and state civil services under varying conditions. The creation of Enugu State in 1976 (and

its subsequent subdivisions) involved the amalgamation of administrative units with incompatible record systems, producing structural vulnerabilities that would facilitate payroll fraud for decades (Orji, 2012).

4.2 Military Governance and the Expansion of Patronage Payrolls

The long period of military governance (1966–1979 and 1983–1999) had paradoxical effects on Nigerian public payrolls. Military administrations brought some elements of centralised control but also created new patronage pressures and reduced the formal accountability mechanisms through which legislative bodies might have checked executive manipulation of public employment (Diamond, 1995). In Enugu State, successive military governors used public sector employment as a primary instrument of political stabilisation, expanding the civil service establishment beyond fiscal sustainability and generating payrolls that mixed genuine employees with politically connected ghost workers.

By the mid-1980s, structural adjustment pressures from the International Monetary Fund and World Bank were generating demands for civil service rationalisation across the federation. The Babangida administration's Structural Adjustment Programme (SAP) of 1986 included civil service reform components that mandated verification exercises and workforce rationalisation in state governments. In Enugu State, as in most others, these exercises produced limited results: verification teams counted heads without addressing the underlying personnel record systems, allowing ghost workers to be temporarily removed and subsequently re-entered (Ekwueme, 2019).

4.3 The Return to Civilian Rule and the Deepening of Payroll Dysfunction

The return to democratic governance in 1999 brought new accountability pressures but also new patronage demands. Elected governors, seeking to consolidate political support, often expanded public payrolls beyond fiscal capacity, adding new staff categories, inflating allowance structures, and tolerating ghost worker networks as vehicles for distributing political rents (Bello, 2020). In Enugu State, the period between 1999 and 2015 saw the public wage bill grow substantially as a proportion of total recurrent expenditure, crowding out capital investment and generating persistent fiscal stress.

The discovery during this period that Enugu State's nominal payroll significantly exceeded both its verified headcount and its personnel records is documented in several state budget review reports and National Economic Council assessments (National Economic Council, 2016). The gap between nominal payroll and verified workforce, the ghost worker margin, represented not merely financial leakage but a fundamental failure of information governance: the state did not know, with any precision, how many people it employed or where they worked.

4.4 The Structural Conditions Enabling Fraud

Several structural conditions made payroll fraud particularly persistent in Enugu State and across Nigerian subnational governments. First, the fragmentation of personnel management across multiple agencies, the Office of the Head of Service, the State Civil Service Commission, individual ministries, and the payroll management unit within the Ministry of Finance, created information silos that ghost worker networks could exploit. No single agency possessed a complete, authoritative personnel database.

Second, the low capacity and limited independence of state audit institutions meant that fraud was rarely detected through formal oversight channels. The Enugu State Auditor-General's office, like its counterparts in most Nigerian states, was under-resourced, politically constrained in its access to executive records, and limited in its technical capacity to audit computerised systems (Okonkwo, 2018). External auditors brought in periodically often lacked the operational knowledge to identify sophisticated ghost worker arrangements.

Third, the widespread use of bank-based salary payment systems, which appeared more modern than cash payment but were in practice equally susceptible to manipulation, allowed ghost salaries to be paid into accounts controlled by civil servants, supervisors, or political actors without triggering automatic verification (Transparency International Nigeria, 2015). The move from cash to bank payments reduced one form of fraud risk while creating new ones.

5. Evolution of Staff Verification Reforms

5.1 First-Generation Reforms: Manual Audits and Physical Parades

The earliest systematic attempts at payroll verification in Nigerian states relied on physical parades, the requirement that all civil servants present themselves in person at designated centres for identity confirmation. This approach, while conceptually straightforward, had significant practical limitations. Physical parade exercises could be gamed by mobilising individuals to stand in for ghost workers, by arranging prior notification to those with vested interests, and by falsifying attendance records. In states with large geographic dispersal of staff and weak supervisory structures, the cost of comprehensive physical parades was prohibitive (Doherty, 2015).

Enugu State conducted several manual audit exercises between 1999 and 2010, each of which produced partial results. Verification teams identified categories of implausible entries, employees drawing salaries in multiple agencies, personnel with missing files, staff assigned to non-existent posting locations, but lacked the data infrastructure to pursue systematic identification of ghost workers across the entire payroll. The exercises were typically conducted under time pressure, with political constraints on how aggressively they could pursue politically connected payroll manipulations (Nnaji, 2021).

5.2 Second-Generation Reforms: Biometric Systems and Database Integration

The introduction of biometric verification technology represented a qualitative shift in the technical approach to payroll fraud detection. Biometric systems, using fingerprint, iris, or facial recognition to establish unique biological identifiers for each employee, address the fundamental weakness of earlier verification approaches: their reliance on documentary evidence that could be falsified or manipulated. A fingerprint cannot be duplicated or transferred; it provides a verification anchor that is tied to physical presence in a way that identity documents are not.

