



# Editorial

## The case for whistleblowers

IN the absence of a culture of whistleblowing in public or private sectors of the economy, the N50 million Whistleblower Protection Fund established by the Institute of Chartered Accountants of Nigeria (ICAN) is laudable and deserves the support of all stakeholders in the difficult battle against vices such as fraud, corruption and mismanagement.

However, the protection fund scheme must be implemented with caution. Making a disclosure of improprieties in a tough environment where standards are lacking has been a challenge. But it must and can be done if Nigeria would follow the precedents of successful situations like the United Kingdom with its Public Interest Protection Act 1998 or Ghana which operates the Whistleblowers Act 2006 or Jamaica's Protected Disclosures Act 2011 that was patterned after UK's protection law. All these are laws aimed at protecting whistleblowers in those countries.

The Fund is aimed at protecting ICAN members and the public from any reprisals or victimization in the event of an alarm raised. It is supposed to assist whistleblowers in litigation expenses reasonably incurred, and to assist members of the institute in the discharge of duties. By this move, ICAN is certainly deserving of accolades as protecting the people's interest having taken the fund idea as part of mandate to protect public interest, promote integrity and accountability which conditions are crucial for democracy, rule of law and sustainable development. On this score alone, other professions are encouraged to do same to strengthen the nation.

At the core of a successful implementation of the Fund are ethical standards. Members of ICAN are, therefore, expected to work hard at improving their adherence to ethics. This raises the question of how much internal cleansing among its members ICAN itself would also do. Part of the problem is that audit queries are not taken seriously in most cases. The alleged collusion among auditors, accountants and the institutions must also be addressed if the institute would make a head way of its cleansing effort. Both internal and external auditors especially have to raise the bar in integrity matters to earn more respect of the public as many or external auditors are renowned for covering up improprieties in reporting their observations to regulatory authorities.

However, given how devastating a genuine disclosure can be to the image of an organisation or government institution, there is little wonder there are not as many whistleblowers as the Nigerian system deserves. Risks are so high where there are no institutional covers. A key ingredient for effective whistleblowing is anonymity, a factor that has not yet been perfected in the country. Making a disclosure with the assurance of protection makes it more likely that a whistleblower will be audacious with his disclosure.

For effect, whistleblowing would certainly demand legal interventions and regrettably, there is no such intervention to guide the culture or guard the blower. The little effort being made at the National Assembly in the form of a Whistleblowers Act 2011 has yet to see the light of the day. Hence, in reality, only a small proportion of cases have been taken seriously and even only a negligible number has made it to the public domain.

Last year, in recognition of whistleblowing as an effective means of boosting levels of compliance and protection of investor's confidence in the capital market, the Securities Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) respectively announced plans for new schemes. Before then, in 2012, the CBN listed 'Guidelines for Whistleblowing in the Nigerian Banking Industry', all in order to check the prevalence of unethical and illegal practices. The rules make it mandatory for all banks and non-financial institutions to have internal whistleblowing policies declared to employees and stakeholders. Notwithstanding, there are doubts if the efforts are enough to promote the culture. Therefore, if ICAN's idea would work, the body must not shy away from any challenges including establishing credibility of and enhancing protection for informants.

Again, Nigeria's signing and ratification of certain international conventions where protection of the whistleblower is enshrined like Article 33 of the UN Convention against Corruption (UNCAC) and Article 5 (5) of the African Union Convention on Preventing and Combating Corruption, have still not enthroned a regime of legal protection for the blower.

While preserving their anonymity, incentives may also be considered for whistleblowers especially those whose disclosures result in the recovery of substantial assets. On October 1, 2013 for instance, the U.S. SEC paid out a million dollars to an unidentified informant for providing information, which led to the recovery of large investor funds. That was a good precedent. Whistleblowers must, therefore be encouraged to promote good governance.