At the federal level, Nigeria's IPPIS system introduced biometric enrolment from 2007, though coverage remained incomplete and contested for years, particularly in universities and other tertiary institutions where unions resisted what they saw as encroachment on employer autonomy (Adejumobi, 2020). The IPPIS experience demonstrated both the technical potential of biometric integration and the political economy barriers to comprehensive implementation: institutions with strong patronage interests resisted full digitalisation because it removed the discretionary spaces through which patronage operated.

For state governments, the path to biometric verification was more complex. Most states lacked the technical infrastructure to implement and maintain biometric systems, and the federal government's IPPIS did not extend to state civil servants. A variety of state-level initiatives emerged from the mid-2010s, with varying degrees of sophistication and sustainability. Some states partnered with federal agencies or private vendors to conduct biometric verification exercises as one-off events rather than as permanent system components, an approach that produced immediate payroll savings but did not prevent subsequent re-entry of ghost workers through manual override (World Bank, 2018).

5.3 Third-Generation Reforms: Integrated PFM Systems

The most ambitious strand of contemporary payroll reform in Nigerian states involves integration of payroll management within broader PFM information systems that link personnel records, payroll execution, budget management, and financial reporting in a unified digital architecture. Systems modelled on the federal government's Government Integrated Financial Management Information System (GIFMIS) or the State Integrated Financial Management Information Systems (SIFMIS) being developed by the World Bank-supported States Fiscal Transparency, Accountability and Sustainability (SFTAS) programme represent this approach.

SIFMIS-type systems are transformative in principle because they remove the manual intervention points where ghost workers have historically been inserted and maintained. When personnel management, payroll calculation, and payment execution are handled by a single integrated system with role-based access controls and audit trails, the opportunities for unauthorised modification are dramatically reduced. Moreover, integration with budget management modules ensures that payroll commitments are validated against approved establishment ceilings before payments are processed, a preventive control that manual systems could not provide (World Bank, 2020).

The SFTAS programme, which provided performance-based grants to Nigerian states meeting defined PFM reform milestones, created significant financial incentives for states to invest in payroll integration and verification reforms. Enugu State's engagement with SFTAS requirements forms part of the institutional context for the reforms examined in the case study below.

6. Case Study: Enugu State Under Governor Peter Mbah

6.1 Context and Reform Imperatives

When Peter Mbah assumed the governorship of Enugu State in May 2023, he inherited a fiscal position shaped by years of payroll expansion and limited payroll discipline. The state's personnel cost burden was consuming a disproportionate share of recurrent revenue, constraining capital investment and generating fiscal vulnerabilities exacerbated by the broader macroeconomic pressures affecting Nigerian states following the 2022–2023 foreign exchange and subsidy removal crises (Budget Office of the Federation, 2023). Mbah's administration articulated a vision of economic transformation that required, as a precondition, significant improvement in fiscal discipline and public resource allocation efficiency.

The payroll verification exercise launched in 2023–2024 was positioned within this broader reform narrative, rather than as a standalone anti-corruption measure. This framing is significant analytically: it reflects an understanding, whether intuitive or deliberate, that verification exercises framed purely in anti-corruption terms tend to generate defensive reactions from civil service unions and political networks, while exercises framed as components of fiscal modernisation attract broader support and generate less organised resistance.

6.2 Physical and Biometric Verification

The Mbah administration's verification exercise combined physical attendance confirmation with biometric data capture in a multi-stage process. In the first stage, all civil servants were required to present themselves at designated verification centres with specified documentation, including appointment letters, National Identification Number (NIN), First School Leaving Certificate (FSLC), West African Examination Certificate (WAEC) or its equivalent, Bank Verification Number (BVN), photographic identification and other relevant documents. Verification teams cross-checked presented documentation against existing personnel files and payroll records, flagging discrepancies for further investigation.

The biometric component involved facial recognition capture for all employees who passed documentary verification, creating a biometric database that is tied to their BVN and NIN, that would serve as the authentication anchor for subsequent payroll processing. This approach addressed a critical limitation of purely documentary verification: the possibility that physical attendance could be arranged for individuals whose documentary evidence was fraudulent. By tying payroll eligibility to a biometric identifier, the system created a verification standard that was significantly harder to manipulate.

The exercise revealed significant discrepancies between the nominal payroll and the verified workforce. Reports from the Enugu State Government indicated the identification of substantial numbers of ghost workers and anomalous payroll entries across multiple ministries, departments, and agencies (Enugu State Government, 2024). While the state government is still in the process of publishing a comprehensive disaggregated breakdown of findings, the reported fiscal savings from payroll rationalisation is being used as evidence of reform impact in subsequent budget communications.

6.3 Integration with Broader PFM Reforms

Beyond the immediate verification exercise, the Mbah administration's payroll reforms were embedded within a broader PFM modernisation agenda that included budget credibility improvements, treasury management reforms, and enhanced financial reporting. The introduction of a more rigorous central payroll validation process, requiring sign-off from multiple agencies before new employees are added to the payroll, represents a structural change in the control architecture rather than merely a one-time cleansing exercise.

The state's engagement with the World Bank's SFTAS programme and now the HOPE-GOV programme and its commitment to SIFMIS implementation reflects an aspiration to embed payroll controls within a digital system that reduces manual intervention opportunities. The degree to which this aspiration has been translated into operational reality as of mid-2024 was partial: full SIFMIS integration remained an ongoing implementation project rather than a completed system change. This distinction is important:

the governance improvements associated with full digital integration are not yet fully realised, and the sustainability of payroll rationalisation depends significantly on completing this implementation.

The administration's fiscal transparency initiatives, including more regular publication of budget implementation reports and enhanced engagement with the legislature on personnel cost management, represent complementary changes in the accountability environment. These initiatives create information flows that strengthen the capacity of oversight actors, including the legislature, civil society, and federal monitoring agencies, to detect payroll anomalies that internal controls might miss. Transparency, in this sense, is not merely a normative value but a functional component of the verification architecture.

6.4 Political Economy Dimensions of the Mbah Reforms

The political economy of the Mbah administration's payroll reforms reflects the tensions inherent in any reform process that redistributes rents from politically connected networks to general public purposes. The civil service unions in Enugu State, as elsewhere in Nigeria, have historically been ambivalent about verification exercises: they support improved pay conditions for genuine employees but resist exercises that implicate union officials in ghost worker networks or that reduce the workforce through which union power is constituted.

The administration's management of these tensions, through advance communication, verification process design that minimised disruption to genuine employees, and commitment to using fiscal savings for improved staff welfare rather than pure budget reduction, reflects a political economy awareness that is often absent from technically driven reform programmes. Whether this management approach has been sufficient to dismantle the political networks that sustained ghost worker practice, rather than merely suspending them for the duration of reform attention, remains to be seen.

7. Discussion

7.1 What Triggers Reform Moments?

The Enugu State reforms illustrate a pattern observable across Nigerian subnational governments: reform moments are typically triggered by a combination of fiscal pressure and political transition. Mbah's assumption of a new governorship created a political juncture at which the costs of inherited patronage arrangements could be partially externalised to the previous administration, reducing the political cost of payroll rationalisation. Simultaneously, the fiscal pressures associated with reduced federation account allocations and the post-subsidy removal economic environment created imperatives for expenditure rationalisation that made payroll cleaning a fiscal necessity rather than merely a governance preference.

This combination—political transition plus fiscal stress—appears repeatedly in the literature on successful PFM reform episodes in developing countries (Levy, 2014; Andrews, 2013). It suggests that reform success depends not merely on the quality of reform design or the availability of technology but on the alignment of political incentives and fiscal imperatives that creates a window within which reform is both politically feasible and financially necessary. Reforms initiated in the absence of such windows tend to achieve less and sustain less.

7.2 Reform Effectiveness: What Makes Verification Sustainable?

The sustainability of payroll verification reforms depends on several interlocking conditions that can be assessed in the Enugu State case. First, technical sustainability requires that biometric databases and digital payroll systems be maintained, updated, and integrated with new personnel management processes. Systems that fall into disuse—because of inadequate IT capacity, funding constraints, or low political priority, quickly lose their fraud-detection value as manual overrides accumulate.

Second, institutional sustainability requires that the verification findings be institutionalised in ongoing payroll management processes rather than treated as the output of a one-time exercise. The creation of standing payroll validation committees, the integration of biometric authentication into routine payroll processing, and the establishment of regular payroll audits by the state audit institution are examples of institutional mechanisms that convert a discrete verification exercise into an ongoing governance regime.

Third, political sustainability requires that governors and their successors maintain the political will to enforce payroll discipline against patronage pressures. This is, historically, the most fragile condition. Nigerian governance scholarship documents numerous cases in which reform gains eroded under

gubernatorial successors who prioritised patronage over fiscal discipline (Okonkwo, 2018; Bello, 2020). The Mbah administration's reforms will prove durable only to the extent that they create institutional facts, legal obligations, digital constraints, fiscal reporting requirements, that make reversal costly for any future administration regardless of its patronage preferences.

7.3 Continuity and Change: Reshaping or Breaking from the Past?

The most theoretically interesting question raised by the Enugu State case is whether recent reforms represent a break from institutional path dependence or a more sophisticated engagement with it. The history of Nigerian payroll reform is littered with exercises that produced headline results, the announcement of thousands of ghost workers discovered, billions of naira saved without producing the structural changes that would prevent recurrence. Several features of the Mbah reforms suggest genuine departures from this pattern. The integration of verification within a broader PFM reform agenda, rather than as a standalone exercise, signals an understanding that payroll fraud is a systemic rather than episodic problem. The biometric anchoring of payroll eligibility creates a technical constraint on ghost worker re-entry that purely documentary systems did not provide. The transparency initiatives create external accountability pressures that supplement internal controls.

At the same time, continuities with past reform patterns are visible. The partial nature of SIFMIS implementation leaves residual manual intervention points. The limited public disclosure of verification findings reduces the accountability pressure on the reform process itself. The dependence of reform momentum on gubernatorial attention rather than standing institutional mandates creates vulnerability to political transition. In Streeck and Thelen's (2005) typology, the Enugu reforms appear as a case of 'layering', the addition of new institutional elements onto existing structures rather than their replacement, which may over time displace existing ghost worker practices or may coexist with them in a new institutional equilibrium.

7.4 Payroll Integrity and the PFM Cycle

The analytical significance of payroll verification extends beyond its immediate fiscal impact to its implications for the broader PFM cycle. Credible personnel data is a prerequisite for credible budgeting: if the government does not know how many employees it has, it cannot produce reliable estimates of its wage bill, and its medium-term fiscal frameworks are correspondingly unreliable. Payroll fraud thus corrupts budget credibility upstream, distorting the planning process before a single naira is spent.

Similarly, payroll integrity is central to expenditure control: if payments can be made to fictitious employees, the entire payment system lacks integrity, and the government's accounts do not accurately represent its fiscal position. The PEFA framework's emphasis on payroll controls as a key dimension of internal control effectiveness reflects this systemic understanding (PEFA Secretariat, 2016). Verification reforms that clean the payroll data therefore produce downstream benefits for budget credibility, expenditure management, and financial reporting that go beyond the immediate fiscal savings.

The connection to fiscal transparency is equally important. Citizens, civil society organisations, and development partners can only hold governments accountable for wage bill management if they have access to reliable data. The Mbah administration's fiscal reporting improvements, while incomplete, begin to create the information environment within which accountability is possible. Over time, if payroll data is published in accessible formats and verified by independent auditors, the social accountability dimension of payroll governance can complement formal institutional controls.

8. Conclusion

Payroll fraud in Enugu State is not an accidental deviation from good governance; it is a historically constituted institutional practice, embedded in the administrative, political, and social structures of the state over decades of post-independence governance. The ghost worker phenomenon has persisted through multiple reform cycles because it has been sustained by institutional path dependence, by the positive feedback dynamics that make established arrangements resistant to disruption even when their costs are well recognised.

The reforms undertaken under Governor Peter Mbah represent the most coherent attempt yet to break from this path. Their combination of biometric verification, integrated PFM systems, and fiscal transparency initiatives addresses the problem at multiple levels simultaneously, technical, institutional,

and political, in a manner that previous exercises did not. The embedding of payroll reform within a broader fiscal modernisation agenda, and the alignment of that agenda with both gubernatorial political interests and the fiscal imperatives of a challenging macroeconomic environment, creates conditions that historical experience suggests are conducive to meaningful reform.

Yet the analysis also reveals significant grounds for caution. The incompleteness of SIFMIS integration means that the digital constraint on payroll manipulation is not yet fully operational. The limited transparency around verification findings reduces external accountability pressure. And the fundamental political economy of Nigerian subnational governance, in which patronage networks are constitutive of electoral coalitions, has not been transformed by the current reforms. The institutional facts created so far are real but fragile: they depend for their durability on sustained political will, continued technical investment, and the development of civil society capacity to monitor payroll management independently.

The deeper question this paper has sought to illuminate is whether staff verification in Enugu State represents a genuine institutional transformation or a more sophisticated iteration of the reform-and-relapse cycle that has characterised Nigerian payroll governance. The honest answer is that it is too early to know, and perhaps neither characterisation fully captures a reality that is better understood as institutional layering in process: new rules and technologies being added to existing structures whose ultimate effect, displacement or coexistence, depends on choices yet to be made and circumstances yet to unfold.

What can be said with confidence is that the analytical tools developed in this paper, path dependence theory, principal-agent analysis, and political economy frameworks, provide a richer basis for assessing reform prospects than the technical checklists through which payroll reforms are typically evaluated. Sustainable payroll integrity in Enugu State, as elsewhere, will require not just better systems but better institutions: arrangements that align the interests of powerful actors with the goals of fiscal discipline, that create accountability mechanisms robust enough to survive political transition, and that build the administrative capacity to maintain complex digital systems over time. These are institutional challenges, not technical ones, and they demand institutional solutions that go beyond the important but incomplete reforms currently underway.

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